

NEW ISSUE
BOOK-ENTRY ONLY
BANK-QUALIFIED

S&P Rating: "AAA"
Underlying S&P Rating: "A+"
(Ambac Insured)
See "Bond 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 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" and "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.



**CITY OF WOODSTOCK,
MCHENRY COUNTY, ILLINOIS**

\$2,110,000
General Obligation Bonds
(Alternate Revenue Source)
Series 2002E

\$4,100,000
General Obligation Bonds
(Waterworks and Sewerage
Alternate Revenue Source)
Series 2002F

\$465,000
General Obligation Bonds
(Alternate Revenue Source)
Series 2002G

Dated: December 1, 2002

Due: December 1, as shown on inside cover

The Bonds will be issued by the City of Woodstock, Illinois (the "City") as fully registered bonds in the denomination of \$5,000 or any authorized integral multiple thereof, and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of interests in the Bonds will be made in book-entry form only. Purchasers of such interests (the "Beneficial Owners") will not receive certificates representing their interests in the Bonds. So long as Cede & Co., as nominee of DTC, is the owner of the Bonds, references herein to the owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds.

Principal of each series 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 June 1, 2003. Principal will be payable upon presentation and surrender of the Bonds by the registered owners thereof at the principal corporate trust office of UMB Bank, N.A. (the "Paying Agent") in Kansas City, Missouri, or at such other office as designated by the Paying Agent. Interest will be payable by check or draft of the Paying Agent (or in certain circumstances by wire transfer) mailed by the Paying Agent to the persons who are the registered owners of the Bonds as of the close of business on the fifteenth day (whether or not a business day) of the month preceding each interest payment date. So long as DTC or its nominee, Cede & Co., is the owner, such payments will be made directly to such owner. Upon receipt of payments of principal and interest, DTC will in turn remit such principal and interest to DTC's participants for subsequent disbursement to the Beneficial Owners of the Bonds.

The Bonds and the interest thereon, will constitute general obligations of the City, payable from certain Pledged Revenues (as defined herein), and to the extent such revenue source is insufficient therefor, 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.

Payment of the principal and interest on each series of the Bonds when due will be insured by a separate financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Bonds. (See "BOND INSURANCE" and Appendix C herein.)

Ambac

The Bonds are subject to optional redemption prior to maturity as described 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 December 31, 2002.

A.G. Edwards & Sons, Inc.

The date of this Official Statement is December 18, 2002.

**CITY OF WOODSTOCK,
MCHENRY COUNTY, ILLINOIS**

**\$2,110,000
General Obligation Bonds
(Alternate Revenue Source)
Series 2002E**

<u>Due (12/1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
2003	\$ 90,000	2.00%	1.40%	100.545%
2004	85,000	2.00	1.66	100.639
2005	85,000	2.00	2.01	99.971
2006	90,000	2.30	2.38	99.701
2007	90,000	2.70	2.76	99.724
2008	95,000	3.00	3.10	99.461
2009	95,000	3.25	3.35	99.385
2010	100,000	3.50	3.62	99.178
2011	100,000	3.70	3.81	99.172
2012	105,000	3.80	3.90	99.181
2013	110,000	4.00	4.00	100.000
2014	115,000	4.00	4.10	99.061
2015	120,000	4.10	4.20	99.007
2016	125,000	4.20	4.30	98.957
2017	130,000	4.30	4.40	98.911

\$275,000 4.45% Term Bond due December 1, 2019; Yield: 4.55% Price: 98.825%

\$300,000 4.55% Term Bond due December 1, 2021; Yield: 4.65% Price: 98.747%

**\$4,100,000
General Obligation Refunding Bonds
(Waterworks and Sewerage
Alternate Revenue Source)
Series 2002F**

**\$465,000
General Obligation Bonds
(Alternate Revenue Source)
Series 2002G**

<u>Due (12/1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Due (12/1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
2003	\$180,000	2.00%	1.40%	100.545%	2003	\$20,000	2.00%	1.40%	100.545%
2004	170,000	2.00	1.66	100.639	2004	20,000	2.00	1.66	100.639
2005	175,000	2.00	2.01	99.971	2005	20,000	2.00	2.01	99.971
2006	150,000	2.30	2.38	99.701	2006	20,000	2.30	2.38	99.701
2007	100,000	2.70	2.76	99.724	2007	20,000	2.70	2.76	99.724
2008	185,000	3.00	3.10	99.461	2008	20,000	3.00	3.10	99.461
2009	190,000	3.25	3.35	99.385	2009	20,000	3.25	3.35	99.385
2010	195,000	3.50	3.62	99.178	2010	20,000	3.50	3.62	99.178
2011	205,000	3.70	3.81	99.172					
2012	210,000	3.80	3.90	99.181					
2013	220,000	4.00	4.00	100.000					
2014	230,000	4.00	4.10	99.061					
2015	240,000	4.10	4.20	99.007					
2021	305,000	4.55	4.65	98.747					

\$500,000 4.25% Term Bond due December 1, 2017;
Yield: 4.30% Price: 99.450%

\$145,000 4.20% Term Bond due December 1, 2016;
Yield: 4.30% Price: 98.957%

\$845,000 4.45% Term Bond due December 1, 2020;
Yield: 4.55% Price: 98.780%

\$160,000 4.55% Term Bond due December 1, 2021;
Yield: 4.65% Price: 98.747%

(Plus accrued interest from December 1, 2002.)

**CITY OF WOODSTOCK,
MCHENRY COUNTY, ILLINOIS**

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

City Officials

Alan D. Cornue, Mayor

Jim Prindiville, Council Member
Brian P. Sager, Council Member
Ellen J. O'Rourke, Council Member
R. B. Thompson, Council Member

Cynthia Luckey, City Clerk
Timothy J. Clifton, City Manager
Roscoe Stelford, Finance Director

City's Counsel

Zukowski, Rogers, Flood & McArdle
Crystal Lake, Illinois

Independent Auditors

Sikich Gardner & Co, LLP
Accountants & Consultants
Aurora, Illinois

Bond Counsel

Evans, Froehlich, Beth & Chamley
Champaign, Illinois

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.

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.

Other than with respect to information concerning Ambac Assurance Corporation (the "Bond Insurer") contained under the caption "BOND INSURANCE" herein and in *Appendix C* hereto, none of the information in this Official Statement has been supplied or verified by the Bond Insurer and the Bond Insurer makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Bonds; or (iii) the tax status of the interest on the Bonds.

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OFFICIAL STATEMENT
CITY OF WOODSTOCK,
MCHEMRY COUNTY, ILLINOIS

\$2,110,000
General Obligation Bonds
(Alternate Revenue Source)
Series 2002E

\$4,100,000
General Obligation Bonds
(Waterworks and Sewerage
Alternate Revenue Source)
Series 2002F

\$465,000
General Obligation Bonds
(Alternate Revenue Source)
Series 2002G

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. 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 Bonds (Alternate Revenue Source), Series 2002E (the "Series 2002E Bonds"), to be issued in the principal amount of \$2,110,000, (3) the City's General Obligation Bonds (Waterworks and Sewerage Alternate Revenue Source), Series 2002F (the "Series 2002F Bonds"), to be issued in the principal amount of \$4,100,000 and (4) the City's General Obligation Bonds (Alternate Revenue Source), Series 2002G (the "Series 2002G Bonds"), to be issued in the principal amount of \$465,000. The Series 2002E Bonds, the Series 2002F Bonds and the Series 2002G Bonds are collectively referred to herein as the "Bonds".

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. The issuance and sale of the Bonds have been authorized by an ordinance adopted by the City Council of the City on December 3, 2002 (the "Bond Ordinance").

Purpose of the Bonds

The proceeds of the Series 2002E Bonds will be used to finance and refinance certain prior debt for real estate acquisition and to finance certain demolition work and the acquisition, construction and installation of land acquisition, environmental remediation, and infrastructure improvements, including water, sewer, utilities, storm sewer and drainage (including land acquisition, rights in real estate, demolition and other related facilities, improvements and costs). See the caption "PLAN OF FINANCING – The 2002E Project: Downtown Tax Increment Financing Redevelopment Project".

The proceeds of the Series 2002F Bonds will be used to pay the costs of certain improvements and extensions to the City's combined waterworks and sewerage system, as described herein under the caption "PLAN OF FINANCING – The 2002F Project: Waterworks and Sewerage System Improvements and Extensions".

The Series 2002G Bonds are being issued to pay the costs of acquiring, constructing and installing a salt storage building for the City, and related facilities and improvements. See the caption "**PLAN OF FINANCING – The 2002G Project: Salt Storage Building**".

For a more detailed description of the projects being financed with the proceeds of the Bonds, see the section herein captioned "**PLAN OF FINANCING**."

Security and Source of Payment

The Series 2002E Bonds and the interest thereon will constitute general obligations of the City, payable from (i) receipts and proceeds of the City's Incremental Taxes (as defined herein), (ii) receipts and proceeds of the City's Sales Taxes (as defined herein), and (iii) to the extent such revenue sources are insufficient therefor, 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 Series 2002F Bonds and the interest thereon will constitute general obligations of the City, payable from (i) net revenues of the City's Waterworks and Sewerage System, (ii) receipts and proceeds of the City's Sales Taxes, and (iii) to the extent such revenues sources are insufficient therefor, 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 Series 2002G Bonds and the interest thereon will constitute general obligations of the City, payable from (i) receipts and proceeds of the City's Sales Taxes, and (ii) to the extent such revenue source is insufficient therefor, 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.

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

Bond Insurance

Payment of the principal and interest on each series of the Bonds when due will be insured by a separate financial guaranty insurance policy to be issued simultaneously with the delivery of the Bonds by Ambac Assurance Corporation. (See "**BOND INSURANCE**" and *Appendix C* herein.)

Financial Statements

Excerpts of the audited financial statements of the City, as of and for the fiscal year ended April 30, 2002, are included in *Appendix B* to this Official Statement. These financial statements have been audited by Sikich Gardner & Co, 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.

Bond Ordinance and Official Statement

All references herein to the Bond Ordinance are qualified in their entirety by reference to the Bond Ordinance. Copies of the Bond Ordinance and the Official Statement may be viewed at the office of the Underwriter, A.G. Edwards & Sons, Inc., One North Jefferson, St. Louis, Missouri 63103, Attention: Ms. Laura Mirkin Radcliff, telephone (314) 955-4201. Copies of the Bond Ordinance and the Official Statement will also be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

Continuing Disclosure Information

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

THE CITY

The City of Woodstock, Illinois (the "City") is a non-home rule municipality located approximately 50 miles northwest of Chicago. The City, which serves as the County Seat of McHenry County, has an estimated population of 20,151 and covers approximately 12 square miles. See "*Appendix A: The City of Woodstock, Illinois – General, Economic and Financial Information.*"

PLAN OF FINANCING

Authorization of the Bonds

The Bonds are being issued pursuant to the Bond Ordinance, in full compliance with the Constitution and statutes of the State of Illinois.

The 2002E Project: Downtown Tax Increment Financing Redevelopment Project

The proceeds of the Series 2002E Bonds will be used to refinance the City's obligations incurred in connection with the City of Woodstock Downtown Tax Increment Financing Redevelopment Project (the "**Downtown Redevelopment Project**"), pursuant to an installment contract with Harris Bank-Woodstock, entered into in 2000, in the original principal amount of \$565,000, outstanding in the principal amount of \$498,000. The proceeds of the installment contract being refinanced were used to pay the costs of acquiring land, as described below.

By action of the City Council, the City of Woodstock Downtown Tax Increment Finance District was established in April of 1997. Tax increment financing ("**TIF**") is a financial tool, provided for by Illinois law, to be employed by municipalities for inducing and promoting economic development projects within the community. Generally speaking, revenue is generated from the increase in the equalized assessed value of properties that lie within the boundaries of a TIF district. These revenues are "captured" in a TIF Fund established by the municipality, which must then be used to make public and private improvements within the TIF district that contribute to the overall economic climate in the respective community.

As potentially the single most important tax revenue generating project within the TIF District, and perhaps the City, the Die Cast Redevelopment Project will ultimately serve as a catalyst for the continued revitalization of the City's downtown business district. The Die Cast site was formerly the site of a manufacturing plant. The City expects the Die Cast site to be ready to market to potential developers by the end of the fiscal year ending April 30, 2004.

The Woodstock TIF Redevelopment Plan identified certain high profile properties that should be the focus of acquisition to enhance the success of the Downtown Redevelopment Project. These included not only properties that could be included in redevelopment projects, but also property that could be used for public open spaces. During the fiscal year ended April 30, 2002, the City acquired a parcel within the TIF district and is planning to develop it as a small park. During the fiscal year ended April 30, 2000, the City entered into an installment contract with Harris Bank-Woodstock in the principal amount of \$565,000 for the purpose of acquiring properties in order to enhance the development potential of the Downtown Redevelopment Project. The City has acquired two parcels with the proceeds of the installment contract. The City currently has another parcel, known as the White House Tavern site, under contract for a purchase price of \$475,000. The proceeds of the Series 2002E Bonds will be used to refinance the \$498,000 outstanding principal balance of the installment contract and to pay the costs of public infrastructure in connection with the Downtown Redevelopment Project.

The 2002F Project: Waterworks and Sewerage System Improvements and Extensions

The Series 2002F Bonds are being issued, in part, to pay the costs of the following improvements and extensions to the City's combined waterworks and sewerage system (collectively, the "2002F Project"):

- Replacing three existing high service pumps with new low service pumps in lower pumping bay.
- Acquiring and installing three new high service pumps in new sand filter building.
- Modifying interior piping in existing building.
- Replacing softener ion exchange media and modifying valves to improve softener performance.
- Acquiring and installing a new remote generator and connecting it to the new Motor Control Center.
- Repairing exterior trim on existing System buildings.
- Modifying controls at First Street Water Treatment Plant, Hill Street Water Tower and Lake Street Water Tower.
- Site improvements, including 54-inch filter backwash pipe modifications, bituminous driveway and final landscaping, at filter building and new reservoir.
- Constructing a new approximate 1.5 million gallon reservoir (including, as applicable, land acquisition and rights in real estate, mechanical and electrical work, and other related facilities, improvements and costs).

The costs of the 2002F Project are estimated by the City, upon consultation and advice of its engineers, at \$5,439,000.

The 2002G Project: Salt Storage Building

The Series 2002G Bonds are being issued, in part, to pay the costs of acquiring, constructing and installing a salt storage building for the City, and related facilities and improvements (collectively, the "2002G Project"). The cost is estimated at \$450,000.

Sources and Uses of Funds

The following table summarizes the sources of funds, including the proceeds from the sale of the Bonds (excluding accrued interest thereon) and other available funds of the City, and the expected uses of such funds, in connection with the plan of financing:

Sources of Funds:

Principal Amount of the Bonds	\$6,675,000.00
Plus: Original Issue Premium	3,337.75
Less: Original Issue Discount	<u>(49,547.35)</u>
Total	<u>\$6,628,790.40</u>

Uses of Funds:

Project Costs:	
Series 2002E Downtown Redevelopment Project ⁽¹⁾	\$2,051,168.12
Series 2002F Waterworks & Sewerage System Project	3,987,619.22
Series 2002G Salt Storage Building Project	451,547.69
Costs of Issuance, including the Bond Insurance Premium and Underwriter's Discount	<u>138,455.37</u>
Total	<u>\$6,628,790.40</u>

⁽¹⁾ Includes payoff of installment contract outstanding in the principal amount of \$498,000 and public infrastructure costs to be incurred in connection with the Downtown Redevelopment Project.

THE BONDS

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

General Description

General. The Series 2002E Bonds, the Series 2002F Bonds and the Series 2002G Bonds (collectively, the "Bonds") will be dated December 1, 2002, will be issued in the aggregate principal amounts, 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. Each series of the Bonds will be issued as fully registered Bonds 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, computed on the basis of a 360-day year consisting of twelve 30-day months, and payable in lawful money of the United States of America semiannually on each June 1 and December 1, commencing June 1, 2003, at the rates percent per annum 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 principal office of UMB Bank, N.A., Kansas City, Missouri (including its successors, the "Paying Agent"). Interest on the Bonds is payable on each interest payment date to the registered owners of record appearing on the registration books maintained by the Paying Agent on behalf of the City for such purpose at the principal office of the Paying Agent as of the close of business on the 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.

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.

Redemption

Optional Redemption: Bonds maturing on and after December 1, 2011, shall be subject to redemption prior to maturity on December 1, 2010, and in each case thereafter in whole on any date or in part on any interest payment date, in any order of maturity (but in inverse order if none is specified), at the respective redemption prices set out below, plus accrued interest to the date fixed for redemption.

<u>Redemption Dates</u>	<u>Redemption Prices</u>
December 1, 2010 through and including November 30, 2011	101.5%
December 1, 2011 through and including November 30, 2012	100.5
On or after December 1, 2012	100.0

Mandatory Sinking Fund Redemption. The Bonds of each series maturing in the years shown below (collectively, the "Term Bonds"), shall be subject to mandatory sinking fund redemption on the dates and in the amounts shown below, at a redemption price of par, plus accrued interest to the date fixed for redemption.

Series 2002E Term Bonds Maturing on December 1, 2019

<u>Redemption Date</u>	<u>Principal Amount</u>
2018	\$135,000
2019 ⁺	140,000

⁺ Final Maturity.

Series 2002E Term Bonds Maturing on December 1, 2021

<u>Redemption Date</u>	<u>Principal Amount</u>
2020	\$145,000
2021 ⁺	155,000

⁺ Final Maturity.

Series 2002F Term Bonds Maturing on December 1, 2017

<u>Redemption Date</u>	<u>Principal Amount</u>
2016	\$245,000
2017 ⁺	255,000

⁺ Final Maturity.

Series 2002F Term Bonds Maturing on December 1, 2020

<u>Redemption Date</u>	<u>Principal Amount</u>
2018	\$270,000
2019	280,000
2020 ⁺	295,000

⁺ Final Maturity.

Series 2002G Term Bonds Maturing on December 1, 2016

<u>Redemption Date</u>	<u>Principal Amount</u>
2011	\$20,000
2012	25,000
2013	25,000
2014	25,000
2015	25,000
2016 ⁺	25,000

⁺ Final Maturity.

Series 2002G Term Bonds Maturing on December 1, 2021

<u>Redemption Date</u>	<u>Principal Amount</u>
2017	\$30,000
2018	30,000
2019	30,000
2020	35,000
2021 ⁺	35,000

⁺ Final Maturity.

At its option before the 45th day (or such lesser time acceptable to the Bond Registrar) next preceding any mandatory sinking fund redemption date in connection with Term Bonds, the City, by furnishing the Bond Registrar and the Paying Agent an appropriate certificate of direction and authorization executed by the Mayor, may: (i) deliver to the Bond Registrar for cancellation Term Bonds in any authorized aggregate principal amount desired; or (ii) furnish the Paying Agent funds for the purpose of purchasing any of such Term Bonds as arranged by the City; or (iii) receive a credit (not previously given) with respect to the mandatory sinking fund redemption obligation for any Term Bonds of the same maturity and series, which prior to such date have been redeemed and cancelled. Each such Bond so delivered, previously purchased or redeemed shall be credited at 100% of the principal amount thereof, and any excess shall be credited with

regard to future mandatory sinking fund redemption obligations for such series of Bonds in chronological order, and the principal amount of the Term Bonds of such maturity and series to be so redeemed as provided shall be accordingly reduced. In the event Bonds being so redeemed are in a denomination greater than \$5,000, a portion of such Bonds may be so redeemed, but such portion shall be in the principal amount of \$5,000 or any authorized integral multiple thereof.

Notice and Effect of Call for Redemption. 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 30 days and not more than 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.

So long as a Securities Depository is effecting book-entry transfers of Bonds, the notices specified to be provided by the Paying Agent to the Owners of the Bonds will be provided only to the Securities Depository. It is expected that the Securities Depository will, in turn, notify its Participants and that the Participants, in turn, will notify the beneficial owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Bond, to notify the beneficial owner of the Bond so affected will not affect the validity of the redemption of such Bond.

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.

Selection of Bonds for Redemption. 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 by lot not more than 60 days or less than 30 days prior to the redemption date by the Bond Registrar by such method of lottery 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.

Registration, Transfer and Exchange

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 principal office of the Paying Agent, which has been appointed as the bond registrar of the City. *So long as a Securities Depository is effecting book-entry transfers of Bonds, the registration, transfer and exchange of beneficial ownerships in the Bonds shall be as described below under the caption "**Book Entry Only System**". If, however, the book-entry system is discontinued, the Bonds may be registered, transferred or exchanged only as described below.*

Upon surrender for transfer of any Bond at the principal 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 15th day of the calendar month next preceding any interest payment date on such Bond and ending on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for prepayment has been mailed, nor during a period of 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 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.

Book-Entry Only System

The Depository Trust Company ("**DTC**"), New York, New York, 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 certificate will be issued for each maturity of each series of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

indirectly ("Indirect Participants" and, collectively with the Direct Participants, the "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.

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

So long as Cede & Co., as nominee of DTC, is the registered owner of any of the Bonds, the Beneficial Owners of such Bonds will not receive or have the right to receive physical delivery of the Bonds, and references herein to the registered owners of such Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of such Bonds.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as requested by an authorized representative of DTC. The deposit of the 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.

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.

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

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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of securities as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

So long as any Bond is registered in the name of DTC's nominee, all payments of principal of, premium, if any, and interest on such Bonds will be made to Cede & Co. or such other name 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 payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, 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 the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

The use of the system of book-entry transfers through DTC (or a successor securities depository) may be discontinued as described in the Bond Ordinance. In that event, the Bond certificates will be printed and delivered as described in the Bond Ordinance.

The information above concerning DTC and DTC's book-entry system has been obtained from sources that the City and the Underwriter believe to be reliable, but is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the City, the Paying Agent or the Underwriter. The City, the Paying Agent and the Underwriter make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described above or in a timely manner.

Neither the City nor the Underwriter will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participant or Indirect Participant; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, or interest on the Bonds; (iii) the delivery by any such Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Bond Ordinance to be given to Bondholders; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General Obligations of the City

The Series 2002E Bonds and the interest thereon will constitute general obligations of the City, payable from (i) receipts and proceeds of incremental taxes derived from the Downtown Redevelopment Project designated and established under the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1, *et seq.*) (the "Incremental Taxes"), (ii) the Retailers Occupation Taxes, Service Occupation Taxes, Use Taxes and Service Use Taxes, including any replacement, substitute or successor taxes therefor as provided by applicable law in the future imposed and distributed pursuant to applicable law (collectively, the "Sales Taxes"), and (iii) to the extent such revenue sources are insufficient therefor, 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 Series 2002F Bonds and the interest thereon will constitute general obligations of the City, payable from (i) net revenues of the City's combined Waterworks and Sewerage System, (ii) the receipts and proceeds of Sales Taxes, and (iii) to the extent such revenue sources are insufficient therefor, 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 Series 2002G Bonds and the interest thereon will constitute general obligations of the City, payable from (i) the receipts and proceeds of Sales Taxes, and (ii) to the extent such revenue source is

insufficient therefor, 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.

"Pledged Revenues", as used herein, means (i) with respect to the Series 2002E Bonds, the Incremental Taxes and Sales Taxes; (ii) with respect to the Series 2002F Bonds, the net revenues of the City's Waterworks and Sewerage System and Sales Taxes; and (iii) with respect to the Series 2002G Bonds, Sales Taxes; provided, that, the pledge of such Pledged Revenues to the payment of the Bonds is junior and subordinate to any outstanding revenue bonds or alternate bonds payable from the same Pledged Revenues.

The City currently has outstanding alternate bonds that are secured by a pledge of the Pledged Revenues. See "**Appendix A: SELECTED FINANCIAL INFORMATION – General Obligation Indebtedness.**" Pursuant to ordinances adopted by the City Council of the City on December 3, 2002, and subject to certain parameters set forth therein, the City has authorized the issuance and sale of additional alternate bonds for the purpose of refunding a portion of such outstanding alternate bonds. See "**Appendix A: SELECTED FINANCIAL INFORMATION – Future Debt.**" Such bonds, regardless of the date or dates of their issuance, will be payable from the applicable Pledged Revenues on a parity with each other and with the Bonds, and will share equally and ratably as to payment in the Pledged Revenues applicable to each series of the Bonds.

Levy and Collection of Annual Tax

Pledge of Full Faith and Credit; Levy of Taxes. Pursuant to the Bond Ordinance, the City has irrevocably pledged its full faith, credit and resources for the payment of the principal of and interest on the Bonds as the same become due. The City will levy on all of the taxable tangible property within the territorial limits of the City a direct annual tax sufficient to produce the amounts necessary for the payment of the principal of and interest on the Bonds as the same become due. Such taxes shall be extended upon the tax rolls in each year, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the City are levied and collected. The amounts derived from said taxes shall be deposited in the Debt Service Fund created by the Bond Ordinance, shall be kept separate and apart from all other funds of the City and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due and the fees and expenses of the Paying Agent.

Abatement of Taxes for Payment of Bonds. As provided in the Local Government Debt Reform Act, whenever the respective Pledged Revenues have been determined by the City Treasurer to provide in any calendar year an amount not less than the debt service of the outstanding Bonds in the next succeeding bond year (July 1 and January 1) and whenever the respective Pledge Revenues have been deposited in the Bond Fund in an amount sufficient to pay debt service on all outstanding Bonds payable in the next succeeding bond year, the City Treasurer shall, prior to the time the Pledged Taxes levied in such calendar year are extended, direct the abatement of the Pledged Taxes, and proper notification of such abatement shall be filed with the County Clerk of McHenry County in a timely manner to effect such abatement. If for any reason there is abatement of such levy of 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.

The Bonds

Pledged Revenues. The Bonds are and constitute "alternate bonds" as described in Section 15 of the Local Government Debt Reform Act ("**Alternate Bonds**"), anticipated to be payable from and secured by a pledge of the respective Pledged Revenues. The pledge of Pledged Revenues is junior and subordinate to the any outstanding revenue bonds and alternate bonds payable therefrom, and, with respect to the Series 2002F Bonds, to any revenue bonds that may hereafter be issued, payable from a senior lien on the Net Revenues of the Waterworks and Sewerage System.

Pledge of Full Faith and Credit. Under and pursuant to Section 15 of the Local Government Debt Reform Act, the City has irrevocably pledged its full faith and credit to the punctual payment of the principal of, premium, if any, and interest on the Bonds. The Bonds are direct and general obligations of the City, and the City is obligated to levy ad valorem taxes upon all the taxable property within the City's corporate limits, for the payment of each series of the Bonds and the interest thereon, without limitation as to rate or amount (such ad valorem taxes being referred to as the "**Pledged Taxes**").

Treatment of the Bonds as Debt. Pursuant to Section 15 of the Local Government Debt Reform Act, the Bonds shall be payable from the respective Pledged Revenues and shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory 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 applicable series of outstanding Bonds 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 shall show that the Bonds have been paid from the Pledged Revenues for a complete fiscal year.

Summary of Statutory Requirements. Section 15 of the Local Government Debt Reform Act provides that whenever there exists for a governmental unit (such as the City) a revenue source, the City may issue its general obligation bonds payable from any revenue source, and such general obligation bonds may be referred to as "alternate bonds." Such bonds are general obligation debt payable from the pledged revenue with the general obligation of the City as back-up security.

The Local Government Debt Reform Act prescribes the following conditions that must be met before alternate bonds may be issued:

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, 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, an issuer must demonstrate that the pledged revenues are sufficient in each year to provide an amount not less than 1.25 times debt service on the alternate bonds payable from such revenue source previously issued and outstanding and the alternate bonds proposed to be issued. The sufficiency of enterprise revenues 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. Whenever such sufficiency is demonstrated by reference to a schedule of higher rates or charges for enterprise revenues or a higher tax imposition for a revenue source, such higher rates, charges or taxes must be imposed by a ordinance adopted prior to the delivery of the alternate bonds.

Fourth, the revenue source must be pledged to the payment of the alternate bonds.

Last, the governmental unit must covenant to provide for, collect and apply the enterprise revenues or revenue source to the payment of the alternate bonds and to provide for an amount equal to not less than an additional .25 times debt service.

The City will have complied with all of the aforementioned conditions prior to the issuance of the Bonds.

Debt Service Coverage for the Bonds

The sufficiency of the respective Pledged Revenues for the Bonds is supported by the most recent audit of the City, which is attached as *Appendix B* to this Official Statement. The tables below show the requisite coverage for each series of the Bonds. See *Appendix A* to this Official Statement for more detailed information relating to the Pledged Revenues and the coverage calculation.

Series 2002E Bonds:

	Fiscal Year Ended <u>April 30, 2002</u>
Pledged Revenues:	
Incremental Taxes	\$ 164,366
Sales Taxes	<u>2,504,850</u>
Total Pledged Revenues	\$2,669,216
Maximum Annual Debt Service ⁽¹⁾	\$ 717,928
Debt Service Coverage	3.72x

⁽¹⁾ Includes debt service on the City's outstanding Series 2001 Bonds and Series 2000C Bonds, and debt service on the Series 2002E Bonds, the Series 2002F Bonds and the Series 2002G Bonds. The maximum annual debt service occurs in the fiscal year ending April 30, 2004.

Series 2002F Bonds:

	Fiscal Year Ended <u>April 30, 2002</u>
Pledged Revenues:	
Net Revenues of the Waterworks and Sewerage System	\$1,997,337
Sales Taxes	<u>2,504,850</u>
Total Pledged Revenues	\$4,502,187
Maximum Annual Debt Service ⁽¹⁾	\$1,131,461
Debt Service Coverage	3.98x

⁽¹⁾ Includes debt service on the City's outstanding Series 2001 Bonds, Series 2000C Bonds and Series 1996 Bonds, and debt service on the Series 2002E Bonds, the Series 2002F Bonds and the Series 2002G Bonds. The maximum annual debt service occurs in the fiscal year ending April 30, 2004.

Series 2002G Bonds:

	Fiscal Year Ended <u>April 30, 2002</u>
Pledged Revenues:	
Sales Taxes	\$2,504,850
Maximum Annual Debt Service ⁽¹⁾	\$424,113
Debt Service Coverage	5.91x

⁽¹⁾ Includes debt service on the City's outstanding Series 2001 Bonds and Series 2000C Bonds, and debt service on the Series 2002E Bonds, the Series 2002F Bonds and the Series 2002G Bonds. The maximum annual debt service occurs in the fiscal year ending April 30, 2004.

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 respective Pledged Revenues, and any such **Additional Bonds** will share ratably and equally in the respective 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 and the provisions of any ordinance authorizing outstanding bonds payable from a pledge of the respective Pledged Revenues that is senior to the pledge securing the related series of the Bonds. "**Additional Bonds**" means any alternate bonds issued in the future in accordance with the provisions of the Local Government Debt Reform Act on a parity with and sharing ratably and equally in the respective Pledged Revenues with the Bonds.

General Covenants Regarding the Bonds

In the Bond Ordinance, the City has made the following covenants and agreements with the registered owners of the outstanding Bonds:

(a) The City will take all action necessary to impose, levy and collect the Pledged Revenues and Pledged Taxes in the manner contemplated by the Bond Ordinance and such Pledged Revenues shall not be less than as shall be required under Section 15 of the Local Government Debt Reform Act to maintain each series of the Bonds as Alternate Bonds according to their respective terms.

(b) The City covenants that it will, while any of the Bonds shall remain outstanding, charge rates and fees (including for usage of the Waterworks and Sewerage System for the Series 2002F Bonds) which, together with any other Pledged Revenues applicable to any series of Bonds, are sufficient to provide for or pay each of the following in any given year:

(1) with respect to the Series 2002F Bonds, all expenses of operating, maintaining and routine repair of the Waterworks and Sewerage System, including wages, salaries, costs of materials and supplies, power, fuel, insurance and related services; but excluding debt service, depreciation, or any reserve requirements, and otherwise as determined in accordance with generally accepted accounting principles for local government enterprise funds ("**Operation and Maintenance Expenses**");

(2) with respect to the Series 2002F Bonds, debt service on all Outstanding revenue bonds payable from the gross revenues of the Waterworks System and Sewerage System, less the Operation and Maintenance Expenses (the "**Net Revenues**");

(3) all amounts required to meet any fund or account requirements with respect to (A) the Bonds, (B) the City's outstanding Series 1996 Bonds, Series 2000B Bonds, Series 2000C Bonds and Series 2000D Bonds (the "Prior Bonds"), as applicable, or (C) any other obligations payable from Net Revenues of the Waterworks and Sewerage System or other Pledged Revenues, as applicable;

(4) with respect to the Series 2002F Bonds, any other contractual or tort liability obligations, if any, payable from the Net Revenues; and

(5) in each year, an amount not less than 1.25 times the debt service for all (i) Alternate Bonds payable from applicable Pledged Revenues, and the Bonds Outstanding; and (ii) Alternate Bonds proposed to be issued and payable from the applicable Pledged Revenues.

(c) Whenever the 125% coverage in subsection (b) above is not effected or any Bonds at any time fail to qualify as Alternate Bonds not subject to any applicable debt limit under Section 15 of the Local Government Debt Reform Act or taxes are levied and extended and collected, the City covenants to promptly have prepared a financial analysis of, as applicable, Net Revenues and the Waterworks and Sewerage System or other Pledged Revenues by an independent consulting accountant or other qualified professional employed for that purpose, and further, to send a copy of such analysis, when completed, to the Underwriter of the Bonds along with a letter indicating what action the City has taken responsive to such study and to comply with Section 15 of the Local Government Debt Reform Act.

(d) The City will make and keep proper books and accounts (separate and apart from all other records and accounts of the City), in which complete entries shall be made of all transactions relating to the Pledged Taxes, the Pledged Revenues and the operation of the Waterworks and Sewerage System, and has covenanted that within 120 days following the close of each fiscal year, it will cause the books and accounts related to the Pledged Revenues and the Waterworks and Sewerage System and the Pledged Taxes, to be audited by independent certified public accountants. Such audit will be available for inspection by the registered owners of any of the Bonds. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein, shall, without limiting the generality of the foregoing, include the following:

(i) A balance sheet as of the end of such Fiscal Year, including a statement of the amount held in each of the funds and accounts under the Bond Ordinance.

(ii) A list of all insurance policies in force at the end of the Fiscal Year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy.

(iii) The amount and details of all Outstanding bonds.

(iv) The accountants comments regarding the manner in which the City has carried out the accounting requirements of the Bond Ordinance (including as to the Alternate Bond status of the Bonds) and has complied with Section 15 of the Local Government Debt Reform Act, and the accountants recommendations for any changes.

It is further covenanted and agreed that a copy of each such audit upon request shall be furnished upon completion to the Underwriter.

(e) The City will keep its books and accounts in accordance with generally accepted accounting principles and fund reporting practices for local government entities and enterprise funds;

provided, however, that the monthly credits to each subaccount of the Junior Debt Service Account shall be in cash, and such funds shall be held separate and apart in cash and investments. For the purpose of determining whether sufficient cash and investments are on deposit in such accounts under the terms and requirements of the Bond Ordinance, investments shall be valued at the lower of the cost or market price on the valuation date thereof, which valuation date shall be not less frequently than annually.

(f) The City will take no action in relation to the Pledged Revenues or the Pledged Taxes which would unfavorably affect the security of any of the outstanding Bonds or the prompt payment of the principal and interest thereon or qualification of any series of Bonds as Alternate Bonds.

(g) The registered owner of any Bond may proceed by civil action to compel performance of all duties required by law and the Bond Ordinance.

(h) The City will adopt a budget and/or approve appropriations for the Waterworks and Sewerage System and its general fund prior to the beginning of each Fiscal Year (or in the next quarter if applicable law permits), subject to all applicable state laws, providing for payment of all sums to be due in the Fiscal Year or Bond Year so as to comply with the terms of the Bond Ordinance. The budget may include in its estimate of income the use of available surplus moneys or other funds of the City appropriated for such purposes. If during the Fiscal Year there are extraordinary receipts or payments of unusual cost, the City will adopt an amended budget for the remainder of the Fiscal Year, providing for receipts or payments pursuant to the Bond Ordinance.

(i) The City will comply with the special covenants concerning Alternate Bonds as required by Section 15 of the Local Government Debt Reform Act and the Bond Ordinance.

(j) The City will not sell, lease, loan, mortgage or in any manner dispose of or encumber the Waterworks and Sewerage System, the Prior Projects or the Projects (subject to the right of the City to issue additional bonds (i.e. including Parity Bonds) as provided in the Bond Ordinance, to issue obligations subordinate to the Outstanding Bonds, and to dispose of real or personal property which is no longer useful or necessary to the operation of the Waterworks and Sewerage System or to the function of the Projects and Prior Projects), and the City will take no action in relation to the Waterworks and Sewerage System, the Projects or the Prior Projects which would unfavorably affect the security of any of any Outstanding Bonds or the prompt payment of the principal and interest thereon.

(k) The City will pay, or cause to be paid, as the same become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed, imposed or levied against the Waterworks and Sewerage System or the City or to the Projects and Prior Projects.

(l) The City will carry insurance on the Waterworks and Sewerage System and on the Projects and the Prior Projects of the kinds and in the amounts which are usually carried by private parties operating similar properties, covering such risks as shall be recommended by a competent consulting engineer or insurance consultant employed by the City for the purpose of making such recommendations. All moneys received for loss under such insurance policies shall be deposited in a segregated insurance account and used in making good the loss or damage in respect of which they were paid, either by repairing the property damaged or making replacement of the property destroyed, and provision for making good such loss or damage shall be made within 90 days from the date of the loss. The payment of premiums for all insurance policies required under the provisions of this covenant in connection with the facilities related to the Series 2002F Bonds is considered an Operation and Maintenance Expense for the Waterworks and Sewerage System. The proceeds

derived from any and all policies for workers compensation or public liability shall be paid into a segregated account and used in paying the claims on account of which they were received.

(m) After their issuance, to the extent lawful each issue of the Bonds shall be incontestable by the City.

Risk Factors Concerning the Bonds

The ability of the City to pay the Bonds from the respective Pledged Revenues may be limited by circumstances beyond the control of the City. In addition, no guarantee exists that the City will continue to receive the respective Pledged Revenues in amounts sufficient to pay debt service on the Bonds or to appropriate the respective Pledged Revenues for the payment of the Bonds.

The total equalized assessed valuation of the City for 2001 is \$352,969,972. It should be realized that in the event that the respective Pledged Revenues are not sufficient to service the debt service payments on the Bonds, the tax rate necessary to produce ad valorem taxes sufficient to service debt payments could be so excessive that it may be questionable that they may be collected.

BOND INSURANCE

*The following information has been furnished by Ambac Assurance Corporation for use in this Official Statement. No representation is made by the City or the Underwriter as to the accuracy, completeness or adequacy of such information or as to the absence of material adverse changes in such information or in the condition of the Bond Insurer subsequent to the date hereof. Reference is made to **Appendix C** for a specimen of the Bond Insurance Policy.*

Payment Pursuant to Financial Guaranty Insurance Policy

Ambac Assurance has made a commitment to issue a financial guaranty insurance policy (the "**Financial Guaranty Insurance Policy**") relating to each series of the Bonds, effective as of the date of issuance of the Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York or any successor thereto (the "**Insurance Trustee**") that portion of the principal of and interest on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the City (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Paying Agent. The insurance will extend for the term of the Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Paying Agent has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Holder by or on behalf of the City has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be

entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Financial Guaranty Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.
2. payment of any redemption, prepayment or acceleration premium.
3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Bond, appurtenant coupon, if any, or right to payment of principal or interest on such Bond and will be fully subrogated to the surrendering Holder's rights to payment.

Ambac Assurance Corporation

Ambac Assurance Corporation ("**Ambac Assurance**") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately \$5,802,000,000 (unaudited) and statutory capital of approximately \$3,564,000,000 (unaudited) as of September 30, 2002. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch, Inc. have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the City of the Bonds.

Ambac Assurance makes no representation regarding the Bonds or the advisability of investing in the Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented under the heading "**BOND INSURANCE**" and attached hereto as *Appendix C*.

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "**Company**"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "**SEC**"). These reports, proxy statements and other information can be read and copied at the

SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York, 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

- 1) The Company's Current Report on Form 8-K dated January 23, 2002 and filed on January 25, 2002;
- 2) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and filed on March 26, 2002;
- 3) The Company's Current Report on Form 8-K dated April 17, 2002 and filed on April 18, 2002;
- 4) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2002 and filed on May 13, 2002;
- 5) The Company's Current Report on Form 8-K dated July 17, 2002 and filed on July 19, 2002;
- 6) The Company's Current Report on Form 8-K dated August 14, 2002 and filed on August 14, 2002;
- 7) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2002 and filed on August 14, 2002;
- 8) The Company's Current Report on Form 8-K dated October 16, 2002 and filed on October 17, 2002;
- 9) The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended September 30, 2002 and filed on November 14, 2002; and
- 10) The Company's Current Report on Form 8-K dated November 18, 2002 and filed on November 20, 2002.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "Available Information".

BOND RATING

Standard & Poor's Ratings Services Group, a division of The McGraw-Hill Companies, Inc. ("S&P") has assigned a municipal bond rating of "AAA" to the Bonds with the understanding that upon delivery of the

Bonds, separate policies insuring the payment when due of the principal of and interest on each series of the Bonds will be issued by the Bonds Insurer. See "**BOND INSURANCE**" and *Appendix C* herein. In addition, S&P has assigned the Bonds an underlying rating of "A+" based on S&P's evaluation of the creditworthiness of the City, without consideration of the Bond Insurance Policy.

Such rating reflects only the view of S&P, and any explanation of the significance of the rating may only be obtained from S&P. Certain information concerning the Bonds and the City not included in this Official Statement was furnished to S&P by the City. There is no assurance that any rating will be maintained for any given period of time or that it may not be changed by S&P, if, in its judgment, circumstances so warrant. Any downward change in or withdrawal of any assigned rating may have an adverse effect on the market price of 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, whose approving opinion will be available at the time of delivery of the Bonds. 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 hereof (other than yields or prices) and the sections entitled "**THE BONDS**" (except under the captions "**-Book-Entry Only System**" and "**-Debt Service Coverage for the Bonds**"), "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**," "**LEGAL MATTERS – Approval of Legality**," "**TAX EXEMPTION**," 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 judgement 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, including 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.

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

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

Definitions

The City has covenanted in a Continuing Disclosure Certificate and Agreement (the "Disclosure Agreement") to provide certain financial information on an ongoing basis while the Bonds remain outstanding, in accordance with the requirements of Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission. The following is a summary of certain provisions contained in the Disclosure Agreement and is qualified in its entirety by reference to the Disclosure Agreement.

The following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to the Disclosure Agreement, as described below under the caption "Provision of Annual Reports".

"Dissemination Agent" shall mean the duly selected and acting City Treasurer/Finance Director, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Listed Events" shall mean any of the events listed below under the caption "Reporting of Significant Events".

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

"Participating Underwriter" shall mean A. G. Edwards & Sons, Inc., St. Louis, Missouri, the original underwriter of the Bonds, which is required to comply with the Rule in connection with offering of the Bonds.

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

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

"State" shall mean the State of Illinois.

"State Repository" shall mean any public or private repository or entity designated by the State as a state information depository for the purpose of the Rule.

"Tax-exempt" shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Provision of Annual Reports

The City shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of each fiscal year, commencing in 2003 (each such date being an "Annual Disclosure Date"), provide to each Repository an Annual Report which is consistent with the requirements described below under the caption "Content of Annual Reports". The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided below; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report.

If the City is unable to provide to the Repositories an Annual Report by the date required, the City shall send a notice to each Repository and the Municipal Securities Rulemaking Board stating when it anticipates that the Annual Report will be filed.

Content of Annual Reports

The City's Annual Report shall contain or incorporate by reference the following:

- (a) The City's audited annual financial statement; and
- (b) Updated information in *Appendix A* to this Official Statement, as follows:
 - (i) 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
 - (ii) The tables under the captions "**SELECTED FINANCIAL INFORMATION - Comparative Financial Statements,**" "**General Obligation Indebtedness,**" "**Incremental Taxes,**" "**Waterworks and Sewerage System Revenues,**" and "**Sales Taxes.**"

To the extent that the foregoing are included in or easily derived from the financial statements in paragraph (a) above, such information is not required to be restated separately under paragraph (b).

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

Reporting of Significant Events

The City shall promptly file or cause the Dissemination Agent to file with the Municipal Securities Rulemaking Board and each State Repository, a notice of the occurrence of any of the following events (each a "Listed Event"):

- 1) Principal and interest payment delinquencies;
- 2) Non-payment related defaults;
- 3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- 4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- 5) Substitution of credit or liquidity providers, or their failure to perform;
- 6) Adverse tax opinions or events affecting the tax- exempt status of the security;
- 7) Modifications to rights of security holders;
- 8) Bond calls;
- 9) Defeasances;
- 10) Release, substitution, or sale of property securing repayment of the securities;
- 11) Rating changes.

Termination of Reporting Obligation

The City's obligations under the Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Dissemination Agent

The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the City's Finance Director/City Treasurer.

Amendment; Waiver

Notwithstanding any other provision of the Disclosure Agreement, the City may amend the Disclosure Agreement, and any provision of the Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date of the Disclosure Agreement, but taking into account any subsequent change in or critical interpretation of the Rule.

Additional Information

Nothing in the Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Disclosure Agreement, the City shall have no obligation under the Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Default

If the City fails to comply with any provision of the Disclosure Agreement, the Participating Underwriter or the registered owner of any Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Agreement. A default under the Disclosure Agreement shall not be deemed a default or an event of default under the Bond Ordinance, and the sole remedy under the Disclosure Agreement in the event of any failure of the City to comply with the Disclosure Agreement shall be an action to compel performance.

Beneficiaries

The Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the registered owners and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

No Prior Default

The City has never failed to comply with any of its continuing disclosure undertakings pursuant to the Rule.

MISCELLANEOUS

Financial Statements

Excerpts of the audited financial statements of the City, as of and for the fiscal year ended April 30, 2002, are included in *Appendix B* to this Official Statement. These financial statements have been audited by Sikich Gardner & Co., 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.

Underwriting

A.G. Edwards & Sons, Inc. (the "Underwriter") has agreed to purchase the Bonds from the City at a price of \$6,570,317.40 (representing the aggregate principal amount of all series of the Bonds, less net original issue discount of \$46,209.60 and less an underwriting discount of \$58,473.00), plus accrued interest to the date of delivery.

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.

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 of the City, 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 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, A.G. Edwards & Sons, Inc., One North Jefferson, St. Louis, Missouri 63103, Attention: Ms. Laura Mirkin Radcliff, telephone (314) 955-4201, or from the City, 121 West Calhoun Street, Woodstock, Illinois 60098, Attention: Finance Director.

CITY OF WOODSTOCK, ILLINOIS

By: /s/ Alan D. Cornue
Mayor

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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**

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GENERAL INFORMATION

History and Location

The community that is now known as the City of Woodstock, Illinois (the "City"), 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 a population of 20,151 and covers approximately 12 square miles. The City is located on Illinois Route 47, providing connection to Interstate 90 and access to downtown Chicago and surrounding suburban business districts.

Located 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 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.

Elected Officials

The City of Woodstock operates under the Council/Manager form of government that combines the political leadership of an elected mayor and four City 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:

<u>Name</u>	<u>Office</u>	<u>First Elected</u>	<u>Term Expires (April 30)</u>
Alan D. Cornue	Mayor	1997	2005
Ellen J. O'Rourke	Council Member	1999	2003
Jim Prindiville	Council Member	2001	2005
M. Brian P. Sager	Council Member	1995	2003
R.B. Thompson	Council Member	1995 ⁽¹⁾	2005

⁽¹⁾ Mr. Thompson is serving his second non-consecutive term as a council member. His first term was from 1995 to 1999. He was elected for the current term in 2001.

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.

<u>Name</u>	<u>Department/Title</u>
Roscoe Stelford	Finance Director
Margaret Crane	Library Director
Joseph T. Marvin	Chief of Police
John W. Isbell	Public Works Director
David Zinnen	Recreation Director
James Kastner	Community Development Director
Derik Morefield	Business Development Director
Janelle Crowley	Personnel Director
John Scharres	Managing Director, Opera House

Educational Facilities

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

Woodstock is also 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 Memorial's 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. Physicians specialize in everything from cardiology to oncology, obstetrics and gynecology to surgery, and family planning to pediatrics. The newest health care facility, 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 may be reached easily by automobile or bus. Woodstock is linked to Chicago by rail via the Union Pacific Railroad making it an ideal home for commuters and destination for visitors (commuter and passenger service provided by Metra's Northwest Line).

As a planned city that was laid out in a perfect grid in 1844, a two-acre Park-in-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 St. Louis. Shipments to major markets are easily 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.

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

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 the 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 opportunities 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 or baseball, a soccer match, competitive swimming, or a bowling league, they can all be found without leaving town.

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--from Fair Diddley, Dick Tracy Days, summer band concerts, farmers market, Fine Art Fair, and HarvestFest to 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 Woodstock 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 history. A Groundhog Day festival is held in late-January through early-February of each year.

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

The annual Dick Tracy Days celebration is sponsored by the Woodstock Chamber of Commerce and Industry. The five-day festival honors favorite son Chester Gould, who created the long-running Dick Tracy cartoon strip in 1931. Representatives from the Chester Gould-Dick Tracy Museum, the Woodstock Police Department, the Chamber of Commerce, and local businesses join together each year to organize parades, seminars, and activities for all ages. Dick Tracy Days also hosts a drum and bugle pageant, a Woodstock tradition that began in the 1950s when the City celebrated V-J Day annually.

Each August, local artists and art lovers are provided a wonderful opportunity when the Woodstock Chamber of Commerce presents a juried 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. Complete with a midway and cotton candy, 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 Park-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.

The Chester Gould-Dick Tracy Museum features the cartoon works of Dick Tracy creator and longtime Woodstock resident, Chester Gould. The Old Court House Art Center features a variety of artwork in permanent as well as traveling exhibits.

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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 <u>Population</u>	1990 <u>Population</u>	2000 <u>Population</u>	2000 Median <u>Home Value</u>	2000 Median <u>Household Income</u>
Woodstock	11,725	14,353	20,151	\$145,400	\$47,871
McHenry County	147,897	191,396	260,077	168,100	59,056
Illinois	11,426,518	11,430,602	12,419,293	130,800	46,590
United States	226,545,805	248,709,872	281,421,906	119,600	41,994

Source: United States Census Bureau and Illinois Department of Commerce and Community Affairs.

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

	<u>Woodstock</u>	<u>McHenry County</u>	<u>Illinois</u>	<u>United States</u>
0-4 years	1,616	21,110	876,549	19,175,798
5-17 years	4,009	57,386	2,368,902	53,118,014
18-24 years	2,052	18,392	1,210,898	27,143,454
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, according to the 2000 Census:

	<u>Median Age</u>
City	35.9
McHenry County	34.2
State of Illinois	34.7

Source: United States Census Bureau, 2000 Census.

Median Family Income. The median family income, according to the 2000 Census, for the City, McHenry County, the State of Illinois and the United States, are as follows:

<u>Median Family Income</u>	
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 for the County for 1995 through 1999, the most recent years for which figures are available:

<u>Year</u>	<u>Income</u>	<u>% Change</u>
1995	\$25,421	N/A
1996	26,563	+4.49%
1997	28,148	+5.97
1998	29,102	+3.39
1999	30,247	+3.93

Source: United States Census Bureau, Bureau of Economic Analysis.

Employment

Major Employers. The top 10 employers in the area include the following:

<u>Name</u>	<u>Product or Service</u>	<u>Approximate Number of Employees</u>
1. McHenry County	Governmental	1,200
2. Memorial Medical Center	Medical	686
3. Woodstock Community School District #200	Education	570
4. Brown Printing Company, Woodstock Division	Manufacturing / Commercial	550
5. Automatic Liquid Packaging, Inc.	Manufacturing and Industrial Supplies	510
6. Claussen Pickle Company, Inc.	Food Manufacturer and Processor	500
7. Courtaulds-Knight Engineering/Thatcher Tubes	Manufacturer and Industrial Supplies	400
8. Special Education District of McHenry County/SEDOM	Education	350
9. Wells Mfg. Company - DuraBar Division	Cast Iron Manufacturer	295
10. Guardian Electric Mfg. Company	Electrical	250

County Employment By Industry. (1st quarter of 2001)

	Number of Employees (Approximate)
Agriculture, forestry and fisheries	1,216
Mining and Quarrying	90
Construction	7,740
Manufacturing	22,720
Transportation, communication and public utilities	2,275
Wholesale Trade	4,575
Retail Trade	16,369
Finance, Insurance and Real Estate	2,579
Services (Business, Health, Energy and Management, etc.)	17,487
Non-classified Establishments	<u>75</u>
 TOTAL	 <u>75,126</u>

Source: Illinois Department of Employment Security

Unemployment Rates.

	<u>City</u>	<u>McHenry County</u>	<u>Illinois</u>	<u>United States</u>
1997	4.0%	3.6%	4.7%	4.9%
1998	3.6	3.5	4.5	4.5
1999	3.5	3.2	4.3	4.2
2000	3.2	3.2	4.4	4.0
2001	3.2	4.6	5.8	5.7

Source: Illinois Department of Employment Security.

Major Taxpayers

The 10 largest identifiable taxpayers within the City for the calendar year 2001 are listed below. These taxpayers represent 7.76% of the City's 2001 equalized assessed valuation.

	<u>Name</u>	<u>Product or Service</u>	<u>2001 Equalized Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
1.	Graftek Press	Manufacturing	\$3,407,278	0.97%
2.	Automatic Liquid Packaging	Manufacturing	3,338,658	0.95
3.	Lakewood Apartments	Apartment Complex	3,222,876	0.91
4.	Woodstock Farm & Fleet	Retail	2,992,708	0.85
5.	Walden Oaks	Apartment Complex	2,863,389	0.81
6.	Wells Manufacturing	Manufacturing	2,630,689	0.75
7.	Cunat Brothers	Developers	2,567,908	0.73
8.	Kenyon Woodstock Association	Partnership	2,188,030	0.62
9.	Mercy Health System	Medical	2,100,695	0.60
10.	Prairie Trail Ltd Partnership	Partnership	<u>2,002,196</u>	<u>0.57</u>
	TOTAL		\$27,314,427	7.76%

Source: County Assessor's Office.

Property Values

<u>Tax Levy Year</u>	<u>Property Value Residential</u>	<u>Property Value Nonresidential</u>	<u>Total Value⁽¹⁾</u>
2001	\$255,769,494	\$ 97,200,478	\$352,969,972
2000	215,841,683	115,796,385	331,638,068
1999	196,080,573	121,655,325	317,735,898
1998	192,151,487	114,308,463	306,460,130
1997	192,966,181	109,105,901	302,072,082

Source: Office of the County Clerk

⁽¹⁾ All amounts are equalized assessed values, which are approximately 33-1/3% of market value.

Building Permits (New Construction)

<u>Fiscal Year</u>	<u>Residential</u>	<u>Value</u>	<u>All Other</u>	<u>Value</u>	<u>Total</u>	<u>Value</u>
2001-2002	113	\$20,320,167	5	\$4,820,000	118	\$25,140,167
2000-2001	92	17,808,945	2	4,180,000	94	21,988,945
1999-2000	73	12,055,400	8	5,680,000	81	17,735,400
1998-1999	108	17,239,000	6	2,825,000	114	20,064,000
1997-1998	148	12,985,900	6	12,415,000	154	25,400,900

Source: City's Audited Financial Statements.

City Sales Tax Receipts

<u>Fiscal Year</u>	<u>Sales Tax Receipts</u>
2002	\$2,504,850
2001	2,441,640
2000	2,382,384
1999	2,170,301
1998	2,070,660

Source: City's Audited Financial Statements.

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 for the reduction of the Equalized Assessed Valuation of certain property owned and used for residential purposes by the amount of any increase over the 1977 Equalized Assessed Valuation, up to a maximum reduction of \$3,500. Additional exemptions exist for (i) senior citizens, with the exemption operating annually to reduce the Equalized Assessed Valuation on a senior citizen's home by \$2,000 and (ii) disabled veterans, with the exemption operating annually to exempt up to \$58,000 of the Assessed Valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. A Homestead Improvement Exemption allows owners of single family residences to make up to \$45,000 in home improvements without increasing the Assessed Valuation of their property for at least 4 years. A Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older and have annual incomes of \$40,000 or less in 1999 and

taxable years thereafter. In general, the exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. The exempt amount is the difference between the current Equalized Assessed Valuation of their residence and the Equalized Assessed Valuation of their residence for the year prior to the year in which the senior citizen first qualifies and applies for the exemption (plus the Equalized Assessed Valuation of improvements since such year). 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 approved at a direct referendum or are for certain refunding purposes.

Public Act 89-385, effective August 18, 1995, restricted the power of municipalities to issue alternate bonds, by exempting any taxes.

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 "*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 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 Clerks 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.

Trend of Equalized Assessed Valuation

History of Equalized Assessed Valuation
for the City

<u>Tax Levv Year</u>	<u>Total⁽¹⁾</u>	<u>Change</u>
2001	\$352,969,972	+6.4%
2000	331,638,068	+4.4
1999	317,735,898	+3.7
1998	306,460,130	+1.5
1997	302,072,082	N/A

Source: Office of the County Clerk.

⁽¹⁾ Approximately 33-1/3% of the fair market value.

Composition of Equalized Assessed Valuation

<u>Tax Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>	<u>Total</u>	<u>% Change</u>
2001	\$241,503,794	\$75,781,397	\$34,907,451	\$777,330	\$352,969,972	+6.4%
2000	223,684,071	73,983,261	33,164,443	806,293	331,638,068	+4.4
1999	213,188,703	71,619,708	32,123,385	804,102	317,735,898	+3.7
1998	206,622,315	68,766,973	30,265,389	805,453	306,460,130	+5.3
1997	193,322,277	68,313,719	28,561,546	892,044	291,089,586	N/A

Source: City's Comprehensive Annual Financial Report for fiscal year ended April 30, 2002.

Tax Rate Trend

	<u>Max Rate</u> ⁽¹⁾	<u>Tax Years</u>				
		<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Corporate	.2500	\$.2429	\$.2500	\$.2500	\$.2500	\$.2500
Municipal Audit	As Needed	.0062	.0064	.0067	.0071	.0072
Police Protection	.0750	.0730	.0749	.0750	.0750	.0750
Crossing Guard	.0200	.0125	.0129	.0135	.0143	.0200
Public Parks	.0750	.0694	.0749	.0750	.0750	.0750
Performing Arts	.0400	.0359	.0400	.0400	.0400	.0400
Public Library	<u>.1500</u>	<u>.1338</u>	<u>.1372</u>	<u>.1440</u>	<u>.1500</u>	<u>.1500</u>
Library Building	<u>.0200</u>	<u>.0190</u>	<u>.0195</u>	<u>.0197</u>	<u>.0200</u>	<u>.0200</u>
Library Bond	As Needed	--	--	.1065	.1008	.0945
Illinois Retirement (IMRF)	As Needed	.2328	.2162	.2228	.2134	.1950
Special Recreation	.0400	.0179	.0183	.0185	.0191	.0193
Street and Bridge	.0600	.0529	.0553	.0576	.0600	.0600
Liability Insurance	As Needed	.1298	.1322	.1334	.1407	.1421
Debt Service	As Needed	--	--	--	.1059	.0997
Lease	As Needed	.0019	.0021	.0020	.0018	.0017
Police Pension	As Needed	.1021	.0966	.1006	.1062	.1215
Solid Waste Management	.2000	<u>.1775</u>	<u>.1820</u>	<u>.1883</u>	<u>.1986</u>	<u>.1940</u>
TOTAL		<u>\$1.3076</u>	<u>\$1.3185</u>	<u>\$1.4536</u>	<u>\$1.578</u>	<u>\$1.565</u>

⁽¹⁾ Per \$100 equalized assessed valuation.

Property Tax Rates for Property Within the City

<u>Taxing Entity</u>	<u>Tax Years</u>				
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
City of Woodstock	\$1.3076	\$1.3185	\$1.4536	\$1.5779	\$1.5650
McHenry County	0.6628	0.6531	0.6482	0.6440	0.6380
Dorr Township	0.2939	0.2962	0.3003	0.3023	0.2995
School District	4.6688	4.7015	4.7255	4.8261	4.9099
College District	0.3451	0.3429	0.3400	0.3402	0.3367
Woodstock Fire Protection District	0.3235	0.3247	0.3297	0.3566	0.3580
McHenry County Conservation	<u>0.1323</u>	<u>0.1309</u>	<u>0.1282</u>	<u>0.1254</u>	<u>0.1808</u>
TOTAL TAX RATE PER \$100 ASSESSED VALUATION	<u>\$7.7340</u>	<u>\$7.7678</u>	<u>\$7.9255</u>	<u>\$8.1725</u>	<u>\$8.2879</u>
SHARE OF TOTAL TAX RATE LEVIED BY THE CITY	16.91%	16.97%	18.34%	19.31%	18.88%

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 last four tax levy years:

<u>Tax Levy Year</u>	<u>Rates (per \$100)</u>	<u>Total Tax Levy Requested</u>	<u>Collections</u>	<u>Percent of Levy Collected</u>
2000	1.578	4,571,378	4,457,440	97.51%
1999	1.454	4,178,465	4,287,382	102.61
1998	1.319	4,040,683	4,146,673	102.62
1997	1.308	3,806,292	3,880,410	101.95

Source: City's Audited Financial Statements.

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

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 (except the special projects fund), 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.

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 Gardner & Co, LLP audited the City's financial statements for the fiscal year ended April 30, 2002, 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, 2002 are included in ***Appendix B***. Potential purchasers should read ***Appendix B*** in its entirety for more complete information concerning the City's financial position.

**GENERAL FUND
SUMMARY OF OPERATIONS**
(Modified Accrual Basis)

	<u>Fiscal Years Ending April 30</u>		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
REVENUES			
Taxes	\$5,193,184	\$5,397,391	\$5,439,287
Licenses and Permits	308,336	181,094	174,569
Intergovernmental	-	62,328	3,032
Charges for Services	324,524	413,360	415,807
Investment Income	279,018	292,994	273,770
Miscellaneous	<u>131,329</u>	<u>24,160</u>	<u>53,353</u>
Total Revenues	<u>\$6,236,391</u>	<u>\$6,371,327</u>	<u>\$6,359,818</u>
EXPENDITURES			
General Government	\$1,606,676	\$2,134,858	\$2,631,630
Highways and Streets	766,044	856,821	810,170
Culture and Recreation	<u>416,103</u>	<u>408,760</u>	<u>432,824</u>
Total Expenditures	<u>\$2,788,823</u>	<u>\$3,400,439</u>	<u>\$3,874,624</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$3,447,568</u>	<u>\$2,970,888</u>	<u>\$2,485,194</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfer In	\$215,090	\$202,696	\$193,038
Operating Transfer In - Component Unit		6,000	6,200
Operating Transfer (Out)	\$(2,624,557)	(2,725,928)	(3,246,623)
Proceeds from Capital Lease		240,833	
Sale of Fixed Assets		37,435	
Sale of Surplus Property		-	44,369
MCCD Loan Proceeds			<u>245,000</u>
Total Other Financing Sources (Uses)	<u>\$(2,409,467)</u>	<u>\$(2,238,964)</u>	<u>\$(2,758,016)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$1,038,101</u>	<u>\$731,924</u>	<u>\$(272,822)</u>
FUND BALANCE, MAY 1	\$1,923,193	\$2,961,294	\$3,693,218
Prior Period Adjustment	-	-	\$16,015
FUND BALANCE, MAY 1, RESTATED	\$1,923,193	\$2,961,294	\$3,709,233
FUND BALANCE, APRIL 30	<u>\$2,961,294</u>	<u>\$3,693,218</u>	<u>\$3,436,411</u>

Source: City's audited financial statements.

Retirement Commitments

Footnote 10 to the City's audited financial statements for the fiscal year ended April 30, 2002 summarizes the retirement commitments in full detail. See *Appendix B*.

Employee Relations

The City's employees are organized as follows:

<u>Employee Group</u>	<u>Union Affiliation</u>	<u>Number of Employees Represented</u>	<u>Contract Expiration</u>
Police	FOP Union	35	April 30, 2005

The City generally has good relations with its employees and has no recent history of employee strikes.

Debt Ratios

District Population, 2002 Estimated	20,151
Assessed Valuation, 2001	\$352,969,972
Estimated Actual Value, 2001	\$1,058,909,916
Outstanding General Obligation Debt	\$7,580,000
Overlapping General Obligation Debt	\$37,688,250
Total Direct and Overlapping General Obligation Debt	\$45,268,250
Per Capita Direct Debt	\$376.16
Per Capita Direct and Overlapping General Obligation Debt	\$2,246.45
Ratio of Direct Debt to Assessed Valuation	2.15%
Ratio of Direct Debt to Estimated Actual Value	0.71%
Ratio of Direct and Overlapping General Obligation Debt to Assessed Valuation	12.82%
Ratio of Direct and Overlapping General Obligation Debt to Estimated Actual Value	4.27%

Schedule of Legal Debt Margin

Chapter 24, Section 8-5-1 of the Illinois Revised Statutes 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 after the sale of the Bonds.

Assessed Valuation (2001 Tax Year)	<u>\$352,969,972</u>
Legal Debt Limit - 8.625% of Assessed Valuation	\$ 30,443,660
Amount of Debt Applicable to Debt Limit	<u>7,580,000</u>
Legal Debt Margin	<u>\$22,863,660</u>

General Obligation Indebtedness

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

<u>Description of Bonds</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>	<u>Final Maturity</u>	<u>Alternate Revenue Source (if any)⁽¹⁾</u>
General Obligation Bonds (Alternate Revenue Source), Series 1996, dated September 1, 1996	\$4,995,000	\$4,070,000	11-01-2006	Waterworks and Sewerage System Net Revenues
General Obligation Library Building Bonds, Series 1999, dated October 1, 1999	3,900,000	3,680,000	01-01-2019	N/A
General Obligation Bonds, Series 2000A, dated June 1, 2000	3,900,000	3,900,000	11-01-2010	N/A
General Obligation Bonds (Alternate Revenue Source), Series 2000B, dated June 1, 2000	4,000,000	4,000,000	11-01-2010	Telecommunications Taxes
General Obligation Bonds (Alternate Revenue Source), Series 2000C, dated June 1, 2000	500,000	495,000	11-01-2010	Telecommunications Taxes and Sales Taxes
General Obligation Bonds (Alternate Revenue Source), Series 2000D, dated June 1, 2000	500,000	495,000	11-01-2010	Library Fees and Taxes
General Obligation Bonds (Alternate Revenue Source), Series 2001, dated December 20, 2001	1,635,000	1,635,000	02-01-2021	Opera House Fees and Sales Taxes

<u>Description of Bonds</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>	<u>Final Maturity</u>	<u>Alternate Revenue Source (if any)⁽¹⁾</u>
General Obligation Bonds (Alternate Revenue Source), Series 2002E, dated December 1, 2002	2,110,000	2,110,000	12-01-2021	Incremental Taxes and Sales Taxes
General Obligation Bonds (Water and Sewerage Alternate Revenue Source), Series 2002F, dated December 1, 2002	4,100,000	4,100,000	12-01-2021	Waterworks and Sewerage System Net Revenues and Sales Taxes
General Obligation Bonds (Alternate Revenue Source), Series 2002G, dated December 1, 2002	465,000	<u>465,000</u>	12-01-2021	Sales Taxes
TOTAL PRINCIPAL OUTSTANDING		<u>\$24,950,000</u>		

⁽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.

General Obligation Debt Service Requirements

The following schedule shows the principal and interest requirements for the City's outstanding general obligation bonds, including the Bonds:

Fiscal Year Ended <u>April 30</u>	Outstanding General Obligation Bonds	Outstanding Alternate Revenue Bonds		The Bonds			TOTAL DEBT SERVICE ALL BONDS*
		General Long-Term Debt	Payable from Enterprise Revenues ⁽¹⁾	Principal	Interest	Total	
2003	\$351,780	\$543,473	\$410,744				\$ 1,305,997.00
2004	350,540	542,492	413,534	\$ 290,000	\$ 246,330.00	\$ 536,330.00	1,842,896.00
2005	353,993	548,025	413,934	275,000	240,530.00	515,530.00	1,831,482.00
2006	351,887	542,518	418,749	280,000	235,030.00	515,030.00	1,828,184.00
2007	354,463	546,482	417,724	260,000	229,430.00	489,430.00	1,808,099.00
2008	354,862	537,653	420,974	210,000	223,450.00	433,450.00	1,746,939.00
2009	352,963	546,482	423,224	300,000	217,780.00	517,780.00	1,840,449.00
2010	350,362	538,633	419,642	305,000	208,780.00	513,780.00	1,822,417.00
2011	352,063	540,007	420,548	315,000	198,867.50	513,867.50	1,826,485.50
2012	351,197	533,995	420,686	325,000	187,842.50	512,842.50	1,818,720.50
2013	354,695	542,183	425,055	340,000	175,717.50	515,717.50	1,837,650.50
2014	352,275	538,820	427,342	355,000	162,697.50	517,697.50	1,836,134.50
2015	354,195	539,467	423,367	370,000	148,447.50	518,447.50	1,835,476.50
2016	350,170	543,725	423,568	385,000	133,597.50	518,597.50	1,836,060.50
2017	350,463	536,383	427,478	395,000	117,787.50	512,787.50	1,827,111.50
2018	354,642	542,717		415,000	101,075.00	516,075.00	1,413,434.00
2019	352,542	542,238		435,000	83,282.50	518,282.50	1,413,062.50
2020	354,430	540,192		450,000	63,895.00	513,895.00	1,408,517.00
2021	-	131,563		475,000	43,840.00	518,840.00	650,403.00
2022				495,000	22,522.50	517,522.50	517,522.50
Totals	<u>\$6,347,522</u>	<u>\$9,877,048</u>	<u>\$6,306,569</u>	<u>\$6,675,000</u>	<u>\$3,040,902.50</u>	<u>\$9,715,902.50</u>	<u>\$32,247,041.50</u>

Source: City's Audited Financial Statements.

⁽¹⁾ Represents debt service payable on the City's outstanding Series 1996 Bonds, which are payable from a pledge of the Net Revenues of the City's combined waterworks and sewerage system.

Overlapping General Obligation Bonded Debt

(As of April 30, 2002)

	Gross General Obligation Debt	Percentage of Debt Applicable to City ⁽¹⁾	Amount Applicable To The City
McHenry County	\$13,630,000	6.10%	\$ 831,430
Woodstock Community School District #200	41,855,000	55.97	23,426,244
McHenry County Community College District #528	4,316,633	7.07	305,186
McHenry County Conservation District	90,990,000	6.10	5,550,390
TOTAL	\$158,366,633		\$37,688,250

Source: Office of the County Clerk

Future Debt

Pursuant to ordinances adopted by the City Council of the City on December 4, 2002, and subject to certain parameters set forth therein, the City has also authorized the issuance and sale of (1) the City's General Obligation Refunding Bonds, Series 2002A (the "**Series 2002A Bonds**"), to be issued in a principal amount not to exceed \$3,035,000, for the purpose of refunding the callable portion of the City's outstanding General Obligation Bonds, Series 2000A, dated June 1, 2000, originally issued in the principal amount of \$3,900,000 (the "**Series 2000A Bonds**"); (2) the City's General Obligation Refunding Bonds (Alternate Revenue Source), Series 2002B (the "**Series 2002B Bonds**"), to be issued in a principal amount not to exceed \$3,215,000, for the purpose of refunding the callable portion of the City's outstanding General Obligation Bonds (Alternate Revenue Source), Series 2000B, dated June 1, 2000, originally issued in the principal amount of \$4,000,000 (the "**Series 2000B Bonds**"); (3) the City's General Obligation Refunding Bonds (Alternate Revenue Source), Series 2002C (the "**Series 2002C Bonds**"), to be issued in a principal amount not to exceed \$405,000, for the purpose of refunding the callable portion of the City's General Obligation Bonds (Alternate Revenue Source), Series 2000C, dated June 1, 2000, originally issued in the principal amount of \$500,000 (the "**Series 2000C Bonds**"); (4) the City's General Obligation Refunding Bonds (Alternate Revenue Source), Series 2002D (the "**Series 2002D Bonds**"), to be issued in a principal amount not to exceed \$405,000, for the purpose of refunding the callable portion of the City's General Obligation Bonds (Alternate Revenue Source), Series 2000D, dated June 1, 2000, originally issued in the principal amount of \$500,000 (the "**Series 2000D Bonds**"); and (5) the City's General Obligation Refunding Bonds (Alternate Revenue Source), Series 2002F (the "**Series 2002F Refunding Bonds**"), to be issued in a principal amount not to exceed \$3,770,000, for the purpose of refunding the callable portion of the City's General Obligation Bonds (Alternate Revenue Source), Series 1996 (the "**Series 1996 Bonds**"), originally issued in the principal amount of \$4,995,000.

The Series 2002A Bonds, if and when issued, and the interest thereon will constitute general obligations of the City, payable 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 Series 2002B Bonds, if and when issued, and the interest thereon will constitute general obligations of the City, payable from (i) all collections of the telecommunications taxes imposed by the City pursuant to Section 8-11-17 of the Illinois Municipal Code, as amended, 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 (ii) to the extent such revenue source is insufficient therefor, 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 Series 2002C Bonds and the interest thereon will constitute general obligations of the City, payable from (i) the receipts and proceeds of the City's Sales Taxes (as defined herein), (ii) receipts and proceeds of the City's Telecommunications Taxes, and (iii) to the extent such revenue sources are insufficient therefor, 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 Series 2002D Bonds and the interest thereon will constitute general obligations of the City, payable from (i) receipts and proceeds of the City's Library Capital Expansion Fees and the additional tax of 0.2% 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, "**Library Fees and Taxes**"), and (ii) to the extent such revenue source is insufficient therefor, 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.

No Default

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

Incremental Tax Receipts

<u>Fiscal Year</u>	<u>Incremental Tax Receipts</u>
2002	\$164,366
2001	131,969
2000	118,322
1999 ⁽¹⁾	79,294

Source: City's Audited Financial Statements.

⁽¹⁾ The first year incremental taxes were collected was 1999.

Waterworks and Sewerage System Revenues

	<u>Fiscal Years Ending April 30</u>		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
Gross Revenue	\$4,041,694	\$4,079,768	\$4,256,352
Expenses ⁽¹⁾	<u>2,983,356</u>	<u>2,261,161</u>	<u>2,259,015</u>
Net Revenue Available For Debt Service	<u>\$1,058,338</u>	<u>\$1,818,607</u>	<u>\$1,997,337</u>

Source: City's Audited Financial Statements.

⁽¹⁾ Total expenses, exclusive of depreciation and bond interest.

Sales Tax Receipts

<u>Fiscal Year</u>	<u>Sales Tax Receipts</u>
2002	\$2,504,850
2001	2,441,640
2000	2,382,384
1999	2,170,301
1998	2,070,660

Source: City's Audited Financial Statements.

Debt Service Coverage for the Bonds

The sufficiency of the respective Pledged Revenues for the Bonds is supported by the most recent audit of the City, which is attached as *Appendix B* to this Official Statement. The tables below show the requisite coverage for each series of the Bonds.

Series 2002E Bonds:

	Fiscal Year Ended <u>April 30, 2002</u>
Pledged Revenues:	
Incremental Taxes	\$ 164,366
Sales Taxes	<u>2,504,850</u>
Total Pledged Revenues	\$2,669,216
Maximum Annual Debt Service ⁽¹⁾	\$ 717,928
Debt Service Coverage	3.72x

⁽¹⁾ Includes debt service on the City's outstanding Series 2001 Bonds and Series 2000C Bonds, and debt service on the Series 2002E Bonds, the Series 2002F Bonds and the Series 2002G Bonds. The maximum annual debt service occurs in the fiscal year ending April 30, 2004.

Series 2002F Bonds:

	Fiscal Year Ended <u>April 30, 2002</u>
Pledged Revenues:	
Net Revenues of the Waterworks and Sewerage System	\$1,997,337
Sales Taxes	<u>2,504,850</u>
Total Pledged Revenues	\$4,502,187
Maximum Annual Debt Service ⁽¹⁾	\$1,131,461
Debt Service Coverage	3.98x

⁽¹⁾ Includes debt service on the City's outstanding Series 2001 Bonds, Series 2000C Bonds and Series 1996 Bonds, and debt service on the Series 2002E Bonds, the Series 2002F Bonds and the Series 2002G Bonds. The maximum annual debt service occurs in the fiscal year ending April 30, 2004.

Series 2002G Bonds:

	Fiscal Year Ended <u>April 30, 2002</u>
Pledged Revenues:	
Sales Taxes	\$2,504,850
Maximum Annual Debt Service ⁽¹⁾	\$424,113
Debt Service Coverage	5.91x

⁽¹⁾ Includes debt service on the City's outstanding Series 2001 Bonds and Series 2000C Bonds, and debt service on the Series 2002E Bonds, the Series 2002F Bonds and the Series 2002G Bonds. The maximum annual debt service occurs in the fiscal year ending April 30, 2004.

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APPENDIX B

AUDITORS' REPORT AND EXCERPTS OF AUDITED FINANCIAL STATEMENTS

The following are excerpts from the Comprehensive Annual Financial Report of the City of Woodstock, Illinois, for the fiscal year ended April 30, 2002, including the Auditors' Report and Excerpts of Audited Financial Statements prepared by Sikich Gardner & Co, LLP, Aurora, Illinois.

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Sikich Gardner & Co, LLP

Accountants & Consultants

998 Corporate Boulevard
Aurora, IL 60504

A Member of Sikich Group, LLC

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS
ILLINOIS CPA SOCIETY

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the City of Woodstock, Illinois, as of and for the year ended April 30, 2002, as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Woodstock, Illinois' management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Woodstock, Illinois, as of April 30, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group 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 general purpose financial statements of the City of Woodstock, Illinois. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The required supplementary information listed in the table of contents is not a required part of the general purpose financial statements but is 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.

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

Aurora, Illinois
October 3, 2002

Arthur Anderson 10/3/02

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF WOODSTOCK, ILLINOIS

COMBINED BALANCE SHEET

ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT

April 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
ASSETS				
Cash and investments	\$ 3,244,740	\$ 2,919,197	\$ 80,179	\$ 4,707,081
Cash with Paying Agent	-	-	-	-
Restricted Cash	-	-	-	-
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)	-	-	-	-
Property Taxes	1,083,270	3,106,874	354,332	245,143
Accounts	-	-	-	-
Accrued Interest	42,365	-	-	105,336
Other	-	91,905	-	124,200
Due From Other Governments	775,454	1,917	-	458,630
Prepaid Expenditures	4,700	-	-	-
Due From Other Funds	-	307,239	-	-
Deferred Charges	-	-	-	-
Fixed Assets (Net, Where Applicable of Accumulated Depreciation)	-	-	-	-
OTHER DEBITS				
Amount Available for Retirement of Long-Term Debt	-	-	-	-
Amount to be Provided for Retirement of Long-Term Debt	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 5,150,529	\$ 6,427,132	\$ 434,511	\$ 5,640,390
LIABILITIES, EQUITY AND OTHER CREDITS				
LIABILITIES				
Accounts Payable	\$ 4,186	\$ 13,622	\$ -	\$ 197,445
Accrued Payroll	47,687	77,733	-	-
Accrued Interest Payable	-	-	-	-
Claims Payable	-	-	-	-
Deferred Property Taxes	1,083,270	3,106,874	354,332	245,143
Deferred Revenue	40,025	-	-	237,938
Due to Other Funds	398,579	-	-	-
Due to Other Organizations	-	-	-	-
Due to Bondholders	-	-	3,960	-
Due to Other Governments	-	-	-	-
Retainage Payable	-	-	-	360,130
Compensated Absences Payable	140,371	247,089	-	-
Capital Lease Payable	-	-	-	-
Landfill Closure Costs	-	-	-	-
Installment Contracts Payable	-	-	-	-
MCCD Loan Payable	-	-	-	-
Bonds Payable	-	-	-	-
Total Liabilities	1,714,118	3,445,318	358,292	1,040,656
EQUITY AND OTHER CREDITS				
Contributed Capital	-	-	-	-
Investment in General Fixed Assets	-	-	-	-
Retained Earnings	-	-	-	-
Reserved	-	-	-	-
Unreserved	-	-	-	-
Fund Balances	-	-	-	-
Reserved for Debt Service	-	-	76,219	-
Reserved for Prepaid Expenditures	4,700	-	-	-
Reserved for Employees' Retirement System	-	-	-	-
Unreserved	-	-	-	-
Undesignated	3,431,711	2,981,814	-	4,599,734
Total Equity and Other Credits	3,436,411	2,981,814	76,219	4,599,734
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 5,150,529	\$ 6,427,132	\$ 434,511	\$ 5,640,390

CITY OF WOODSTOCK, ILLINOIS

COMBINED BALANCE SHEET

ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT (Continued)

April 30, 2002

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)	Component Unit Woodstock Public Library	Totals Reporting Entity (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt			
\$ 2,607,213	\$ -	\$ 8,420,822	\$ -	\$ -	\$ 21,979,232	\$ 591,034	\$ 22,570,266
112,872	-	-	-	-	112,872	-	112,872
495,120	-	-	-	-	495,120	-	495,120
-	-	-	-	-	4,789,619	924,271	5,713,890
712,010	-	-	-	-	712,010	-	712,010
54,222	-	79,317	-	-	281,240	7,467	288,707
-	-	566,283	-	-	782,388	-	782,388
-	-	-	-	-	1,236,001	-	1,236,001
-	-	-	-	-	4,700	-	4,700
-	91,340	-	-	-	398,579	-	398,579
29,209	-	-	-	-	29,209	-	29,209
17,295,963	-	-	24,594,390	-	41,890,353	7,492,187	49,382,540
-	-	-	-	76,219	76,219	6,269	82,488
-	-	-	-	13,395,587	13,395,587	4,234,044	17,629,631
\$ 21,306,609	\$ 91,340	\$ 9,066,422	\$ 24,594,390	\$ 13,471,806	\$ 86,183,129	\$ 13,255,272	\$ 99,438,401
\$ 20,951	\$ -	\$ 28	\$ -	\$ -	\$ 236,232	\$ 1,811	\$ 238,043
27,426	-	-	-	-	152,846	15,273	168,119
112,872	-	-	-	-	112,872	-	112,872
-	99,999	-	-	-	99,999	-	99,999
-	-	-	-	-	4,789,619	924,271	5,713,890
-	-	-	-	-	277,963	-	277,963
-	-	-	-	-	398,579	-	398,579
-	-	255,876	-	-	255,876	-	255,876
-	-	1,381,996	-	-	1,385,956	-	1,385,956
-	-	22,877	-	-	22,877	-	22,877
-	-	-	-	-	360,130	2,500	362,630
202,562	-	-	-	420,365	1,010,387	111,970	1,122,357
-	-	-	-	198,441	198,441	-	198,441
-	-	-	-	2,000,000	2,000,000	-	2,000,000
-	-	-	-	498,000	498,000	-	498,000
-	-	-	-	245,000	245,000	-	245,000
4,255,000	-	-	-	10,030,000	14,285,000	4,175,000	18,460,000
4,618,811	99,999	1,660,777	-	13,471,806	26,409,777	5,230,825	31,640,602
6,378,376	-	-	-	-	6,378,376	-	6,378,376
-	-	-	24,594,390	-	24,594,390	7,492,187	32,086,577
591,571	-	-	-	-	591,571	-	591,571
9,717,851	(8,659)	-	-	-	9,709,192	-	9,709,192
-	-	-	-	-	76,219	6,269	82,488
-	-	-	-	-	4,700	-	4,700
-	-	7,405,645	-	-	7,405,645	-	7,405,645
-	-	-	-	-	11,013,259	525,991	11,539,250
16,687,798	(8,659)	7,405,645	24,594,390	-	59,773,352	8,024,447	67,797,799
\$ 21,306,609	\$ 91,340	\$ 9,066,422	\$ 24,594,390	\$ 13,471,806	\$ 86,183,129	\$ 13,255,272	\$ 99,438,401

See accompanying notes to financial statements.

CITY OF WOODSTOCK, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT

For the Year Ended April 30, 2002

	Governmental Fund Types			Totals	Component	Totals	
	General	Special Revenue	Debt Service	Capital Projects	Primary Government (Memorandum Only)	Unit Woodstock Public Library	Reporting Entity (Memorandum Only)
REVENUES							
Taxes	\$ 5,439,287	\$ 3,550,966	\$ 355,775	\$ 977,726	\$ 10,323,754	\$ 915,156	\$ 11,238,910
Licenses and Permits	174,569	-	-	-	174,569	-	174,569
Intergovernmental	3,032	218,205	-	783,331	1,004,568	258,608	1,263,176
Charges for Services	415,807	60,312	-	-	476,119	-	476,119
Fines and Fees	-	728,199	-	128,460	856,659	151,187	1,007,846
Investment Income	273,770	123,399	-	290,150	687,319	38,114	725,433
Miscellaneous	53,353	85,450	-	15,229	154,032	48,125	202,157
Total Revenues	6,359,818	4,766,531	355,775	2,194,896	13,677,020	1,411,190	15,088,210
EXPENDITURES							
Current							
General Government	2,631,630	1,808,075	3,499	114,538	4,557,742	-	4,557,742
Public Safety	-	3,003,374	-	-	3,003,374	-	3,003,374
Highways and Streets	810,170	613,662	-	-	1,423,832	-	1,423,832
Culture and Recreation	432,824	1,023,497	-	-	1,456,321	720,117	2,176,438
Capital Outlay	-	494,938	-	7,521,818	8,016,756	952,718	8,969,474
Debt Service	-	-	5,000	29,000	34,000	140,000	174,000
Principal Retirement	-	-	681,798	26,139	707,937	238,759	946,696
Interest and Fiscal Charges	-	-	-	-	-	-	-
Total Expenditures	3,874,624	6,943,546	690,297	7,691,495	19,199,962	2,051,594	21,251,556
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,485,194	(2,177,015)	(334,522)	(5,496,599)	(5,522,942)	(640,404)	(6,163,346)
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	193,038	2,544,130	367,493	751,188	3,855,849	45,654	3,901,503
Operating Transfers In - Component Unit	6,200	-	-	-	6,200	-	6,200
Operating Transfers (Out)	(3,246,623)	(266,188)	-	(350,000)	(3,862,811)	(45,654)	(3,908,465)
Operating Transfers (Out) - Primary Government	-	-	-	-	-	(6,200)	(6,200)
Sale of Fixed Assets	44,369	-	-	-	44,369	-	44,369
Proceeds from Aquatic Center Bonds	-	-	-	1,600,976	1,600,976	-	1,600,976
Proceeds from MCCD Loan	245,000	-	-	-	245,000	-	245,000
Total Other Financing Sources (Uses)	(2,758,016)	2,277,942	367,493	2,002,164	1,889,583	(6,200)	1,883,383
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(272,822)	100,927	32,971	(3,494,435)	(3,633,359)	(646,604)	(4,279,963)
FUND BALANCES, MAY 1	3,693,218	2,880,887	43,248	8,193,141	14,810,494	1,178,864	15,989,358
Prior Period Adjustment	16,015	-	-	(98,972)	(82,957)	-	(82,957)
FUND BALANCES, MAY 1, RESTATED	3,709,233	2,880,887	43,248	8,094,169	14,727,537	1,178,864	15,906,401
FUND BALANCES, APRIL 30	\$ 3,436,411	\$ 2,981,814	\$ 76,219	\$ 4,599,734	\$ 11,094,178	\$ 532,260	\$ 11,626,438

See accompanying notes to financial statements.

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CITY OF WOODSTOCK, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

ALL GOVERNMENTAL FUND TYPES

For the Year Ended April 30, 2002

	General	
	Budget	Actual
REVENUES		
Taxes	\$ 5,614,200	\$ 5,439,287
Licenses and Permits	175,500	174,569
Intergovernmental	26,200	3,032
Charges for Services	405,500	415,807
Fines and Fees	-	-
Investment Income	200,000	273,770
Miscellaneous	60,000	53,353
Total Revenues	6,481,400	6,359,818
EXPENDITURES		
Current		
General Government	2,588,800	2,631,630
Public Safety	-	-
Highways and Streets	860,500	810,170
Culture Recreation	427,000	432,824
Capital Outlay	-	-
Debt Service	-	-
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	3,876,300	3,874,624
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,605,100	2,485,194
OTHER FINANCING SOURCES (USES)		
Operating Transfers In	203,100	193,038
Operating Transfers In - Component Unit	6,200	6,200
Operating Transfers (Out)	(3,021,800)	(3,246,623)
Proceeds from MCCD	-	245,000
Sale of Fixed Assets	-	44,369
Proceeds from Opera House Annex Bonds	-	-
Proceeds from Installment Contract	-	-
Total Other Financing Sources (Uses)	(2,812,500)	(2,758,016)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ (207,400)	(272,822)
FUND BALANCES, MAY 1		3,693,218
Prior Period Adjustment		16,015
FUND BALANCES, MAY 1, RESTATED		3,709,233
Unbudgeted funds		-
FUND BALANCES, APRIL 30		\$ 3,436,411

CITY OF WOODSTOCK, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Continued)

ALL GOVERNMENTAL FUND TYPES

For the Year Ended April 30, 2002

Special Revenue		Debt Service		Capital Projects	
Budget	Actual	Budget	Actual	Budget	Actual
\$ 3,292,000	\$ 3,550,966	\$ 357,000	\$ 355,775	\$ 990,000	\$ 977,726
-	-	-	-	-	-
222,300	218,205	-	-	963,500	783,331
59,000	60,312	-	-	-	-
532,500	728,199	-	-	113,000	128,460
81,000	123,399	12,500	-	105,000	290,150
63,000	85,450	-	-	336,000	15,229
4,249,800	4,766,531	369,500	355,775	2,507,500	2,194,896
1,747,500	1,808,075	6,000	3,499	120,000	114,538
2,724,500	3,003,374	-	-	-	-
589,000	613,662	-	-	-	-
1,015,000	1,023,497	-	-	-	-
1,133,600	494,938	-	-	10,684,800	7,521,818
-	-	5,000	5,000	29,000	29,000
-	-	757,900	681,798	25,500	26,139
7,209,600	6,943,546	768,900	690,297	10,859,300	7,691,495
(2,959,800)	(2,177,015)	(399,400)	(334,522)	(8,351,800)	(5,496,599)
2,486,200	2,544,130	400,600	367,493	934,000	751,188
-	-	-	-	-	-
(330,000)	(266,188)	(300)	-	(350,000)	(350,000)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,600,000	1,600,976
-	-	-	-	400,000	-
2,156,200	2,277,942	400,300	367,493	2,584,000	2,002,164
\$ (803,600)	100,927	\$ 900	32,971	\$ (5,767,800)	(3,494,435)
	2,815,236		43,248		8,193,141
	-		-		(98,972)
	2,815,236		43,248		8,094,169
	65,651		-		-
\$	<u>2,981,814</u>	\$	<u>76,219</u>	\$	<u>4,599,734</u>

See accompanying notes to financial statements.

CITY OF WOODSTOCK, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS

ALL PROPRIETARY FUND TYPES

For the Year Ended April 30, 2002

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
OPERATING REVENUES			
Charges for Services	\$ 3,624,512	\$ 720,286	\$ 4,344,798
Miscellaneous	68,056	-	68,056
Total Operating Revenues	3,692,568	720,286	4,412,854
OPERATING EXPENSES			
Administration	-	950,950	950,950
Operations	2,259,015	-	2,259,015
Depreciation	861,764	-	861,764
Total Operating Expenses	3,120,779	950,950	4,071,729
OPERATING INCOME (LOSS)	571,789	(230,664)	341,125
NONOPERATING REVENUES (EXPENSES)			
Investment Income	141,039	1,824	142,863
Connection Fees	422,745	-	422,745
Interest Expense	(235,661)	-	(235,661)
Total Nonoperating Revenues (Expenses)	328,123	1,824	329,947
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	899,912	(228,840)	671,072
OPERATING TRANSFERS IN/(OUT)			
Operating Transfers In	-	200,000	200,000
Operating Transfers (Out)	(193,038)	-	(193,038)
Total Operating Transfers In/(Out)	(193,038)	200,000	6,962
NET INCOME (LOSS)	706,874	(28,840)	678,034
OTHER CHANGES IN RETAINED EARNINGS			
Add Back Depreciation that Reduces Contributed Capital	177,227	-	177,227
RETAINED EARNINGS, MAY 1	9,425,321	20,181	9,445,502
RETAINED EARNINGS, (DEFICIT) APRIL 30	\$ 10,309,422	\$ (8,659)	\$ 10,300,763

See accompanying notes to financial statements.

CITY OF WOODSTOCK, ILLINOIS
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 For the Year Ended April 30, 2002

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 571,789	\$ (230,664)	\$ 341,125
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities			
Depreciation	861,764	-	861,764
Amortization	5,701	-	5,701
Changes in Assets and Liabilities			
Accounts Receivable	(120,667)	-	(120,667)
Accounts Payable	18,205	-	18,205
Accrued Payroll	14,325	-	14,325
Claims Payable	-	55,296	55,296
Compensated Absences	39,243	-	39,243
Net Cash From Operating Activities	1,390,360	(175,368)	1,214,992
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Transfers In	-	108,660	108,660
Operating Transfers (Out)	(193,038)	-	(193,038)
Net Cash From Noncapital Financing Activities	(193,038)	108,660	(84,378)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Fixed Assets Purchased	(850,225)	-	(850,225)
Connection Fees	422,745	-	422,745
Principal Payments on Long-Term Debt	(175,000)	-	(175,000)
Interest Payments on Long-Term Debt	(242,311)	-	(242,311)
Net Cash From Capital and Related Financing Activities	(844,791)	-	(844,791)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	115,951	1,824	117,775
Net Cash From Investing Activities	115,951	1,824	117,775
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	468,482	(64,884)	403,598
CASH AND CASH EQUIVALENTS, MAY 1	2,746,723	64,884	2,811,607
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 3,215,205	\$ -	\$ 3,215,205

See accompanying notes to financial statements.

CITY OF WOODSTOCK, ILLINOIS

STATEMENT OF CHANGES IN PLAN NET ASSETS

PENSION TRUST FUND

For the Year Ended April 30, 2002

ADDITIONS	
Contributions	
Employer Contributions	\$ 379,500
Employee Contributions	<u>140,467</u>
Total Contributions	<u>519,967</u>
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	(33,238)
Interest	<u>290,282</u>
Total Investment Income	257,044
Less Investment Expense	<u>(49,558)</u>
Net Investment Income	<u>207,486</u>
Total Additions	<u>727,453</u>
DEDUCTIONS	
Retirement and Disability Benefits	308,097
Administrative Expenses	<u>79,432</u>
Total Deductions	<u>387,529</u>
NET INCREASE	339,924
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
MAY 1	<u>7,065,721</u>
APRIL 30	<u>\$ 7,405,645</u>

See accompanying notes to financial statements.

CITY OF WOODSTOCK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

April 30, 2002

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 Police Pension System. 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 Police Pension System.

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 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, in turn, 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 monies (special revenue funds), the acquisition or construction of general fixed 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 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). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental 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 proprietary funds.

CITY OF WOODSTOCK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

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. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) of proprietary funds is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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.

The accrual basis of accounting is utilized by proprietary fund types and pension trust funds. Under this method, revenues and additions are recorded when earned and expenses and deductions are recorded at the time liabilities are incurred.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet the available criteria for recognition in the current period. Deferred 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 revenue is removed from the combined balance sheet and revenue is recognized.

D. Budgets

Annual budgets are adopted for all governmental (except the special projects fund), 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 reappropriated.

E. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City's proprietary fund types 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, 2002 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 Fund's are valued at Illinois Fund's share price, the price for which the investment could be sold (\$1).

F. Restricted Assets

Certain proceeds of the City's enterprise fund's alternate revenue source bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet 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 balance sheet.

H. Inventories

The cost of governmental fund type inventories are recorded as expenditures when purchased rather than when consumed. No significant inventories were outstanding as of April 30, 2002.

I. Deferred Charges

In governmental fund types, bond discounts and issuance costs are recognized in the current period. In proprietary fund types, bond discounts and issuance costs are amortized over the life of the bond issue.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the City.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment, water/sewer systems, and vehicles in the proprietary fund types is computed using the straight-line method. Depreciation on fixed assets acquired through intergovernmental grants, entitlements, or shared revenues externally restricted to capital acquisitions is closed to contributed capital.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

K. Compensated Absences

Vested or accumulated vacation leave and vested sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it with the remainder reported in the general long-term debt account group. Vested or accumulated vacation leave and vested sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to the employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term debt expected to be financed from proprietary fund operations is accounted for in those funds.

M. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants (prior to May 1, 2001) or contributions from developers, customers, or other funds. Reserves of fund balances represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Reservations of retained earnings are limited to outside third-party restrictions.

N. Interfund Transactions

Quasi-external 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 quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. LEGAL COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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.

B. Excess of Actual Expenditures over Budget in Individual Funds/Departments

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

Fund/Department	Excess
General Fund	
Community Development	\$ 13,254
Contingency	204,333
Recreation	7,657
Police Protection	278,874
Public Parks	9,340
Motor Fuel Tax	24,662
Liability Insurance	113,987
Paratransit	17,477
Employee Health	187,450

C. Deficit Fund Equity

The Employee Health Internal Service Fund had a deficit retained earnings of \$8,659 as of April 30, 2002. This deficit was a result of the increased health care costs impacting claims.

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 funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments." In addition, deposits and investments are separately held by several of the City's funds. Cash on hand of \$1,061 has been excluded from the amounts shown below.

Permitted Deposits and Investments - Statutes authorize the City to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool. Pension funds may also invest in certain non U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and equity securities.

A. Deposits

At year end, the carrying amount of the primary government's deposits totaled \$14,794,105 and the bank balances totaled \$16,864,703. The bank balance can be categorized as follows:

	<u>Bank Balance</u>
Category 1 Deposits covered by federal depository insurance, or by collateral held by the City, or its agent, in the City's name.	\$16,864,703
Category 2 Deposits covered by collateral held by the pledging financial institution's trust department, or by its agents, in the City's name.	-
Category 3 Deposits covered by collateral held by the pledging financial institution, or its trust department, or its agent but not in the City's name, and deposits which are uninsured and uncollateralized.	-
TOTAL DEPOSITS	<u><u>\$16,864,703</u></u>

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

The City's investments are categorized to give an indication of the level of custodial credit risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty in the City's name or held by any third party but not in the City's name.

	Fair Value			Totals
	Category 1	Category 2	Category 3	
U.S. Government Securities	\$ 475,596	\$ -	\$ -	\$ 475,596
Federal Home Loan Mortgage Securities	3,738,340	-	-	3,738,340
	<u>\$ 4,213,936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,213,936</u>
*Illinois Funds Investment Pool				355,234
*Mutual Funds				2,882,459
*Insurance Contracts				818,591
*Cash with Paying Agent				112,872
TOTAL INVESTMENTS				<u>\$ 8,383,092</u>

* Not subject to custodial credit risk categorization.

4. RECEIVABLES - PROPERTY TAXES

Property taxes for the 2001 levy year attach as an enforceable lien on January 1, 2002, 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, 2002, and August 1, 2002, and are payable in two installments, on or about June 1, 2002, and September 1, 2002. 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 2001 tax levy has been recorded as deferred revenue on the balance sheet.

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. FIXED ASSETS

A. General Fixed Assets Account Group

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balances May 1,	Additions	Retirements	Balances April 30,
Land and Improvements	\$ 3,836,184	\$ 562,725	\$ -	\$ 4,398,909
Building and Improvements	5,830,863	3,989,965	-	9,820,828
Equipment	5,125,217	933,237	175,394	5,883,060
Construction in Progress	2,658,498	4,198,355	2,365,260	4,491,593
TOTAL GENERAL FIXED ASSETS	\$ 17,450,762	\$ 9,684,282	\$ 2,540,654	\$ 24,594,390

B. Proprietary Fixed Assets

The following is a summary of proprietary fund-type fixed assets as of the date of this report:

	Enterprise Fund
Land and Improvements	\$ 93,910
Building and Improvements	2,575,677
Water and Sewer Mains	9,825,170
Equipment	15,984,653
Construction in Progress	751,783
Total Fixed Assets	29,231,193
Less Accumulated Depreciation	11,935,230
NET FIXED ASSETS	\$ 17,295,963

In proprietary funds, the following estimated useful lives are used to compute depreciation:

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

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. FIXED ASSETS (Continued)

C. Construction Contracts

The City has entered into contracts for the construction or renovation of various facilities as follows:

	Project Authorizations	Expended to Date	Commitment	Required Further Financing
Opera House Annex	\$ 1,633,800	\$ 118,672	\$ 1,515,128	None
Aquatic Center	4,837,714	3,927,772	909,942	None
Salt Storage Building	47,697	31,884	15,813	None
Roadway Improvements	301,404	89,352	212,052	None
TOTAL	\$ 6,820,615	\$ 4,167,680	\$ 2,652,935	

6. LONG-TERM DEBT

A. 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	Balances April 30,
\$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 2020.	Debt Service	\$ 3,900,000	\$ -	\$ -	\$ 3,900,000

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

B. 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 2001/2002 and does not anticipate having to levy a property tax in future years to repay the bonds. The alternate revenue source bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Balances May 1,	Issuances	Retirements	Balances April 30,
\$4,995,000 Waterworks and Sewage Alternate Revenue Bonds dated September 1, 1996, due in annual installments of \$95,000 to \$405,000, plus interest of 4.10% to 7.60% through November 1, 2016.	Water and Sewer	\$4,430,000	\$ -	\$ 175,000	\$ 4,255,000
\$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, 2020.	Debt Service	4,000,000	-	-	4,000,000
\$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	500,000	-	5,000	495,000
\$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	-	1,635,000	-	1,635,000
TOTAL ALTERNATE REVENUE SOURCE BONDS		\$8,930,000	\$1,635,000	\$ 180,000	\$10,385,000

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

F. Debt Service Requirements to Maturity

Fiscal Year Ending April 30,	General Obligation Bonds	Alternate Revenue Bonds		MCCD Loan Payable	Installment Contracts Payable	Capital Leases	Totals
		General Long-Term Debt	Proprietary				
2003	\$ 351,780	\$ 543,473	\$ 410,744	\$ 122,500	\$ 61,701	\$ 57,782	\$ 1,547,980
2004	350,540	542,492	413,534	122,500	68,866	57,782	1,555,714
2005	353,993	548,025	413,934	-	77,584	57,782	1,451,318
2006	351,887	542,518	418,749	-	85,757	57,781	1,456,692
2007	354,463	546,482	417,724	-	95,384	-	1,414,053
2008	354,862	537,653	420,974	-	106,366	-	1,419,855
2009	352,963	546,482	423,224	-	118,605	-	1,441,274
2010	350,362	538,633	419,642	-	-	-	1,308,637
2011	352,063	540,007	420,548	-	-	-	1,312,618
2012	351,197	533,995	420,686	-	-	-	1,305,878
2013	354,695	542,183	425,055	-	-	-	1,321,933
2014	352,275	538,820	427,342	-	-	-	1,318,437
2015	354,195	539,467	423,367	-	-	-	1,317,029
2016	350,170	543,725	423,568	-	-	-	1,317,463
2017	350,463	536,383	427,478	-	-	-	1,314,324
2018	354,642	542,717	-	-	-	-	897,359
2019	352,542	542,238	-	-	-	-	894,780
2020	354,430	540,192	-	-	-	-	894,622
2021	-	131,563	-	-	-	-	131,563
TOTAL PRINCIPAL AND INTEREST							
	<u>\$ 6,347,522</u>	<u>\$ 9,877,048</u>	<u>\$ 6,306,569</u>	<u>\$ 245,000</u>	<u>\$ 614,263</u>	<u>\$ 231,127</u>	<u>\$ 23,621,529</u>
INTEREST PORTION							
	<u>\$ 2,447,522</u>	<u>\$ 3,747,048</u>	<u>\$ 2,051,569</u>	<u>\$ -</u>	<u>\$ 116,263</u>	<u>\$ 32,686</u>	<u>\$ 8,395,088</u>

G. Changes in Long-Term Liabilities

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

	Balances May 1,	Additions	Retirements	Balances April 30,
General Obligation Bonds	\$ 3,900,000	\$ -	\$ -	\$ 3,900,000
Alternate Revenue Bonds	4,500,000	1,635,000	5,000	6,130,000
Landfill Closure Costs	1,261,874	898,633	80,507	2,080,000
Installment Contracts Payable	587,000	-	89,000	498,000
Capital Lease Payable	240,833	-	42,392	198,441
MCCD Loan Payable	-	245,000	-	245,000
Compensated Absences Payable	431,329	-	10,964	420,365
TOTAL GENERAL LONG-TERM DEBT	<u>\$ 10,921,036</u>	<u>\$ 2,778,633</u>	<u>\$ 227,863</u>	<u>\$ 13,471,806</u>

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

H. No Commitment/Conduit Debt

Special service area bonds outstanding as of the date of this report total \$1,300,000. These bonds are not obligations of the City and are secured by the levy of an annual tax on the real property within the special service area. The City is in no way liable for repayment but is only acting as an agent for the property owners in levying and collecting the tax, and forwarding the collections to the bondholders.

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. As of April 30, 2002, there was one issue of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for this bond issue was \$5,125,000.

7. DUE FROM/TO OTHER FUNDS

Receivable Fund	Payable Fund	Amount
Police Protection	General Corporate	\$ 209,453
Public Parks	General Corporate	39,082
Performing Arts	General Corporate	33,530
Paratransit	General Corporate	25,174
Employee Health	General Corporate	91,340
TOTAL		<u>\$ 398,579</u>

8. CONTRIBUTED CAPITAL

During the fiscal year, contributed capital in the water and sewer fund increased/decreased by the following amounts:

	<u>Enterprise</u>
Decreases	
Depreciation	\$ (177,227)
Contributed Capital	
May 1	<u>6,555,603</u>
April 30	<u>\$ 6,378,376</u>

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. RESERVED RETAINED EARNINGS

The City's bond covenants require certain reservations of the Water and Sewer Fund's retained earnings. The reserved portions are as follows:

Reserves	Amount
Operations and Maintenance	\$ 267,700
Depreciation	100,000
Surplus	223,871
TOTAL RESERVED RETAINED EARNINGS	\$ 591,571

10. DEFINED BENEFIT PENSION PLANS

The City contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; and the Police Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for both 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 can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

A. Plan Descriptions

Illinois Municipal Retirement Fund

All employees (other than those covered by the Police Pension Plan) 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, 2001, was 6.67% of covered payroll.

10. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

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, 2002, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	17
Current Employees	
Vested	14
Nonvested	15
	<hr/>
TOTAL	<u>46</u>

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.

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 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, 2002, the City's contribution was 27.92% of covered payroll.

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

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.

C. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial Valuation Date	December 31, 2001	April 30, 2001
Actuarial Cost Method	Entry-age Normal	Entry-age Normal
Asset Valuation Method	5 Year Smoothed Market	Market
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization Period	10 Years, Open	31 Years, Closed
Significant Actuarial Assumptions		
a) Rate of Return on Present and Future Assets	7.50% Compounded Annually	7.00% Compounded Annually
b) Projected Salary Increase - Attributable to Inflation	4.00% Compounded Annually	3.00% Compounded Annually
c) Additional Projected Salary Increases - Seniority/Merit	.40 to 11.60% Not Available	5.50% 2.50%

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

10. 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
Annual Pension Costs (APC)	2001	\$ 279,079
	2000	326,077
	1999	346,951
Actual Contribution	2001	\$ 279,079
	2000	326,077
	1999	346,951
Percentage of ARC Contributed	2001	100.0%
	2000	100.0
	1999	100.0
NPO (Asset)	2001	-
	2000	-
	1999	-
	April 30,	Police Pension
Annual Pension Costs (APC)	2002	\$ 386,914
	2001	320,757
	2000	N/A
Actual Contribution	2002	\$ 379,500
	2001	346,639
	2000	321,366
Percentage of APC Contributed	2002	98.1%
	2001	108.1
	2000	N/A
NPO (Asset)	2002	\$ (185,381)
	2001	(192,795)
	2000	N/A

N/A - information not available.

CITY OF WOODSTOCK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

The NPO at April 30, 2002 for the Police Pension has been calculated as follows:

	<u>Police Pension</u>
Annual Required Contribution	\$ 393,050
Interest on Net Pension Obligation	(13,496)
Adjustment to Annual Required Contribution	<u>7,360</u>
Annual Pension Cost	386,914
Contributions Made	<u>379,500</u>
Increase (Decrease) in Net Pension Obligation	7,414
Net Pension Obligation (Asset) Beginning of Year	<u>(192,795)</u>
Net Pension Obligation (Asset) End of Year	<u>\$ (185,381)</u>

11. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments are direct adjustments to beginning fund equity that result from errors or implementation of new financial reporting statements. The prior period adjustments reported were as follows:

<u>Adjustments</u>	<u>General Fund</u>	<u>Capital Projects Funds</u>
GASBS 33 Implementation		
Sales Tax	\$ 215,109	\$ -
Replacement Tax	(24,842)	-
Auto Tax	613	-
Photo Processing	3,545	-
Local Use Tax	18,581	-
Income Tax	(196,991)	-
Telecommunications Tax	-	(5,576)
Reclassify Expenses to Proper Year	-	(45,650)
Reclassify Grant Revenues	-	<u>(47,746)</u>
TOTAL ADJUSTMENTS	<u>\$ 16,015</u>	<u>\$ (98,972)</u>

12. LANDFILL POSTCLOSURE CARE 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 thirty 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 28 years. These amounts are based on what it costs to maintain and monitor the landfill in 2002. The City expects the actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City reports the estimated costs of \$2,080,000 in the General Long-Term Debt Account Group. These costs will be funded by the Environmental Management Special Revenue Fund.

13. RISK MANAGEMENT

The City is exposed to various risks including but not limited to losses from worker's 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 worker's compensation and general liability/ property coverage.

The McHenry County Municipal Risk Management Agency is a proprietary agency whose members are McHenry County, Illinois governments. McMRMA manages and funds first party property losses, third party liability claims, Worker's 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.

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

13. RISK MANAGEMENT (Continued)

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 and aggregate stop loss coverage to limit the City's exposure. The specific and aggregate stop loss coverages are as follows:

The City is self insured for \$60,000 per individual per year and an annual aggregate stop loss of approximately \$795,248.

There have been no significant changes in coverage from the prior year and settlements have not exceeded coverage in any of the prior three years.

A reconciliation of claims payable for the fiscal years ended April 30, 2002 and 2001 are as follows:

	Health	
	2002	2001
CLAIMS PAYABLE, MAY 1	\$ 44,703	\$ 57,698
Add Claims Incurred	789,755	524,102
Less Claims Paid	(734,459)	(537,097)
CLAIMS PAYABLE, APRIL 30	\$ 99,999	\$ 44,703

14. 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.

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

14. CONTINGENT LIABILITIES (Continued)

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.

15. POSTEMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City provides postemployment health care benefits, in accordance with the personnel policy manual, to all employees who have retired or have disability leave. Currently, five retirees and disabled employees meet those eligibility requirements. The City pays a portion of the cost of the health insurance premiums for the employees. Expenditures for postemployment health care and life insurance benefits are recognized when paid. During the year, expenditures of \$47,519 were recognized for postemployment benefits.

16. COMPONENT UNIT - WOODSTOCK PUBLIC LIBRARY

A. Summary Financial Information

The following is summary fund type and account group financial information for the Woodstock Public Library for the fiscal year ended April 30, 2002:

	General	Debt Service	Capital Projects	General Fixed Assets Account Group	General Long-Term Debt Account Group	Totals (Memorandum Only)
ASSETS						
Cash and Investments	\$ 203,438	\$ 6,269	\$ 381,327	\$ -	\$ -	\$ 591,034
Property Taxes Receivable	524,160	330,223	69,888	-	-	924,271
Accrued Interest Receivable	2,570	-	4,897	-	-	7,467
Fixed Assets	-	-	-	7,492,187	-	7,492,187
OTHER DEBITS						
Amount Available	-	-	-	-	6,269	6,269
Amount to be Provided for Long-Term Debt	-	-	-	-	4,234,044	4,234,044
TOTAL ASSETS AND OTHER DEBITS	\$ 730,168	\$ 336,492	\$ 456,112	\$7,492,187	\$ 4,240,313	\$ 13,255,272
LIABILITIES						
Accounts Payable	\$ 1,362	\$ -	\$ 449	\$ -	\$ -	\$ 1,811
Accrued Wages	14,653	-	620	-	-	15,273
Deferred Property Taxes	524,160	330,223	69,888	-	-	924,271
Retainage Payable	-	-	2,500	-	-	2,500
Compensated Absences	45,513	-	1,144	-	65,313	111,970
Bonds Payable	-	-	-	-	4,175,000	4,175,000
Total Liabilities	585,688	330,223	74,601	-	4,240,313	5,230,825

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

16. COMPONENT UNIT - WOODSTOCK PUBLIC LIBRARY (Continued)

A. Summary Financial Information (Continued)

	General	Debt Service	Capital Projects	General Fixed Assets Account Group	General Long-Term Debt Account Group	Totals (Memorandum Only)
EQUITY AND OTHER CREDITS						
Investments in Fixed Assets	\$ -	\$ -	\$ -	\$ 7,492,187	\$ -	\$ 7,492,187
Fund Balance						
Reserved for Debt Service		6,269				6,269
Unreserved	144,480	-	381,511	-	-	525,991
Total Equity and Other Credits	144,480	6,269	381,511	7,492,187	-	8,024,447
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS						
	\$ 730,168	\$ 336,492	\$ 456,112	\$ 7,492,187	\$ 4,240,313	\$ 13,255,272

	General	Debt Service	Capital Projects	Totals (Memorandum Only)
REVENUES				
Taxes	\$ 516,063	\$ 333,018	\$ 66,075	\$ 915,156
Intergovernmental	243,608	-	15,000	258,608
Fines and Fees	75,668	-	75,519	151,187
Investment Income	15,740	2,956	19,418	38,114
Miscellaneous	-	-	48,125	48,125
Total Revenues	851,079	335,974	224,137	1,411,190
EXPENDITURES				
Current				
Culture and Recreation	614,554	-	105,563	720,117
Capital Outlay	142,321	-	810,397	952,718
Debt Service				
Principal	-	140,000	-	140,000
Interest	-	238,759	-	238,759
Total Expenditures	756,875	378,759	915,960	2,051,594
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 94,204	\$ (42,785)	\$ (691,823)	\$ (640,404)

B. Deposits and Investments

Statutes authorize the Library to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool. Cash on hand of \$35 has been excluded from the amounts shown below.

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

16. COMPONENT UNIT - WOODSTOCK PUBLIC LIBRARY (Continued)

B. Deposits and Investments (Continued)

At year end, the Library's carrying amount of deposits with financial institutions was \$590,999 and the corresponding bank balance was \$590,999.

	<u>Bank Balance</u>
Category 1	
Deposits covered by federal depository insurance, or by collateral held by the Library, or its agent, in the Library's name.	\$ 590,999
Category 2	
Deposits covered by collateral held by the pledging financial institution's trust department, or by its agents, in the Library's name.	-
Category 3	
Deposits covered by collateral held by the pledging financial institution, or its trust department, or its agent but not in the Library's name, and deposits which are uninsured and uncollateralized.	-
TOTAL DEPOSITS	<u><u>\$ 590,999</u></u>

C. Receivables

Property taxes for the 2001 levy year attach as an enforceable lien on January 1, 2002, 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, 2002, and August 1, 2002, and are payable in two installments, on or about June 1, 2002, and September 1, 2002. The County collects such taxes and remits them periodically.

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 2001 tax levy has been recorded as deferred revenue on the balance sheet for governmental funds.

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

16. COMPONENT UNIT - WOODSTOCK PUBLIC LIBRARY (Continued)

D. Fixed Assets

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balances May 1,	Additions	Retirements	Balances April 30,
Land and Improvements	\$ 232,051	\$ 2,077	\$ -	\$ 234,128
Building and Improvements	1,420,300	4,377,072	511,308	5,286,064
Equipment	1,365,601	606,394	-	1,971,995
Construction in Progress	3,981,100	-	3,981,100	-
TOTAL GENERAL FIXED ASSETS	\$ 6,999,052	\$ 4,985,543	\$ 4,492,408	\$ 7,492,187

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	Balances April 30,
\$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	\$3,815,000	\$ -	\$ 135,000	\$3,680,000

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

16. COMPONENT UNIT - WOODSTOCK PUBLIC LIBRARY (Continued)

E. Long-Term Debt (Continued)

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 2001/2002 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:

Issue	Fund Debt Retired by	Balances May 1,	Issuances	Retirements	Balances April 30,
\$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	\$ 500,000	\$ -	\$ 5,000	\$ 495,000

3. Debt Service Requirements to Maturity

Fiscal Year Ending April 30,	General Obligation Bonds	Alternate Revenue Source Bonds	Total
2003	\$ 333,340	\$ 43,563	\$ 376,903
2004	337,110	42,842	379,952
2005	335,285	47,115	382,400
2006	333,155	46,135	379,290
2007	335,635	45,145	380,780
2008	332,475	43,945	376,420
2009	336,975	47,545	384,520
2010	335,575	45,795	381,370
2011	333,575	44,045	377,620
2012	332,865	42,683	375,548
2013	336,535	46,320	382,855
2014	334,315	44,685	379,000
2015	336,575	43,050	379,625
2016	332,925	46,310	379,235
2017	333,615	44,280	377,895
2018	333,367	47,250	380,617
2019	332,168	44,930	377,098
2020	-	47,610	47,610
TOTAL PRINCIPAL AND INTEREST	<u>\$ 5,685,490</u>	<u>\$ 813,248</u>	<u>\$ 6,498,738</u>
INTEREST PORTION	<u>\$ 2,005,490</u>	<u>\$ 318,248</u>	<u>\$ 2,323,738</u>

CITY OF WOODSTOCK, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

16. COMPONENT UNIT - WOODSTOCK PUBLIC LIBRARY (Continued)

E. Long-Term Debt (Continued)

4. Changes in Long-Term Liabilities

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

	Balances May 1,	Additions	Retirements	Balances April 30,
Bonds Payable	\$ 4,315,000	\$ -	\$ 140,000	\$ 4,175,000
Compensated Absences Payable	46,188	19,125	-	65,313
TOTAL GENERAL LONG-TERM DEBT	\$ 4,361,188	\$ 19,125	\$ 140,000	\$ 4,240,313

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WOODSTOCK, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2002

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) AAL (UAAL/(OAAL)) (2) - (1)	(5) Covered Payroll	UAAL/ (OAAL) As a Percentage of Covered Payroll (4) / (5)
1996	\$ 4,976,282	\$ 5,692,475	87.42%	\$ 716,193	\$ 3,151,491	22.73%
1997	6,167,751	6,635,061	92.96%	467,310	3,241,779	14.42%
1998	7,474,541	7,554,177	98.95%	79,636	3,615,276	2.20%
1999	9,129,146	8,594,710	106.22%	(534,436)	3,902,717	(13.69%)
2000	9,195,794	8,562,763	107.39%	(633,031)	3,976,544	(15.92%)
2001	10,574,733	9,959,359	106.18%	(615,374)	4,184,090	(14.71%)

CITY OF WOODSTOCK, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

April 30, 2002

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)
1994	\$ 4,457,491	\$ 6,497,448	68.60%	\$ 2,039,957	\$ 893,754	228.25%
1996	5,160,075	7,772,303	66.39%	2,612,228	1,015,495	257.24%
1998	6,025,658	9,317,076	64.67%	3,291,418	1,124,897	292.60%
1999	6,307,895	9,477,782	66.55%	3,169,887	1,319,024	240.32%
2001	7,065,722	11,123,861	63.52%	4,058,139	1,462,886	277.41%
2002	7,405,644	12,035,087	61.53%	4,629,443	1,359,343	340.56%

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2002

<u>Actuarial Valuation Date December 31</u>	<u>Employer Contributions</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Contributed</u>
1996	\$ 316,095	\$ 316,095	100.00%
1997	326,523	326,523	100.00%
1998	342,728	342,728	100.00%
1999	346,951	346,951	100.00%
2000	326,077	326,077	100.00%
2001	279,079	279,079	100.00%

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 POLICE PENSION FUND

April 30, 2002

Actuarial Valuation Date <u>April 30</u>	<u>Employer Contributions</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Contributed</u>
1998	\$ 321,470	\$ 198,190	162.20%
1999	320,632	283,607	113.06%
2000	321,366	N/A	N/A
2001	346,639	320,757	108.07%
2002	379,500	386,914	98.08%

Information is presented for as many years as possible until six years can be presented.

N/A - information not available.

(See independent auditor's report.)

**COMBINING, INDIVIDUAL FUND AND
ACCOUNT GROUP STATEMENTS AND SCHEDULES**

GOVERNMENTAL FUND TYPES

GENERAL FUND

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

CITY OF WOODSTOCK, ILLINOIS

GENERAL FUND

BALANCE SHEET

April 30, 2002

ASSETS

Cash and Investments	\$ 3,244,740
Receivables	
Property Taxes	1,083,270
Accrued Interest	42,365
Due from Other Governments	775,454
Prepaid Expenditures	4,700
	<hr/>
TOTAL ASSETS	\$ 5,150,529

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 4,186
Accrued Payroll	47,687
Deferred Property Taxes	1,083,270
Deferred Revenue	40,025
Due to Other Funds	398,579
Compensated Absences Payable	140,371
	<hr/>
Total Liabilities	1,714,118

FUND BALANCE

Reserved for Prepaid Expenditures	4,700
Unreserved	
Undesignated	3,431,711
	<hr/>
Total Fund Balance	3,436,411

TOTAL LIABILITIES AND
FUND BALANCE

\$ 5,150,529

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

GENERAL FUND

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

For the Year Ended April 30, 2002

	Budget	Actual
REVENUES		
Taxes	\$ 5,614,200	\$ 5,439,287
Licenses and Permits	175,500	174,569
Intergovernmental	26,200	3,032
Charges for Services	405,500	415,807
Investment Income	200,000	273,770
Miscellaneous	60,000	53,353
Total Revenues	6,481,400	6,359,818
EXPENDITURES		
General Government	2,588,800	2,631,630
Highways and Streets	860,500	810,170
Culture and Recreation	427,000	432,824
Total Expenditures	3,876,300	3,874,624
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,605,100	2,485,194
OTHER FINANCING SOURCES (USES)		
Operating Transfer In	203,100	193,038
Operating Transfer In - Component Unit	6,200	6,200
Operating Transfer (Out)	(3,021,800)	(3,246,623)
Sale of Surplus Property	-	44,369
MCCD Loan Proceeds	-	245,000
Total Other Financing Sources (Uses)	(2,812,500)	(2,758,016)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ (207,400)	(272,822)
FUND BALANCE, MAY 1		3,693,218
Prior Period Adjustment		16,015
FUND BALANCE, MAY 1, RESTATED		3,709,233
FUND BALANCE, APRIL 30		\$ 3,436,411

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL

For the Year Ended April 30, 2002

	Budget	Actual
TAXES		
Property		
Sales	\$ 1,160,000	\$ 1,162,879
Income	2,502,900	2,504,850
Replacement	1,800,500	1,645,808
	150,800	125,750
Total Taxes	5,614,200	5,439,287
LICENSES AND PERMITS		
Licenses		
Liquor	31,500	30,990
Other Business	6,000	1,353
Permits		
Building	138,000	142,226
Total Licenses and Permits	175,500	174,569
INTERGOVERNMENTAL		
State of Illinois	6,200	3,032
Department of Commerce and Community Affairs	20,000	-
Total Intergovernmental	26,200	3,032
CHARGES FOR SERVICES		
Franchise Fees	125,000	126,620
Filing Fees	3,000	5,130
Time and Materials	21,000	22,927
Swimming Pool Passes	35,000	34,345
Recreation Program Fees	165,000	170,331
Swim Pool Rentals/Group Use	6,000	6,714
Swimming Pool General Admissions	21,500	23,516
Swimming Instructions	23,000	20,224
Rental Property Receipts	6,000	6,000
Total Charges for Services	405,500	415,807
INVESTMENT INCOME	200,000	273,770
MISCELLANEOUS	60,000	53,353
TOTAL REVENUES	\$ 6,481,400	\$ 6,359,818

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended April 30, 2002

	<u>Budget</u>	<u>Actual</u>
GENERAL GOVERNMENT		
City Manager's Office	\$ 616,700	\$ 548,611
City Hall	133,800	122,728
Finance	282,400	246,315
Personnel	108,700	106,305
Community Development	453,500	466,754
Building and Equipment Maintenance	213,900	171,475
Public Works Administration	201,200	191,580
Community Events	46,500	42,484
Business Development	82,100	81,045
Contingency	450,000	654,333
Total General Government	<u>2,588,800</u>	<u>2,631,630</u>
HIGHWAYS AND STREETS		
Streets	<u>860,500</u>	<u>810,170</u>
Total Highways and Streets	<u>860,500</u>	<u>810,170</u>
CULTURE AND RECREATION		
Recreation	325,100	332,757
Swim Pool	101,900	100,067
Total Culture and Recreation	<u>427,000</u>	<u>432,824</u>
TOTAL EXPENDITURES	<u>\$ 3,876,300</u>	<u>\$ 3,874,624</u>

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

GENERAL FUND

SCHEDULE OF OPERATING TRANSFERS - BUDGET AND ACTUAL

For the Year Ended April 30, 2002

	Budget	Actual
OPERATING TRANSFERS IN		
Water and Sewer	\$ 203,100	\$ 193,038
Total Operating Transfers In	<u>203,100</u>	<u>193,038</u>
OPERATING TRANSFERS IN - COMPONENT UNIT		
Public Library	<u>6,200</u>	<u>6,200</u>
OPERATING TRANSFERS (OUT)		
Debt Service	(50,600)	(17,493)
Capital Improvement	(500,000)	(500,000)
Employee Health Insurance	-	(200,000)
Police Protection	(2,012,200)	(1,943,051)
Public Parks	(227,600)	(240,313)
Performing Arts	(136,900)	(237,487)
Paratransit	(94,500)	(108,279)
Total Operating Transfers (Out)	<u>(3,021,800)</u>	<u>(3,246,623)</u>
NET OPERATING TRANSFERS	<u>\$ (2,812,500)</u>	<u>\$ (3,047,385)</u>

(See independent auditor's report.)

SPECIAL REVENUE FUNDS

Municipal Audit Fund - to account for expenditures related to the City's annual audit. Financing is provided by a specific unlimited property tax levy.

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.

Public Parks Fund - to account for the operations and maintenance of the City's public parks. Financing is primarily provided by operating transfers from the General Fund and by a limited property tax levy.

Performing Arts Fund - to account for the operations and maintenance of the Woodstock Opera House and the Woodstock Municipal Band. Financing is provided by a limited tax levy, rental income, program revenue, contributions and an operating transfer from the General Fund.

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

Motor Fuel Tax Fund - to account for street maintenance and repairs as authorized by the Illinois Department of Transportation. Financing is provided by the City's share of State gasoline taxes.

Park Development Fund - to account for developer donations for the improvement of parks and facilities.

Northern Illinois Special Recreation Fund - to account for the disbursement of funds to the Northern Illinois Special Recreation Association. Financing is provided by an unlimited tax levy.

Liability Insurance Fund - to account for liability, workmen's compensation and unemployment compensation insurance expenditures. Financing is provided by an unlimited tax levy.

Paratransit Fund - to account for the operations of the Woodstock Dial-a-Ride system. Financing is provided by the Regional Transportation Authority, and an operating transfer from the General Fund.

Special Projects Fund - to account for the expenditure of grant income and other operating transfers for special projects.

Revolving Loan Fund - to account for the CDAP Loan Program.

Environmental Management Fund - to account for the expenditures for a former municipal landfill that has been placed on the USEPA Superfund list for possible cleanup. Financing is provided by a limited tax levy.

CITY OF WOODSTOCK, ILLINOIS

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

April 30, 2002

	Municipal Audit	Police Protection	Public Parks	Performing Arts	Illinois Municipal Retirement
ASSETS					
ASSETS					
Cash and Investments	\$ 37,902	\$ 135	\$ -	\$ 1,530	\$ 759,268
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)					
Property Taxes	25,160	756,538	262,080	139,776	681,409
Other	479	16,611	-	-	9,593
Due From Other Governments	-	1,917	-	-	-
Due From Other Funds	-	209,453	39,082	33,530	-
TOTAL ASSETS	\$ 63,541	\$ 984,654	\$ 301,162	\$ 174,836	\$ 1,450,270
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ 546	\$ 10	\$ 22	\$ -
Accrued Payroll	-	55,361	8,349	8,814	-
Deferred Property Taxes	25,160	756,538	262,080	139,776	681,409
Due to Other Funds	-	-	-	-	-
Compensated Absences Payable	-	172,209	30,723	26,224	-
Total Liabilities	25,160	984,654	301,162	174,836	681,409
FUND BALANCES					
Unreserved - Undesignated	38,381	-	-	-	768,861
Total Fund Balances	38,381	-	-	-	768,861
TOTAL LIABILITIES AND FUND BALANCES	\$ 63,541	\$ 984,654	\$ 301,162	\$ 174,836	\$ 1,450,270

CITY OF WOODSTOCK, ILLINOIS

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET (Continued)

April 30, 2002

Motor Fuel	Park Development	Northern Illinois Special Recreation	Liability Insurance	Paratransit	Special Project	Revolving Loan	Environmental Management	Total
\$ 193,018	\$ 394,511	\$ 25,891	\$ 696,691	\$ -	\$ 65,651	\$ 342,558	\$ 402,042	\$ 2,919,197
-	-	67,442	496,555	-	-	-	677,914	3,106,874
46,354	4,985	-	8,803	-	-	-	5,080	91,905
-	-	-	-	-	-	-	-	1,917
-	-	-	-	25,174	-	-	-	307,239
<u>\$ 239,372</u>	<u>\$ 399,496</u>	<u>\$ 93,333</u>	<u>\$ 1,202,049</u>	<u>\$ 25,174</u>	<u>\$ 65,651</u>	<u>\$ 342,558</u>	<u>\$ 1,085,036</u>	<u>\$ 6,427,132</u>
\$ 437	\$ -	\$ -	\$ -	\$ 2,032	\$ -	\$ -	\$ 10,575	\$ 13,622
-	-	-	-	5,209	-	-	-	77,733
-	-	67,442	496,555	-	-	-	677,914	3,106,874
-	-	-	-	-	-	-	-	-
-	-	-	-	17,933	-	-	-	247,089
437	-	67,442	496,555	25,174	-	-	688,489	3,445,318
238,935	399,496	25,891	705,494	-	65,651	342,558	396,547	2,981,814
238,935	399,496	25,891	705,494	-	65,651	342,558	396,547	2,981,814
<u>\$ 239,372</u>	<u>\$ 399,496</u>	<u>\$ 93,333</u>	<u>\$ 1,202,049</u>	<u>\$ 25,174</u>	<u>\$ 65,651</u>	<u>\$ 342,558</u>	<u>\$ 1,085,036</u>	<u>\$ 6,427,132</u>

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

For the Year Ended April 30, 2002

	Municipal Audit	Police Protection	Public Parks	Performing Arts	Illinois Municipal Retirement
REVENUES					
Taxes	\$ 23,459	\$ 674,560	\$ 247,811	\$ 132,166	\$ 705,104
Intergovernmental	-	107,819	-	-	-
Charges for Services	-	-	-	-	-
Fines and Fees	-	241,927	4,816	233,234	-
Investment Income	1,935	-	-	-	36,217
Miscellaneous	-	21,017	-	22,349	-
Total Revenues	25,394	1,045,323	252,627	387,749	741,321
EXPENDITURES					
Current					
General Government	19,470	-	-	-	644,992
Public Safety	-	3,003,374	-	-	-
Highways and Streets	-	-	-	-	-
Culture and Recreation	-	-	476,031	492,462	-
Capital Outlay	-	-	1,909	-	-
Total Expenditures	19,470	3,003,374	477,940	492,462	644,992
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,924	(1,958,051)	(225,313)	(104,713)	96,329
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	1,958,051	240,313	237,487	-
Operating Transfers (Out)	-	-	(15,000)	(132,774)	-
Total Other Financing Sources (Uses)	-	1,958,051	225,313	104,713	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	5,924	-	-	-	96,329
FUND BALANCES, MAY 1	32,457	-	-	-	672,532
FUND BALANCES, APRIL 30	\$ 38,381	\$ -	\$ -	\$ -	\$ 768,861

CITY OF WOODSTOCK, ILLINOIS

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)

For the Year Ended April 30, 2002

Motor Fuel	Park Development	Northern Illinois Special Recreation	Liability Insurance	Paratransit	Special Projects	Revolving Loan	Environmental Management	Total
\$ 583,661	\$ -	\$ 63,109	\$ 464,893	\$ -	\$ -	\$ -	\$ 656,203	\$ 3,550,966
-	-	-	-	110,386	-	-	-	218,205
-	-	-	-	60,312	-	-	-	60,312
-	248,222	-	-	-	-	-	-	728,199
6,722	17,017	-	25,846	-	-	9,311	26,351	123,399
-	-	-	42,084	-	-	-	-	85,450
590,383	265,239	63,109	532,823	170,698	-	9,311	682,554	4,766,531
-	-	-	581,987	278,977	-	-	282,649	1,808,075
-	-	-	-	-	-	-	-	3,003,374
613,662	-	-	-	-	-	-	-	613,662
-	-	55,004	-	-	-	-	-	1,023,497
-	-	-	-	-	-	-	493,029	494,938
613,662	-	55,004	581,987	278,977	-	-	775,678	6,943,546
(23,279)	265,239	8,105	(49,164)	(108,279)	-	9,311	(93,124)	(2,177,015)
-	-	-	-	108,279	-	-	-	2,544,130
-	(118,414)	-	-	-	-	-	-	(266,188)
-	(118,414)	-	-	108,279	-	-	-	2,277,942
(23,279)	146,825	8,105	(49,164)	-	-	9,311	(93,124)	100,927
262,214	252,671	17,786	754,658	-	65,651	333,247	489,671	2,880,887
\$ 238,935	\$ 399,496	\$ 25,891	\$ 705,494	\$ -	\$ 65,651	\$ 342,558	\$ 396,547	\$ 2,981,814

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

MUNICIPAL AUDIT FUND

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

For the Year Ended April 30, 2002

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Taxes		
Property	\$ 22,500	\$ 23,459
Investment Income	1,000	1,935
Total Revenues	<u>23,500</u>	<u>25,394</u>
EXPENDITURES		
General Government		
Contractual Services	22,500	19,470
Total Expenditures	<u>22,500</u>	<u>19,470</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 1,000</u>	5,924
FUND BALANCE, MAY 1		<u>32,457</u>
FUND BALANCE, APRIL 30		<u>\$ 38,381</u>

(See independent auditor's report.)

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CITY OF WOODSTOCK, ILLINOIS

POLICE PROTECTION FUND

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

For the Year Ended April 30, 2002

	Budget	Actual
REVENUES		
Taxes		
Property Tax	\$ 285,000	\$ 674,560
Intergovernmental		
PTI Reimbursement	7,500	3,753
COPS More Grant	46,500	42,506
Fire/Ambulance District	27,300	28,560
Community Unit School District 200	33,000	33,000
Total Intergovernmental	<u>114,300</u>	<u>107,819</u>
Fines and Fees		
Police Fines	<u>260,000</u>	<u>241,927</u>
Other		
Miscellaneous Income	18,000	14,183
Workers Compensation Reimbursement	10,000	-
Extra Police Duty Charges	10,000	6,834
Total Other	<u>38,000</u>	<u>21,017</u>
Total Revenues	<u>697,300</u>	<u>1,045,323</u>
EXPENDITURES		
Public Safety		
Salaries	2,197,000	2,060,476
Benefits	225,000	623,050
Personal Services	88,000	101,195
Contractual Services	112,000	119,183
Commodities	76,500	71,838
Capital Outlay	25,000	26,576
Other Charges	1,000	1,056
Total Public Safety	<u>2,724,500</u>	<u>3,003,374</u>
Total Expenditures	<u>2,724,500</u>	<u>3,003,374</u>

(This statement is continued on the following page.)

CITY OF WOODSTOCK, ILLINOIS

POLICE PROTECTION FUND

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

For the Year Ended April 30, 2002

	Budget	Actual
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (2,027,200)</u>	<u>\$ (1,958,051)</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers In		
Public Parks	15,000	15,000
General Corporate	<u>2,012,200</u>	<u>1,943,051</u>
Total Other Financing Sources (Uses)	<u>2,027,200</u>	<u>1,958,051</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u><u>\$ -</u></u>	<u>-</u>
FUND BALANCE, MAY 1		<u>-</u>
FUND BALANCE, APRIL 30		<u><u>\$ -</u></u>

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

PUBLIC PARKS FUND

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

For the Year Ended April 30, 2002

	Budget	Actual
REVENUES		
Taxes		
Property Tax	\$ 250,000	\$ 247,811
Fines and Fees		
Facility Rental	6,000	4,816
Total Revenues	<u>256,000</u>	<u>252,627</u>
EXPENDITURES		
Culture and Recreation		
Salaries	295,700	322,633
Benefits	35,000	33,588
Personal Services	5,800	4,057
Contractual Services	46,300	42,332
Commodities	83,800	73,421
Capital Outlay	2,000	1,909
Total Expenditures	<u>468,600</u>	<u>477,940</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(212,600)</u>	<u>(225,313)</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers In		
General Corporate	227,600	240,313
Operating Transfers (Out)		
Police Protection	<u>(15,000)</u>	<u>(15,000)</u>
Total Other Financing Sources (Uses)	<u>212,600</u>	<u>225,313</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	-
FUND BALANCE, MAY 1		-
FUND BALANCE, APRIL 30		<u>\$ -</u>

(See independent auditor's report.)

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CITY OF WOODSTOCK, ILLINOIS

PERFORMING ARTS FUND

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

For the Year Ended April 30, 2002

	Budget	Actual
REVENUES		
Taxes		
Property Taxes	\$ 134,500	\$ 132,166
Fines and Fees		
Facility Rental	100,000	97,695
Gifts and Donations	10,000	2,795
Materials and Services	50,000	41,687
Program Revenues	30,000	24,595
Surcharge	70,000	60,222
Ticket Office Services	6,500	6,240
Total Fines and Fees	266,500	233,234
Miscellaneous	25,000	22,349
Total Revenues	426,000	387,749
EXPENDITURES		
Culture and Recreation		
Opera House		
Salaries	315,100	332,595
Benefits	22,400	23,544
Personal Services	7,100	6,303
Contractual Services	90,000	71,354
Commodities	29,700	26,788
Capital Outlay	12,000	11,096
Total Opera House	476,300	471,680
Municipal Band		
Salaries	12,800	16,525
Contractual Services	200	-
Commodities	2,800	3,739
Capital Outlay	800	518
Total Municipal Band	16,600	20,782
Total Expenditures	492,900	492,462

(This statement is continued on the following page.)

CITY OF WOODSTOCK, ILLINOIS

PERFORMING ARTS FUND

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

For the Year Ended April 30, 2002

	<u>Budget</u>	<u>Actual</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (66,900)</u>	<u>\$ (104,713)</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers In		
General Corporate	136,900	237,487
Operating Transfers (Out)		
General Corporate - CIP	-	<u>(132,774)</u>
Total Other Financing Sources (Uses)	<u>136,900</u>	<u>104,713</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 70,000</u>	-
FUND BALANCE, MAY 1		<u>-</u>
FUND BALANCE, APRIL 30		<u>\$ -</u>

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND

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

For the Year Ended April 30, 2002

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Taxes		
Property	\$ 693,000	\$ 705,104
Investment Income	25,000	36,217
	<u>718,000</u>	<u>741,321</u>
Total Revenues		
EXPENDITURES		
General Government		
Personal Services	720,000	644,992
	<u>720,000</u>	<u>644,992</u>
Total Expenditures		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (2,000)</u>	96,329
FUND BALANCE, MAY 1		<u>672,532</u>
FUND BALANCE, APRIL 30		<u>\$ 768,861</u>

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

MOTOR FUEL TAX FUND

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

For the Year Ended April 30, 2002

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Taxes		
MFT Allotment	\$ 600,000	\$ 583,661
Investment Income	5,000	6,722
	<u>605,000</u>	<u>590,383</u>
EXPENDITURES		
Highways and Streets		
Contractual Services	504,000	543,008
Commodities	85,000	70,654
	<u>589,000</u>	<u>613,662</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 16,000</u>	(23,279)
FUND BALANCE, MAY 1		<u>262,214</u>
FUND BALANCE, APRIL 30		<u>\$ 238,935</u>

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

PARK DEVELOPMENT FUND

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

For the Year Ended April 30, 2002

	Budget	Actual
REVENUES		
Fines and Fees		
Developer Donations	\$ 215,000	\$ 248,222
Investment Income	15,000	17,017
Total Revenues	230,000	265,239
EXPENDITURES		
None	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	230,000	265,239
OTHER FINANCING SOURCES (USES)		
Operating Transfers (Out)		
Capital Improvement	(315,000)	(118,414)
Total Other Financing Sources (Uses)	(315,000)	(118,414)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ (85,000)	146,825
FUND BALANCE, MAY 1		252,671
FUND BALANCE, APRIL 30		\$ 399,496

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

NORTHERN ILLINOIS SPECIAL RECREATION FUND

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

For the Year Ended April 30, 2002

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Taxes		
Property Tax	\$ 62,000	\$ 63,109
Total Revenues	<u>62,000</u>	<u>63,109</u>
EXPENDITURES		
Culture and Recreation		
Other Charges	<u>55,500</u>	<u>55,004</u>
Total Expenditures	<u>55,500</u>	<u>55,004</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 6,500</u>	8,105
FUND BALANCE, MAY 1		<u>17,786</u>
FUND BALANCE, APRIL 30		<u>\$ 25,891</u>

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

LIABILITY INSURANCE FUND

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

For the Year Ended April 30, 2002

	Budget	Actual
REVENUES		
Taxes		
Property	\$ 415,000	\$ 464,893
Investment Income	15,000	25,846
Miscellaneous		
Worker's Compensation Recapture	-	42,084
Total Revenues	430,000	532,823
EXPENDITURES		
General Government		
Personal Services	5,000	2,850
Contractual Services	463,000	579,137
Total Expenditures	468,000	581,987
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (38,000)	(49,164)
FUND BALANCE, MAY 1		754,658
FUND BALANCE, APRIL 30		\$ 705,494

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

PARATRANSIT FUND

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

For the Year Ended April 30, 2002

	Budget	Actual
REVENUES		
Intergovernmental		
RTA Subsidy	\$ 108,000	\$ 110,386
Charges for Services		
Fares	59,000	60,312
Total Revenues	167,000	170,698
EXPENDITURES		
General Government		
Salaries	204,000	208,579
Benefits	24,000	21,855
Personal Services	1,900	8,244
Contractual Services	8,400	12,660
Commodities	23,200	27,639
Total Expenditures	261,500	278,977
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(94,500)	(108,279)
OTHER FINANCING SOURCES (USES)		
Operating Transfer In		
General Corporate	94,500	108,279
Total Other Financing Sources (Uses)	94,500	108,279
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	-
FUND BALANCE, MAY 1		-
FUND BALANCE, APRIL 30		\$ -

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

REVOLVING LOAN FUND

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

For the Year Ended April 30, 2002

	Budget	Actual
REVENUES		
Investment Income	\$ 5,000	\$ 9,311
Total Revenues	<u>5,000</u>	<u>9,311</u>
EXPENDITURES		
General Government Capital Outlay	334,600	-
Total Expenditures	<u>334,600</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (329,600)</u>	9,311
FUND BALANCE, MAY 1		<u>333,247</u>
FUND BALANCE, APRIL 30		<u>\$ 342,558</u>

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

ENVIRONMENTAL MANAGEMENT FUND

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

For the Year Ended April 30, 2002

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Taxes		
Property	\$ 615,000	\$ 656,203
Investment Income	15,000	26,351
	<hr/>	
Total Revenues	630,000	682,554
	<hr/>	
EXPENDITURES		
General Government		
Personal Services	500	-
Contractual Services	275,000	282,649
Capital Outlay		
Permanent Improvements	797,000	493,029
	<hr/>	
Total Expenditures	1,072,500	775,678
	<hr/>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (442,500)</u>	(93,124)
FUND BALANCE, MAY 1		<u>489,671</u>
FUND BALANCE, APRIL 30		<u>\$ 396,547</u>

(See independent auditor's report.)

DEBT SERVICE FUND

Debt Service Fund - to account for the accumulation of resources and payment of note principal and interest on General Obligation and Alternate Revenue Bonds.

CITY OF WOODSTOCK, ILLINOIS

DEBT SERVICE FUND

BALANCE SHEET

April 30, 2002

ASSETS

Cash and Investments	\$	80,179
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)		
Property Taxes		<u>354,332</u>
TOTAL ASSETS	\$	<u><u>434,511</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred Property Taxes	\$	354,332
Accrued Bond Interest		<u>3,960</u>
Total Liabilities		<u>358,292</u>

FUND BALANCE

Reserved for Debt Service		<u>76,219</u>
Total Fund Balance		<u>76,219</u>

TOTAL LIABILITIES AND
FUND BALANCE

\$ 434,511

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

DEBT SERVICE FUND

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

For the Year Ended April 30, 2002

	<u>Budget</u>	<u>Actual</u>
REVENUES		
Taxes		
Property	\$ 357,000	\$ 355,775
Investment Income	12,500	-
	<u>369,500</u>	<u>355,775</u>
EXPENDITURES		
Current		
Contractual Services	6,000	3,499
Debt Service		
Principal	5,000	5,000
Interest	757,900	681,798
	<u>768,900</u>	<u>690,297</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(399,400)</u>	<u>(334,522)</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfers In		
General Corporate	50,600	17,493
General Corporate - CIP	350,000	350,000
Operating Transfers (Out)		
Special Service Area #5	(300)	-
	<u>400,300</u>	<u>367,493</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 900</u>	32,971
FUND BALANCE, MAY 1		<u>43,248</u>
FUND BALANCE, APRIL 30		<u>\$ 76,219</u>

(See independent auditor's report.)

CAPITAL PROJECTS FUNDS

Capital Projects Funds - account for the City's major activities, including infrastructure, buildings and equipment expenditures.

Capital Improvements - 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.

Tax Increment Financing Fund - created in 1997, this fund was formed to provide public improvements to approximately 113 acres that encompassed the City of Woodstock's downtown area.

CITY OF WOODSTOCK, ILLINOIS

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

April 30, 2002

	Capital Improvement	Tax Increment Financing	Total
ASSETS			
ASSETS			
Cash and Investments	\$ 4,686,552	\$ 20,529	\$ 4,707,081
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	-	245,143	245,143
Accrued Interest	105,077	259	105,336
Other	124,200	-	124,200
Due from Other Governments	458,630	-	458,630
TOTAL ASSETS	\$ 5,374,459	\$ 265,931	\$ 5,640,390
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 179,981	\$ 17,464	\$ 197,445
Deferred Property Taxes	-	245,143	245,143
Deferred Revenue	237,938	-	237,938
Retainage Payable	360,130	-	360,130
Total Liabilities	778,049	262,607	1,040,656
FUND BALANCES			
Unreserved - Undesignated	4,596,410	3,324	4,599,734
Total Fund Balances	4,596,410	3,324	4,599,734
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,374,459	\$ 265,931	\$ 5,640,390

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

For the Year Ended April 30, 2002

	Capital Improvement	Tax Increment Financing	Total
REVENUES			
Taxes	\$ 813,360	\$ 164,366	\$ 977,726
Intergovernmental	783,331	-	783,331
Fines and Fees	128,460	-	128,460
Investment Income	286,045	4,105	290,150
Miscellaneous	15,229	-	15,229
Total Revenues	2,026,425	168,471	2,194,896
EXPENDITURES			
Current			
General Government	-	114,538	114,538
Capital Outlay	7,404,987	116,831	7,521,818
Debt Service			
Principal	-	29,000	29,000
Interest	-	26,139	26,139
Total Expenditures	7,404,987	286,508	7,691,495
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,378,562)	(118,037)	(5,496,599)
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	751,188	-	751,188
Operating Transfers (Out)	(350,000)	-	(350,000)
Proceeds from Opera House Annex Bonds	1,600,976	-	1,600,976
Total Other Financing Sources (Uses)	2,002,164	-	2,002,164
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,376,398)	(118,037)	(3,494,435)
FUND BALANCES, MAY 1	8,071,780	121,361	8,193,141
Prior Period Adjustment	(98,972)	-	(98,972)
FUND BALANCES, MAY 1, RESTATED	7,972,808	121,361	8,094,169
FUND BALANCES, APRIL 30	\$ 4,596,410	\$ 3,324	\$ 4,599,734

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

CAPITAL IMPROVEMENT FUND

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

For the Year Ended April 30, 2002

	Budget	Actual
REVENUES		
Taxes		
Telecommunications Tax	\$ 715,000	\$ 716,464
Infrastructure Maintenance Fee	135,000	96,896
Total Taxes	<u>850,000</u>	<u>813,360</u>
Intergovernmental		
OSLAD - Aquatic Center	400,000	400,000
IDOT - TCSP - RT47 Planning Grant	198,500	102,220
Opera House Annex	150,000	97,364
Fingerprint Grant	76,000	67,921
IDOT Funds - RT47/McConnell	42,000	-
IDOT Funds - Truck Route	22,000	-
Illinois First Legislative Grants	-	57,196
RT47 Kishwaukee River	-	58,630
Total Intergovernmental	<u>888,500</u>	<u>783,331</u>
Fines and Fees		
Capital Expansion Fees - Police	100,000	114,860
Capital Expansion Fees - Streets	13,000	13,600
Total Fines and Fees	<u>113,000</u>	<u>128,460</u>
Investment Income		
	<u>100,000</u>	286,045
Private Contributions		
	<u>316,000</u>	-
Miscellaneous		
	<u>20,000</u>	15,229
Total Revenues	<u>2,287,500</u>	<u>2,026,425</u>
EXPENDITURES		
Capital Outlay		
General Administration	268,500	130,038
Public Facilities	6,435,000	4,532,107
Public Safety	2,189,000	1,721,628
Parks	315,000	118,414
Motor Pool	327,800	396,419
Streets/Sidewalks/Signals	594,500	346,222
Stormwater Management	145,000	160,159
Total Expenditures	<u>10,274,800</u>	<u>7,404,987</u>

(This statement is continued on the following page.)

CITY OF WOODSTOCK, ILLINOIS

CAPITAL IMPROVEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended April 30, 2002

	<u>Budget</u>	<u>Actual</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (7,987,300)</u>	<u>\$ (5,378,562)</u>
OTHER FINANCING SOURCES (USES)		
Operating Transfer In		
General Corporate	500,000	500,000
Park Development	315,000	118,414
Performing Arts	119,000	132,774
Operating Transfer (Out)		
Debt Service	(350,000)	(350,000)
Proceeds From Opera House Annex Bonds	<u>1,600,000</u>	<u>1,600,976</u>
Total Other Financing Sources (Uses)	<u>2,184,000</u>	<u>2,002,164</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (5,803,300)</u>	<u>(3,376,398)</u>
FUND BALANCE, MAY 1		8,071,780
Prior Period Adjustment		<u>(98,972)</u>
FUND BALANCE, MAY 1, RESTATED		<u>7,972,808</u>
FUND BALANCE, APRIL 30		<u>\$ 4,596,410</u>

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

TAX INCREMENT FINANCING FUND

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

For the Year Ended April 30, 2002

	Budget	Actual
REVENUES		
Taxes		
Property	\$ 140,000	\$ 164,366
Intergovernmental	75,000	-
Investment Income	5,000	4,105
Total Revenues	220,000	168,471
EXPENDITURES		
Current		
Contractual Services	115,000	114,451
Rental Expenses	5,000	87
Capital Outlay		
Capital Projects	10,000	-
Property Acquisition	400,000	116,831
Debt Service		
Principal	29,000	29,000
Interest	25,500	26,139
Total Expenditures	584,500	286,508
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(364,500)	(118,037)
OTHER FINANCING SOURCES (USES)		
Proceeds from Installment Loan	400,000	-
Total Other Financing Sources (Uses)	400,000	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 35,500	(118,037)
FUND BALANCE, MAY 1		121,361
FUND BALANCE, APRIL 30		\$ 3,324

(See independent auditor's report.)

PROPRIETARY FUND TYPES

ENTERPRISE FUND

Water and Sewer Fund - to account for resources of water and sewerage treatment services to the residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.

CITY OF WOODSTOCK, ILLINOIS

WATER AND SEWER FUND

BALANCE SHEET

April 30, 2002

ASSETS

Cash and Investments	\$ 2,607,213
Cash with Paying Agents	112,872
Restricted Cash	495,120
Receivables	
Accounts	712,010
Interest	54,222
Deferred Charges	29,209
Fixed Assets	
Cost	29,231,193
Accumulated Depreciation	<u>(11,935,230)</u>
 TOTAL ASSETS	 <u>\$ 21,306,609</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts Payable	\$ 20,951
Accrued Payroll	27,426
Interest Payable	112,872
Compensated Absences Payable	202,562
Revenue Bonds Payable	<u>4,255,000</u>
 Total Liabilities	 <u>4,618,811</u>

FUND EQUITY

Contributed Capital	6,378,376
Retained Earnings	
Reserved - Bond Funds	591,571
Unreserved	<u>9,717,851</u>
 Total Fund Equity	 <u>16,687,798</u>

TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 21,306,609</u>
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(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

WATER AND SEWER FUND

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS

For the Year Ended April 30, 2002

OPERATING REVENUES	
Charges for Services	\$ 3,624,512
Miscellaneous	<u>68,056</u>
Total Operating Revenues	<u>3,692,568</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION	
Salaries	967,448
Benefits	131,226
Personal Services	32,586
Commodities	417,509
Contractual Services	676,545
Other Services/Expenses	2,461
Improvements	<u>31,240</u>
Total Operating Expenses Excluding Depreciation	<u>2,259,015</u>
OPERATING INCOME BEFORE DEPRECIATION	<u>1,433,553</u>
DEPRECIATION	<u>861,764</u>
OPERATING INCOME	<u>571,789</u>
NONOPERATING REVENUES (EXPENSES)	
Investment Income	141,039
Connection Fees	422,745
Interest Expense	<u>(235,661)</u>
Total Nonoperating Revenues (Expenses)	<u>328,123</u>
INCOME BEFORE OPERATING TRANSFERS	899,912
OPERATING TRANSFERS (OUT)	
General Corporate Fund	<u>(193,038)</u>
Total Operating Transfers (Out)	<u>(193,038)</u>
NET INCOME	706,874
OTHER CHANGES IN RETAINED EARNINGS	
Add Back Depreciation that Reduces Contributed Capital	177,227
RETAINED EARNINGS, MAY 1	<u>9,425,321</u>
RETAINED EARNINGS, APRIL 30	<u>\$ 10,309,422</u>

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

WATER AND SEWER FUND

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Income	\$ 571,789
Adjustments to Reconcile Operating Income to Net Cash From Operating Activities	
Depreciation	861,764
Amortization	5,701
Changes in Assets and Liabilities	
Accounts Receivable	(120,667)
Accounts Payable	18,205
Accrued Payroll	14,325
Compensated Absences	39,243
	<hr/>
Net Cash From Operating Activities	1,390,360
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating Transfers (Out)	<hr/> (193,038)
Net Cash From Noncapital Financing Activities	<hr/> (193,038)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Fixed Assets Purchased	(850,225)
Developer Donations	422,745
Principal Payments on Long-Term Debt	(175,000)
Interest Paid on Long-Term Debt	<hr/> (242,311)
Net Cash From Capital and Related Financing Activities	<hr/> (844,791)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	<hr/> 115,951
Net Cash From Investing Activities	<hr/> 115,951
 NET INCREASE IN CASH AND CASH EQUIVALENTS	
	468,482
 CASH AND CASH EQUIVALENTS, MAY 1	
	<hr/> 2,746,723
 CASH AND CASH EQUIVALENTS, APRIL 30	
	<hr/> <u>\$ 3,215,205</u>

(See independent auditor's report.)

INTERNAL SERVICE FUND

Employee Insurance Fund - to account for payment of health insurance premiums. Financing is provided by contributions from employees, retirees, and other funds.

CITY OF WOODSTOCK, ILLINOIS

EMPLOYEE INSURANCE FUND

BALANCE SHEET

April 30, 2002

ASSETS	
Due From Other Funds	\$ 91,340
TOTAL ASSETS	<u>\$ 91,340</u>
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Claims Payable	\$ 99,999
Total Liabilities	<u>99,999</u>
FUND EQUITY	
Retained Earnings - Unreserved	<u>(8,659)</u>
Total Fund Equity	<u>(8,659)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 91,340</u>

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

EMPLOYEE INSURANCE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - BUDGET AND ACTUAL

For the Year Ended April 30, 2002

	Budget	Actual
OPERATING REVENUES		
Charges for Services		
Employer Premiums	\$ 707,400	\$ 691,292
Retired/Disabled Contributions	25,000	28,994
	<u>732,400</u>	<u>720,286</u>
Total Operating Revenues		
OPERATING EXPENSES		
Administration		
Contractual Services	763,500	950,950
	<u>763,500</u>	<u>950,950</u>
Total Operating Expenses		
OPERATING INCOME (LOSS)	<u>(31,100)</u>	<u>(230,664)</u>
NONOPERATING REVENUES		
Investment Income	1,500	1,824
	<u>1,500</u>	<u>1,824</u>
Total Nonoperating Revenues		
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(29,600)	(228,840)
OPERATING TRANSFERS IN		
General Corporate Fund	-	200,000
	<u>-</u>	<u>200,000</u>
Total Operating Transfers In		
NET INCOME (LOSS)	<u>\$ (29,600)</u>	(28,840)
RETAINED EARNINGS, MAY 1		<u>20,181</u>
RETAINED EARNINGS, (DEFICIT) APRIL 30		<u>\$ (8,659)</u>

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

EMPLOYEE INSURANCE FUND

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (230,664)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities	
Changes in Assets and Liabilities	
Claims Payable	<u>55,296</u>
Net Cash From Operating Activities	<u>(175,368)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating Transfers In	<u>108,660</u>
Net Cash From Noncapital Financing Activities	<u>108,660</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	<u>1,824</u>
Net Cash From Investing Activities	<u>1,824</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(64,884)
CASH AND CASH EQUIVALENTS, MAY 1	<u>64,884</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ -</u></u>

(See independent auditor's report.)

FIDUCIARY FUND TYPES

Trust funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Pension Trust Fund

Police Pension Fund - to account for the accumulation of resources to pay pension costs. Resources are contributed by police members at rates fixed by State Statutes and by the City through an annual property tax levy.

Agency Funds

Escrow Fund - to account for the accumulation of resources held by the City for other organizations. These amounts include deposits held by the City for construction projects and impact fees held for other governmental bodies.

Special Service Area #5 Fund - to account for the tax collections and payments to bondholders for the City's Special Service Area #5.

Special Service Area #7 Fund - to account for the tax collections and payments to bondholders for the City's Special Service Area #7.

CITY OF WOODSTOCK, ILLINOIS

TRUST AND AGENCY FUNDS

COMBINING BALANCE SHEET

April 30, 2002

	Pension Trust		Agency Funds		Total
	Police Pension	Escrow	Special Service Area #5 Bond	Special Service Area #7 Bond	
ASSETS					
Cash and Short-Term Investments	\$ 218,029	\$ 278,781	\$ 149,368	\$ 666,345	\$ 1,312,523
Investments, at Fair Value					
Certificates of Deposit	150,000	-	-	-	150,000
Equity Securities	1,925,772	-	-	-	1,925,772
U.S. Treasury Securities	475,596	-	-	-	475,596
U.S. Agency Securities	3,738,340	-	-	-	3,738,340
Insurance Contracts	818,591	-	-	-	818,591
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)					
Accrued Interest	79,317	-	-	-	79,317
Special Assessment	-	-	-	566,283	566,283
TOTAL ASSETS	\$ 7,405,645	\$ 278,781	\$ 149,368	\$ 1,232,628	\$ 9,066,422
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ 28	\$ -	\$ -	\$ 28
Due to Other Organizations	-	255,876	-	-	255,876
Due to Bondholders	-	-	149,368	1,232,628	1,381,996
Due to Other Governments	-	22,877	-	-	22,877
Total Liabilities	-	278,781	149,368	1,232,628	1,660,777
FUND BALANCES					
Reserved for Employees' Retirement System	7,405,645	-	-	-	7,405,645
Total Fund Balances	7,405,645	-	-	-	7,405,645
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,405,645	\$ 278,781	\$ 149,368	\$ 1,232,628	\$ 9,066,422

(See independent auditor's report.)

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CITY OF WOODSTOCK, ILLINOIS

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended April 30, 2002

	Balance May 1,	Additions	Deletions	Balance April 30,
ESCROW FUND				
ASSETS				
Cash and Investments	\$ 273,935	\$ 1,316,848	\$ 1,312,002	\$ 278,781
TOTAL ASSETS	\$ 273,935	\$ 1,316,848	\$ 1,312,002	\$ 278,781
LIABILITIES				
Accounts Payable	\$ 1,270	\$ 28	\$ 1,270	\$ 28
Due to Other Organizations	268,864	1,379,557	1,392,545	255,876
Due to Other Governments	3,801	19,449	373	22,877
TOTAL LIABILITIES	\$ 273,935	\$ 1,399,034	\$ 1,394,188	\$ 278,781
 SPECIAL SERVICE AREA #5 BOND FUND				
ASSETS				
Cash and Investments	\$ 149,368	\$ -	\$ -	\$ 149,368
TOTAL ASSETS	\$ 149,368	\$ -	\$ -	\$ 149,368
LIABILITIES				
Due to Bondholders	\$ 149,368	\$ -	\$ -	\$ 149,368
TOTAL LIABILITIES	\$ 149,368	\$ -	\$ -	\$ 149,368
 SPECIAL SERVICE AREA #7 BOND FUND				
ASSETS				
Cash and Investments	\$ 646,400	\$ 191,945	\$ 172,000	\$ 666,345
Receivables - Special Assessments	71,284	499,999	5,000	566,283
TOTAL ASSETS	\$ 717,684	\$ 691,944	\$ 177,000	\$ 1,232,628
LIABILITIES				
Due to Bondholders	\$ 717,684	\$ 586,944	\$ 72,000	\$ 1,232,628
TOTAL LIABILITIES	\$ 717,684	\$ 586,944	\$ 72,000	\$ 1,232,628

(This statement is continued on the following page.)

CITY OF WOODSTOCK, ILLINOIS

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)

April 30, 2002

	Balance May 1,	Additions	Deletions	Balance April 30,
TOTAL AGENCY FUNDS				
ASSETS				
Cash and Investments	\$ 1,069,703	\$ 1,508,793	\$ 1,484,002	\$ 1,094,494
Receivables - Special Assessments	71,284	499,999	5,000	566,283
TOTAL ASSETS	\$ 1,140,987	\$ 2,008,792	\$ 1,489,002	\$ 1,660,777
LIABILITIES				
Accounts Payable	\$ 1,270	\$ 28	\$ 1,270	\$ 28
Due to Other Organizations	268,864	1,379,557	1,392,545	255,876
Due to Other Governments	3,801	19,449	373	22,877
Due to Bondholders	867,052	586,944	72,000	1,381,996
TOTAL LIABILITIES	\$ 1,140,987	\$ 1,985,978	\$ 1,466,188	\$ 1,660,777

(See independent auditor's report.)

ACCOUNT GROUPS

GENERAL FIXED ASSETS ACCOUNT GROUP

CITY OF WOODSTOCK, ILLINOIS

GENERAL FIXED ASSETS ACCOUNT GROUP

SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCE

April 30, 2002

GENERAL FIXED ASSETS	
Land and Improvements	\$ 4,398,909
Buildings and Improvements	9,820,828
Equipment	5,883,060
Construction in Progress	<u>4,491,593</u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 24,594,390</u>
INVESTMENT IN GENERAL FIXED ASSETS	
General Revenues	\$ 14,958,567
Bond Proceeds	8,539,093
Installment Contracts	1,051,608
Gifts and Donations	<u>45,122</u>
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$ 24,594,390</u>

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

GENERAL FIXED ASSETS ACCOUNT GROUP

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION

April 30, 2002

Function	Land and Improvements	Buildings and Improvements	Equipment	Construction in Progress	Totals
City Hall	\$ 140,880	\$ 1,893,152	\$ 998,102	\$ -	\$ 3,032,134
Fire Department	-	253,120	-	-	253,120
Police	575,081	3,693,153	1,727,517	-	5,995,751
Ambulance	-	126,196	-	-	126,196
Municipal Garage	109,200	713,275	1,744,532	37,134	2,604,141
Opera House	2,000	1,053,244	250,641	151,325	1,457,210
Swimming Pool	-	309,772	142,809	4,303,134	4,755,715
Parks	2,115,948	385,654	1,019,459	-	3,521,061
Tax Increment Financing	652,050	-	-	-	652,050
Parking Lots	803,750	1,393,262	-	-	2,197,012
TOTAL GENERAL FIXED ASSETS	\$ 4,398,909	\$ 9,820,828	\$ 5,883,060	\$ 4,491,593	\$ 24,594,390

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

GENERAL FIXED ASSETS ACCOUNT GROUP

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION

For the Year Ended April 30, 2002

Function	Balances May 1,	Additions	Transfers	Retirements	Balances April 30,
City Hall	\$ 2,565,423	\$ 265,733	\$ 200,978	\$ -	\$ 3,032,134
Fire Department	253,120	-	-	-	253,120
Police	4,461,286	4,276,098	(200,978)	2,540,655	5,995,751
Ambulance	126,196	-	-	-	126,196
Municipal Garage	2,233,196	370,945	-	-	2,604,141
Opera House	1,291,336	165,874	-	-	1,457,210
Swimming Pool	718,488	4,037,227	-	-	4,755,715
Parks	3,270,379	250,682	-	-	3,521,061
Tax Increment Financing	535,476	116,574	-	-	652,050
Parking Lots	1,995,862	201,150	-	-	2,197,012
TOTAL GENERAL FIXED ASSETS	\$ 17,450,762	\$ 9,684,283	\$ -	\$ 2,540,655	\$ 24,594,390

(See independent auditor's report.)

GENERAL LONG-TERM DEBT ACCOUNT GROUP

CITY OF WOODSTOCK, ILLINOIS

GENERAL LONG-TERM DEBT ACCOUNT GROUP

SCHEDULE OF GENERAL LONG-TERM DEBT

April 30, 2002

	General Obligation						Alternate Revenue			Totals				
	Compensated Absences	Capital Leases	Installment Contract	MCCD Loan Payable	Landfill Closure Costs	Aquatic Center	Aquatic Center	Opera House Annex	Police Facility					
\$	-	-	\$	-	\$	29,637	\$	3,762	\$	12,425	\$	30,395	\$	76,219
	420,365	198,441	498,000	245,000	2,080,000	3,870,363	491,238	1,622,575	3,969,605				13,395,587	
\$	420,365	198,441	498,000	245,000	2,080,000	3,900,000	495,000	1,635,000	4,000,000				13,471,806	

AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT

Amount Available for Debt Service
Amount to be Provided for Retirement
of General Long-Term Debt

TOTAL AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT

GENERAL LONG-TERM DEBT PAYABLE

Compensated Absences Payable
Capital Lease Payable
Landfill Closure Costs
Installment Contracts Payable
MCCD Loan Payable
Police Facility Bonds Payable
Aquatic Center Bonds Payable
Opera House Annex Bonds Payable

TOTAL GENERAL LONG-TERM DEBT PAYABLE

\$	420,365	198,441	498,000	245,000	2,080,000	3,900,000	495,000	1,635,000	4,000,000				13,471,806
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DISCRETELY PRESENTED COMPONENT UNIT

The component unit column in the general purpose financial statements includes the financial data of the City's component unit. It is reported in a separate column to emphasize that it is legally separate from the City.

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.

General Fund - to account for resources of the Library which are not required to be accounted for in another fund.

Debt Service Fund - to account for the accumulation of resources and payment of note principal and interest on General Obligation and Alternate Revenue Source Bonds.

Library Building Fund - to account for the purchase of major capital equipment and construction or expansion of facilities. Financing is provided by bond proceeds, grants and impact fees.

General Fixed Asset Account Group - to account for the Library's fixed assets other than those accounted for in proprietary funds or trust funds.

General Long-Term Debt Account Group - to account for the Library's long-term debt not expected to be paid from proprietary funds and similar trust funds.

CITY OF WOODSTOCK, ILLINOIS

WOODSTOCK PUBLIC LIBRARY
COMPONENT UNIT

COMBINED BALANCE SHEET

April 30, 2002

	General Fund	Debt Service
ASSETS AND OTHER DEBITS		
ASSETS		
Cash and Investments	\$ 203,438	\$ 6,269
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)		
Property Taxes	524,160	330,223
Accrued Interest	2,570	-
Fixed Assets	-	-
OTHER DEBITS		
Amount Available	-	-
Amount to be Provided	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 730,168	\$ 336,492
 LIABILITIES, FUND BALANCES AND OTHER CREDITS		
LIABILITIES		
Accounts Payable	\$ 1,362	\$ -
Accrued Wages	14,653	-
Deferred Property Taxes	524,160	330,223
Retainage Payable	-	-
Compensated Absences	45,513	-
Bonds Payable	-	-
Total Liabilities	585,688	330,223
 FUND BALANCES AND OTHER CREDITS		
Investments in General Fixed Assets	-	-
Reserved for Debt Service	-	6,269
Unreserved - Undesignated	144,480	-
Total Fund Balances and Other Credits	144,480	6,269
 TOTAL LIABILITIES, FUND BALANCES AND OTHER CREDITS	 \$ 730,168	 \$ 336,492

Capital Projects	General Fixed Assets	General Long-Term Debt	Total
\$ 381,327	\$ -	\$ -	\$ 591,034
69,888	-	-	924,271
4,897	-	-	7,467
-	7,492,187	-	7,492,187
-	-	6,269	6,269
-	-	4,234,044	4,234,044
<u>\$ 456,112</u>	<u>\$ 7,492,187</u>	<u>\$ 4,240,313</u>	<u>\$ 13,255,272</u>

\$ 449	\$ -	\$ -	\$ 1,811
620	-	-	15,273
69,888	-	-	924,271
2,500	-	-	2,500
1,144	-	65,313	111,970
-	-	4,175,000	4,175,000
<u>74,601</u>	<u>-</u>	<u>4,240,313</u>	<u>5,230,825</u>
-	7,492,187	-	7,492,187
-	-	-	6,269
381,511	-	-	525,991
<u>381,511</u>	<u>7,492,187</u>	<u>-</u>	<u>8,024,447</u>
<u>\$ 456,112</u>	<u>\$ 7,492,187</u>	<u>\$ 4,240,313</u>	<u>\$ 13,255,272</u>

(See independent auditor's report.)

CITY OF WOODSTOCK, ILLINOIS

WOODSTOCK PUBLIC LIBRARY
COMPONENT UNITCOMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

For the Year Ended April 30, 2002

	General Fund	Debt Service	Capital Projects	Total
REVENUES				
Taxes	\$ 516,063	\$ 333,018	\$ 66,075	\$ 915,156
Intergovernmental	243,608	-	15,000	258,608
Fines and Fees	75,668	-	75,519	151,187
Investment Income	15,740	2,956	19,418	38,114
Miscellaneous	-	-	48,125	48,125
Total Revenues	851,079	335,974	224,137	1,411,190
EXPENDITURES				
Current				
Culture and Recreation	614,554	-	105,563	720,117
Capital Outlay	142,321	-	810,397	952,718
Debt Service				
Principal	-	140,000	-	140,000
Interest	-	238,759	-	238,759
Total Expenditures	756,875	378,759	915,960	2,051,594
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	94,204	(42,785)	(691,823)	(640,404)
OTHER FINANCING SOURCES (USES)				
Operating Transfer In	-	45,654	-	45,654
Operating Transfer (Out)	-	-	(45,654)	(45,654)
Operating Transfers to Primary Government	(6,200)	-	-	(6,200)
Total Other Financing Sources (Uses)	(6,200)	45,654	(45,654)	(6,200)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	88,004	2,869	(737,477)	(646,604)
FUND BALANCES, MAY 1	56,476	3,400	1,118,988	1,178,864
FUND BALANCES, APRIL 30	\$ 144,480	\$ 6,269	\$ 381,511	\$ 532,260

(See independent auditor's report.)



Sikich Gardner & Co, LLP
Accountants & Consultants

998 Corporate Boulevard
Aurora, IL 60504

A Member of Sikich Group, LLC

MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
ILLINOIS CPA SOCIETY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
STATE OF ILLINOIS PUBLIC ACT 85-1142

The Honorable Mayor
Members of the City Council
City of Woodstock, Illinois

We have audited the general purpose financial statements of the City of Woodstock, Illinois as of and for the year ended April 30, 2002, and have issued our report thereon dated October 3, 2002. The financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on the eligibility for costs incurred incidental to the implementation of the redevelopment plan and redevelopment projects associated with the Die Cast Site Tax Increment Financing District pursuant to Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act.

Our audit was made 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The City of Woodstock, Illinois' management is responsible for the City's compliance with laws and regulations. In connection with our audit referred to above, we selected and tested transactions and records to determine the City's compliance with State of Illinois Public Act 85-1142, "An Act in Relation to Tax Increment Financing".

The results of our test indicated that for the items tested, the City of Woodstock, Illinois complied with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142.

Aurora, Illinois
October 3, 2002

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APPENDIX C
SPECIMEN BOND INSURANCE POLICY

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Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

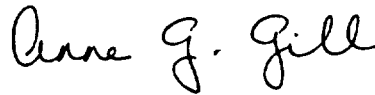
As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.



President



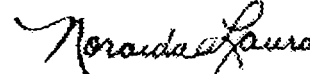
Secretary

Effective Date:

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No.: 2B-0012 (1/01)

Authorized Representative



Authorized Officer of Insurance Trustee





