

**NEW ISSUE (BOOK ENTRY ONLY)  
NOT BANK QUALIFIED**

**Moody's Investors Service, Inc.: Aaa  
Insured by Financial Guaranty Insurance Company**

*Subject to compliance by the District with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the Bonds is not includible in 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, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. See "TAX MATTERS" herein for a more complete discussion. Interest on the Bonds is not exempt from current State of Illinois income taxes.*

**\$41,184,191.65  
COMMUNITY UNIT SCHOOL DISTRICT NUMBER 304  
KANE COUNTY, ILLINOIS  
General Obligation School Bonds, Series 2004A**

Dated: CIBS: December 1, 2004  
CABS: December 23, 2004

Due: January 1, as shown on the inside cover

The \$41,184,191.65 General Obligation School Bonds, Series 2004A (the "Bonds"), maturing January 1, 2006 through and including 2019 will be issued as current interest bonds (the "Current Interest Bonds") and the Bonds maturing January 1, 2014 through and including 2017 will be issued as capital appreciation bonds (the "Capital Appreciation Bonds"). Semi-annual interest on the Current Interest Bonds shall be payable on each January 1 and July 1 commencing July 1, 2005. Interest on the Capital Appreciation Bonds will not be currently payable but will be payable at maturity as described herein. The Bond Registrar and Paying Agent for this issue is Amalgamated Bank of Chicago, Chicago, Illinois (the "Bond Registrar"). The Bonds will be issued only in fully registered form in the denomination of \$5,000 (principal amount in the case of the Current Interest Bonds and Compound Accreted Value at maturity in the case of the Capital Appreciation Bonds) or authorized integral multiples thereof, and will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the Bonds. Individual purchases will be made in book-entry form only in denominations of \$5,000 (principal amount in the case of the Current Interest Bonds and Compound Accreted Value at maturity in the case of the Capital Appreciation Bonds) or any authorized integral multiple thereof. Purchasers of the Bonds will not receive bond certificates representing their interest in the Bonds purchased. (See "BOOK-ENTRY ONLY SYSTEM").

Proceeds of the Bonds, when issued, will be used to improve a school site and to build and equip a new middle school building of the District. The Bonds are issued under the authority of Section 19-3 of the School Code of the State of Illinois, as amended, and pursuant to an election held on November 2, 2004. The Bonds will be general obligations of the District payable from ad valorem taxes levied on all taxable property in the District without limitation as to rate or amount. In the opinion of Bond Counsel, the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

For maturity schedule, interest rates, yields and prices, see the inside cover page.

Payment of the principal of and interest on the Bonds when due will be insured by a municipal bond insurance policy to be issued by Financial Guaranty Insurance Company simultaneously with the delivery of the Bonds.



The Current Interest Bonds maturing January 1, 2017 are subject to redemption prior to maturity on January 1, 2014 or any date thereafter at a price of par plus accrued interest.

*The Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice, and to the approval of legality by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel. The Bonds are expected to be delivered through the facilities of DTC on or about December 23, 2004.*

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS **NOT** A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

**HSE** **Hutchinson, Shockey, Erley & Co.**  
Established 1957

The date of this Final Official Statement is December 2, 2004.

## MATURITY SCHEDULE

**\$41,184,191.65**  
**COMMUNITY UNIT SCHOOL DISTRICT NUMBER 304**  
**KANE COUNTY, ILLINOIS**  
**General Obligation School Bonds, Series 2004A**

**\$32,925,000**  
**Current Interest Bonds**

<u>Maturity</u> <u>January 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Maturity</u> <u>January 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Maturity</u> <u>January 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>
2006	\$785,000	3.50%	2.25%	2010	\$2,575,000	3.60%	3.20%	2017	\$4,240,000	5.00%	4.21%
2007	180,000	3.50	2.43	2011	3,230,000	3.75	3.42	2018	9,175,000	5.00	4.28
2008	665,000	3.50	2.65	2012	2,235,000	3.90	3.58	2019	5,200,000	5.00	4.35
2009	1,760,000	3.60	2.95	2013	2,880,000	4.00	3.72				

(Plus accrued interest from December 1, 1004)

**\$8,259,191.65**  
**Capital Appreciation Bonds**

<u>Maturity</u> <u>January 1</u>	<u>Initial Principal</u> <u>Amount Per \$5,000</u> <u>Maturity Amount</u>	<u>Initial</u> <u>Principal</u> <u>Amount</u>	<u>Compound</u> <u>Accreted</u> <u>Value at</u> <u>Maturity</u>	<u>Original</u> <u>Yield at</u> <u>Purchase</u>	<u>Initial Public</u> <u>Offering Amount</u> <u>Per \$5,000</u> <u>Maturity Amount</u>	<u>Initial</u> <u>Offering</u> <u>Yield</u>
2014	\$2,259.55	\$ 1,712,738.90	\$3,790,000.00	9.00%	\$3,334.75	4.54%
2015	2,069.15	1,874,649.90	4,530,000.00	9.00	3,154.20	4.65
2016	1,894.75	2,934,967.75	7,745,000.00	9.00	2,980.20	4.75
2017	1,735.10	1,736,835.10	5,005,000.00	9.00	2,816.95	4.83

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or to make any representations 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 the District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information contained in this Official Statement has been furnished by the District or by other sources considered by the District to be reliable. Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Official Statement. The information and opinions expressed herein are subject to change without notice, and the delivery of this Official Statement or any sale made hereunder shall not, under any circumstances, create any implication that there has been no change in the operations of the District since the date of this Official Statement.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, resolutions, reports or other documents are referred to herein, reference should be made to such statutes, resolutions, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The information in this Official Statement has been compiled from sources believed to be reliable, but is not guaranteed as to accuracy or completeness. As far as any statements herein involve matters of opinion, whether or not so stated, they are intended as opinions and not representations of fact.

This Official Statement is in a form deemed final by the District for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for certain information permitted to be omitted under Rule 15c2-12(b)(1)).

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission (the "Commission") or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

This Official Statement has been prepared under the authority of Community Unit School District Number 304, Kane County, Illinois. Additional copies may be secured from Community Unit School District Number 304, 227 North 4<sup>th</sup> Street, Geneva, Illinois 60134 (telephone 630/463-3000), or from the Underwriter, Hutchinson, Shockey, Erley & Co., Public Finance Department, 222 West Adams Street, Chicago, Illinois 60606 (telephone 312/443-1565).

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Audited Financial Statements for Community Unit School District Number 304 for the year ended June 30, 2004

#### APPENDIX B

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#### APPENDIX C

Compound Accreted Value Table for the Capital Appreciation Bonds

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Historical Financial Statements

#### APPENDIX E

Specimen Insurance Policy

**DISTRICT OFFICIALS**

**COMMUNITY UNIT SCHOOL DISTRICT NUMBER 304  
KANE COUNTY, ILLINOIS  
(Geneva)**

**227 North Fourth Street  
Geneva, Illinois 60134**

**BOARD OF EDUCATION**

Dean Kilburg, President  
Margaret Selakovich, Vice President  
John Bassett, Member  
Susan Shivers, Member  
Tricia Stewart, Member  
Mary Stith, Member  
William Wilson, Member

**SCHOOL ADMINISTRATION**

Dr. Michael Jacoby, Superintendent & Board Secretary  
Rebecca J. Allard, Assistant Superintendent of Business Services and School Treasurer

**BOND COUNSEL**

Chapman and Cutler LLP  
111 West Monroe Street  
Chicago, Illinois 60603

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**UNDERWRITER**

Hutchinson, Shockey, Erley & Co.  
222 West Adams Street, Suite 1700  
Chicago, Illinois 60606

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**PAYING AGENT/REGISTRAR**

Amalgamated Bank of Chicago  
1 West Monroe Street  
Chicago, Illinois 60603

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## **OFFICIAL STATEMENT**

**\$41,184,191.65**  
**COMMUNITY UNIT SCHOOL DISTRICT NUMBER 304**  
**KANE COUNTY, ILLINOIS**  
**General Obligation School Bonds, Series 2004A**

### **INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to set forth certain information in connection with the issuance and sale of \$41,184,191.65 aggregate principal amount of General Obligation School Bonds, Series 2004A (the "Bonds"), of Community Unit School District Number 304, Kane County, Illinois (the "District"). The Bonds maturing January 1, 2006 through and including 2019 will be issued as current interest bonds (the "Current Interest Bonds") and the Bonds maturing from January 1, 2014 through and including 2017 will be issued as capital appreciation bonds (the "Capital Appreciation Bonds"). Certain factors that may affect an investment decision concerning the Bonds are described throughout this Official Statement. Persons considering a purchase of the Bonds should read this Official Statement in its entirety.

All references to material included in this Official Statement not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is made to such instruments, documents and other materials for the complete provisions thereof, copies of which will be furnished upon request by the District.

### **THE BONDS**

#### **Authority; Referendum**

The Bonds are issued under the authority of Section 19-3 of the School Code of the State of Illinois, as supplemented and amended (the "Act"), and the provisions of a bond resolution passed by the Board of Education of the District on November 22, 2004 (the "Bond Resolution"). An election was held on November 2, 2004 to approve the issuance of the Bonds. At such election \_\_\_\_\_ votes were cast in favor of the issuance of the Bonds and \_\_\_\_\_ votes were cast in opposition. The Board of Education of the District has canvassed the election and declared the results thereof. No election contest has been filed, and the period for filing such contest will expire on December 22, 2004.

#### **Purpose**

The Bonds are being issued for the purposes of improving a school site, to build and equip a new middle school building of the District, and paying costs of issuance of the Bonds.

#### **Security and Payment**

The Bonds are direct general obligations of the District for which its full faith, credit and resources are pledged for the punctual payment of principal and interest. Pursuant to the Bond Resolution, ad valorem taxes, without limitation as to rate or amount, will be levied upon all taxable property in the District in an amount sufficient to pay the principal of and interest on the Bonds. In the opinion of Bond Counsel, the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See Appendix B hereto for the form of opinion of Bond Counsel.

## **Redemption Provisions**

The Current Interest Bonds maturing on or after January 1, 2017 are subject to redemption prior to maturity on January 1, 1024, and on any date thereafter, at the option of the District, from any available funds, in whole or in part, in integral multiples of \$5,000, in any order of their maturities as determined by the District and if less than an entire maturity, as selected by the Registrar at par plus accrued interest to the redemption date.

## **Notice of Redemption**

Notice of redemption of the Current Interest Bonds shall be given at least once not less than 30 days prior to the date of redemption by first class mail to the registered owners thereof at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Registrar.

All notices of redemption shall state: (i) the redemption date, (ii) the redemption price, (iii) if less than all outstanding Current Interest Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Current Interest Bonds to be redeemed, (iv) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after the redemption date, (v) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Registrar, and (vi) such other information then required by custom, practice or industry standard.

## **Sources and Uses of Funds**

### Sources of Funds – Current Interest School Bonds, Series 2004A

Bond Proceeds	\$32,925,000.00
Plus Premium	<u>775,000.00</u>
Total Sources	\$33,700,000.00

### Uses of Funds

Cost of Improvements	\$33,700,000.00
Total Uses	\$33,700,000.00

### Sources of Funds – Capital Appreciation School Bonds, Series 2004A

Bond Proceeds	\$ 8,259,191.65
Plus Premium	<u>4,226,808.35</u>
Total Sources	\$12,486,000.00

### Uses of Funds

Cost of Improvements	\$12,486,000.00
Total Uses	\$12,486,000.00

## **Registration, Payment and Transfer**

The Bonds are issuable only as fully registered Bonds without coupons, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers of beneficial interests in the Bonds will be made in book-entry only form, in authorized denominations or any integral multiple thereof. Purchasers will not receive bond certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee for DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as hereinafter defined) of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Current Interest Bonds will be issued in the aggregate principal amount as shown on the inside cover of this Official Statement. The Current Interest Bonds will be dated December 1, 2004 and will bear interest from the later of that date or from the most recent interest payment date to which interest has been paid or duly provided for. Interest on the Current Interest Bonds shall be payable semi-annually on January 1 and July 1 of each year commencing on July 1, 2005. Interest on the Current Interest Bonds shall be computed using a 360-day year of twelve 30-day months and the Current Interest Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the inside cover of this Official Statement. For the Current Interest Bonds authorized denominations means \$5,000 principal amount or integral multiples thereof.

The Capital Appreciation Bonds shall be dated the date of issuance thereof, and shall also bear the date of authentication, shall be in fully registered form, shall be in authorized denominations of Original Principal Amounts (as set forth on the inside cover of this Official Statement) or any integral multiple thereof, each representing Compound Accreted Value (as hereinafter defined) at maturity (the "Maturity Amount") of \$5,000 or any integral multiple thereof. As used herein, the "Compound Accreted Value" of the Capital Appreciation Bond on any date of determination shall be an amount equal to the Original Principal Amount (or integral multiple thereof) plus an investment return accrued to the date of such determination at a semi-annual compounding rate which is necessary to produce the original yield to maturity for such Capital Appreciation Bond from the date of such Capital Appreciation Bond as shown on the inside cover of this Official Statement. The Compound Accreted Value of a Capital Appreciation Bond on any January 1 and July 1, commencing on January 1, 2005, is as specifically set forth in Appendix C. The Compound Accreted Value of any Capital Appreciation Bond on a date other than January 1 or July 1 shall be determined conclusively by the Bond Registrar, or a certified public accountant selected by the Bond Registrar, by interpolating such Compound Accreted Value, using the straight-line method, by reference to the Compound Accreted Values on the January 1 and July 1 immediately prior to and immediately subsequent to the date for which such determination is being made and the number of days elapsed since the January 1 or July 1 immediately prior to the date for which such determination is being made, calculated on the basis of a 360-day year consisting of twelve 30-day months. The Capital Appreciation Bonds shall mature (without option of redemption prior to maturity) on January 1 of the years, shall bear interest from their date at the rates per annum in each case compounded semi-annually on each January 1 and July 1, commencing January 1, 2014, which will provide the original yields to maturity until the respective maturity dates thereof, and shall be issued in the Original Principal Amounts or any integral multiple thereof each representing \$5,000 Compound Accreted Value at maturity as set forth on the inside cover of this Official Statement. Interest on the Capital Appreciation Bonds shall be payable only on the maturity dates thereof.

The principal of, Compound Accreted Value of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the principal corporate trust office of the Bond Registrar. Interest on the Current Interest Bonds shall be payable by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America mailed to the address of the Registered Owner as it appears on the registration books maintained by the Bond Registrar or at such other address furnished in writing by such Registered Owner to the Bond Registrar. So long as Cede & Co., is the Bondholder, such payments will be made directly to DTC. Disbursement of such payments to the Beneficial Owner is the responsibility of DTC Participants and Indirect Participants (both as hereinafter defined), as more fully described under "BOOK-ENTRY ONLY SYSTEM". The Bond Registrar shall

not be required to transfer or exchange any Bond during the period from the close of business on the fifteenth date of the month next preceding any payment date on the Bonds until the opening of business on such payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, not during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

### **BOOK-ENTRY-ONLY SYSTEM**

*The following information has been furnished by The Depository Trust Company for use in this Official Statement. Neither the District nor the Underwriter takes any responsibility for the accuracy or completeness of such information or as to the absence of material adverse changes in such information subsequent to the date of this Official Statement.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity 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 ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other bonds transactions in deposited bonds, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of bonds 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. bonds brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of

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

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

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 District 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).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the District or Registrar, 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 bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

## **BOND INSURANCE**

### **Payments Under the Policy**

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal or accreted value (if applicable) of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the issuer of the Bonds (the "Issuer"). Financial Guaranty will make such payments to U.S. Bank Trust National Association, or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal, accreted value or interest (as applicable) is due or on the business day next following the day on which Financial Guaranty shall have received notice (in accordance with the terms of the Policy) from an owner of Bonds or the trustee or paying agent (if any) of the nonpayment of such amount by the Issuer. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal, accreted value or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal, accreted value or interest (as applicable) shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal, accreted value or interest (as applicable) made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

Once issued, the Policy is non-cancellable by Financial Guaranty. The Policy covers failure to pay principal (or accreted value, if applicable) of the Bonds on their stated maturity dates and their mandatory sinking fund redemption dates, and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity. The Policy also covers the failure to pay interest on the stated date for its payment. In the event that payment of the Bonds is accelerated, Financial Guaranty will only be obligated to pay principal (or accreted value, if applicable) and interest in the originally scheduled amounts on the originally scheduled payment dates. Upon such payment, Financial Guaranty will become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and will be fully subrogated to all of the Bondholder's rights thereunder.

The Policy does not insure any risk other than Nonpayment by the Issuer, as defined in the Policy. Specifically, the Policy does not cover: (i) 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; (ii) payment of any redemption, prepayment or acceleration premium; or (iii) nonpayment of principal (or accreted value, if applicable) or interest caused by the insolvency or negligence or any other act or omission of the trustee or paying agent, if any.

As a condition of its commitment to insure Bonds, Financial Guaranty may be granted certain rights under the Bond documentation. The specific rights, if any, granted to Financial Guaranty in connection with its insurance of the Bonds may be set forth in the description of the principal legal documents appearing elsewhere in this Official Statement, and reference should be made thereto.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

### **Financial Guaranty Insurance Company**

Financial Guaranty, a New York stock insurance corporation, is a direct, wholly-owned subsidiary of FGIC Corporation, a Delaware corporation, and provides financial guaranty insurance for public finance and structured finance obligations. Financial Guaranty is licensed to engage in financial guaranty insurance in all 50 states, the District of Columbia and the Commonwealth of Puerto Rico and, through a branch, in the United Kingdom.

On December 18, 2003, an investor group consisting of The PMI Group, Inc. ("PMI"), affiliates of The Blackstone Group L.P. ("Blackstone"), affiliates of The Cypress Group L.L.C. ("Cypress") and affiliates of CIVC Partners L.P. ("CIVC") acquired FGIC Corporation (the "FGIC Acquisition") from a subsidiary of General Electric Capital Corporation ("GE Capital"). PMI, Blackstone, Cypress and CIVC acquired approximately 42%, 23%, 23% and 7%, respectively, of FGIC Corporation's common stock. FGIC Corporation paid GE Capital approximately \$284.3 million in pre-closing dividends from the proceeds of dividends it, in turn, had received from Financial Guaranty, and GE Capital retained approximately \$234.6 million in liquidation preference of FGIC Corporation's convertible participating preferred stock and approximately 5% of FGIC Corporation's common stock. Neither FGIC Corporation nor any of its shareholders is obligated to pay any debts of Financial Guaranty or any claims under any insurance policy, including the Policy, issued by Financial Guaranty.

Financial Guaranty is subject to the insurance laws and regulations of the State of New York, where it is domiciled, including Article 69 of the New York Insurance Law ("Article 69"), a comprehensive financial guaranty insurance statute. Financial Guaranty is also subject to the insurance laws and regulations of all other jurisdictions in which it is licensed to transact insurance business. The insurance laws and regulations, as well as the level of supervisory authority that may be exercised by the various insurance regulators, vary by jurisdiction, but generally require insurance companies to maintain minimum standards of business conduct and solvency, to meet certain financial tests, to comply with requirements concerning permitted investments and the use of policy forms and premium rates and to file quarterly and annual financial statements on the basis of statutory accounting principles ("SAP") and other reports. In addition, Article 69, among other things, limits the business of each financial guaranty insurer, including Financial Guaranty, to financial guaranty insurance and certain related lines.

For the nine months ended September 30, 2004, and the years ended December 31, 2003 and December 31, 2002, Financial Guaranty had written directly or assumed through reinsurance, guaranties of approximately \$43.5 billion, \$42.4 billion and \$47.9 billion par value of securities, respectively (of which approximately 57%, 79% and 81%, respectively, constituted guaranties of municipal bonds), for which it had collected gross premiums of approximately \$250.7 million, \$260.3 million and \$232.6 million, respectively. For the nine months ended September 30, 2004, Financial Guaranty had reinsured, through facultative arrangements, approximately 0.1% of the risks it had written.

As of September 30, 2004, Financial Guaranty had net admitted assets of approximately \$3.015 billion, total liabilities of approximately \$1.877 billion, and total capital and policyholders' surplus of approximately \$1.138 billion, determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

The unaudited financial statements of Financial Guaranty as of September 30, 2004, and the audited financial statements of Financial Guaranty as of December 31, 2003 and December 31, 2002, which have been filed with the Nationally Recognized Municipal Securities Information Repositories ("NRMSIRs"), are hereby included by specific reference in this Official Statement. Any statement contained herein under the heading "BOND INSURANCE," or in any documents included by specific reference herein, shall be modified or superseded to the extent required by any statement in any document subsequently filed by Financial Guaranty with such NRMSIRs, and shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement. All financial statements of Financial Guaranty (if any) included in documents filed by Financial Guaranty with the NRMSIRs subsequent to the date of this Official Statement and prior to the termination of the offering of the Bonds shall be deemed to be included by specific reference into this Official Statement and to be a part hereof from the respective dates of filing of such documents.

Financial Guaranty also prepares quarterly and annual financial statements on the basis of generally accepted accounting principles. Copies of Financial Guaranty's most recent GAAP and SAP financial statements are available upon request to: Financial Guaranty Insurance Company, 125 Park Avenue, New York, NY 10017, Attention: Corporate Communications Department. Financial Guaranty's telephone number is (212) 312-3000.

## **Financial Guaranty's Credit Ratings**

The financial strength of Financial Guaranty is rated "AAA" by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc., "Aaa" by Moody's Investors Service, and "AAA" by Fitch Ratings. Each rating of Financial Guaranty should be evaluated independently. The ratings reflect the respective ratings agencies' current assessments of the insurance financial strength of Financial Guaranty. Any further explanation of any rating may be obtained only from the applicable rating agency. These ratings are not recommendations to buy, sell or hold the Bonds, and are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. Financial Guaranty does not guarantee the market price or investment value of the Bonds nor does it guarantee that the ratings on the Bonds will not be revised or withdrawn.

**Neither Financial Guaranty nor any of its affiliates accepts any responsibility for the accuracy or completeness of the Official Statement or any information or disclosure that is provided to potential purchasers of the Bonds, or omitted from such disclosure, other than with respect to the accuracy of information with respect to Financial Guaranty or the Policy under the heading "BOND INSURANCE." In addition, Financial Guaranty makes no representation regarding the Bonds or the advisability of investing in the Bonds.**

## **THE DISTRICT**

### **General Description**

Geneva Community Unit School District Number 304 is a rapidly growing school district located 35 miles west of Chicago, Illinois, in the Fox River Valley. Population served is estimated at 24,600 which includes both the Cities of Geneva and St. Charles and a portion of Batavia and Blackberry Townships. The City of Geneva is renowned for its historic charm and scenic beauty, a thriving downtown of fine restaurants and distinctive shops, and a multitude of recreational opportunities.

There are 5,500 students in seven schools in the school district (five elementary schools, grades K-5), one middle school (grades 6-8), and one high school (grades 9-12). A second middle school is scheduled to open in the fall of 2006 and the high school, which has doubled in size in the last 15 years, is expected to reach an enrollment of 2,000 students by the end of this decade. The community holds high expectations for student performance; student achievement levels far exceed state and national norms. Parent involvement and support is well established in the school district that is located in one of the most vibrant population growth corridors in the Chicago Metropolitan area.

### **District Administration**

#### Official

Dr. Michael Jacoby  
Rebecca J. Allard

#### Title

Superintendent, Secretary of the Board  
Assistant Superintendent of Business Service and  
School Treasurer



## Board of Education

<u>Official</u>	<u>Position</u>	<u>Term Expires</u>
Dean Kilburg	President	April 2007
Margaret Selakovich	Vice President	April 2007
John Bassett	Member	April 2005
Susan Shivers	Member	April 2005
Tricia Stewart	Member	April 2005
Mary Stith	Member	April 2007
William Wilson	Member	April 2005

## Employee and Labor Relations

In order to provide a wide variety of educational programs and services, the District maintains a qualified staff as follows:

<u>Personnel</u>	<u>2004-05</u>
Superintendent	1
Assistant Superintendents	3
Principals	7
Instructional	376
Support Services	<u>384</u>
Total	771

## Principal Services and Facilities

The District currently operates seven buildings:

<u>Building</u>	<u>Current Grades</u>
Coultrap Elementary School	K - 5
Geneva Community High School	9 - 12
Geneva Middle School	6 - 8
Harrison Street Elementary School	K - 5
Mill Creek Elementary School	K - 5
Western Avenue Elementary School	K - 5
Heartland Elementary School	K - 5

## Enrollment as of September 2004 and as Projected:

<u>Historical</u>		<u>Projected</u>	
2000/2001	4,780	2005/2006	5,741
2001/2002	5,031	2006/2007	5,903
2002/2003	5,305	2007/2008	5,997
2003/2004	5,489	2008/2009	6,062
2004/2005	5,622	2009/2010	6,313

Source: Enrollment figures are provided by the District.

## Population Data

<u>Name of Entity</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>% Change 1990/2000</u>
City of Geneva	9,049	9,881	12,617	19,515	+54.70
Batavia	2,868	12,574	17,076	23,866	+39.80
St. Charles	4,125	12,495	22,501	27,896	+24.00
Kane County	251,005	278,405	317,471	404,119	+14.03
State of Illinois	11,110,285	11,427,409	11,430,602	12,419,293	+ 8.65

Source: U. S. Census Bureau

## ECONOMIC CHARACTERISTICS

### Median Family Income

According to the 2000 U. S. Census, the City of Geneva had a median family income of \$88,852, the City of Batavia \$81,689 and the City of St. Charles \$82,828. This 2000 median family income compares to \$66,558 for Kane County and \$55,545 for the State. The following tables present the distribution of family incomes for the Cities of Geneva, Batavia and St. Charles, Kane County and the State of Illinois at the time of the 2000 U. S. Census.

<u>City of Geneva</u>			<u>City of Batavia</u>		<u>City of St. Charles</u>	
<u>Income</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$10,000	66	1.27%	91	1.44%	95	1.28%
\$10,000 to \$14,999	82	1.57%	26	0.41%	85	1.15%
\$15,000 to \$24,999	126	2.42%	259	4.10%	351	4.74%
\$25,000 to \$34,999	188	3.61%	306	4.84%	328	4.43%
\$35,000 to \$49,999	432	8.29%	698	11.05%	756	10.21%
\$50,000 to \$74,999	1,155	22.16%	1,394	22.06%	1,559	21.05%
\$75,000 to \$99,999	973	18.67%	1,325	20.97%	1,396	18.85%
\$100,000 to \$149,999	1,239	23.78%	1,535	24.30%	1,528	20.63%
\$150,000 to \$199,999	556	10.67%	528	8.36%	579	7.82%
\$200,000 or more	394	7.56%	156	2.47%	729	9.84%
Total	5,211	100.00%	6,318	100.00%	7,406	100.00%

<u>Kane County</u>			<u>State of Illinois</u>	
<u>Income</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$10,000	2,784	2.73%	156,205	5.00%
\$10,000 to \$14,999	1,994	1.96%	105,747	3.38%
\$15,000 to \$24,999	6,418	6.30%	273,712	8.76%
\$25,000 to \$34,999	7,993	7.84%	331,907	10.62%
\$35,000 to \$49,999	14,194	13.93%	506,429	16.20%
\$50,000 to \$74,999	25,480	25.00%	736,897	23.58%
\$75,000 to \$99,999	18,001	17.66%	445,390	14.25%
\$100,000 to \$149,999	15,907	15.61%	356,068	11.39%
\$150,000 to \$199,999	4,821	4.73%	101,955	3.26%
\$200,000 or more	4,331	4.25%	111,008	3.55%
Total	101,923	100.00%	3,125,318	100.00%

Source: U. S. Census, Social and Economic Characteristics (2000)

## Employment by Industry

The following table shows employment by industry for the Cities of Geneva, Batavia and St. Charles, Kane County and the State of Illinois as reported by the 2000 Census.

	<u>City of Geneva</u>		<u>City of Batavia</u>		<u>City of St. Charles</u>	
<u>Classification</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, forestry, fishing, hunting & mining	26	0.28%	18	0.15%	24	0.16%
Construction	495	5.26%	846	6.97%	933	6.20%
Manufacturing	1,317	13.98%	1,884	15.51%	2,327	15.46%
Wholesale trade	587	6.23%	696	5.73%	675	4.49%
Retail trade	1,022	10.85%	1,433	11.80%	2,256	14.99%
Transportation and warehousing & utilities	383	4.07%	636	5.24%	575	3.82%
Information	300	3.19%	553	4.55%	561	3.73%
Finance, insurance and real estate	827	8.78%	839	6.91%	1,163	7.73%
Professional, scientific management administrative & waste management	1,365	14.49%	1,653	13.61%	1,701	11.30%
Educational, health & social services	1,856	19.70%	2,125	17.50%	2,718	18.06%
Arts, entertainment, recreations accommodations & food services	598	6.35%	854	7.03%	1,075	7.14%
Other services	371	3.94%	334	2.75%	582	3.87%
Public administration	<u>272</u>	<u>2.89%</u>	<u>273</u>	<u>2.25%</u>	<u>460</u>	<u>3.06%</u>
Total	9,419	100.00%	12,144	100.00%	15,050	100.00%

	<u>Kane County</u>		<u>State of Illinois</u>	
<u>Classification</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, forestry, fishing, hunting & mining	1,196	0.61%	66,481	1.14%
Construction	14,549	7.42%	334,176	5.73%
Manufacturing	40,752	20.77%	931,162	15.96%
Wholesale trade	9,446	4.81%	222,990	3.82%
Retail trade	22,459	11.45%	643,472	11.03%
Transportation and warehousing & utilities	9,661	4.92%	352,193	6.04%
Information	6,601	3.36%	172,629	2.96%
Finance, insurance & real estate	13,411	6.84%	462,169	7.92%
Professional, scientific management administrative & waste management	20,575	10.49%	590,913	10.13%
Educational, health & social services	30,608	15.60%	1,131,987	19.41%
Arts, entertainment, recreations accommodations & food services	13,781	7.02%	417,406	7.16%
Other services	7,991	4.07%	275,901	4.73%
Public administration	<u>5,154</u>	<u>2.63%</u>	<u>231,706</u>	<u>3.97%</u>
Total	196,184	100.00%	5,833,185	100.00%

Source: U. S. Census Bureau, Social and Economic Characteristics (2000)

## Employment by Occupation

The following table shows employment by occupation for the Cities of Geneva, Batavia and St. Charles, Kane County and the State of Illinois as reported by the 2000 U.S. Census.

<u>Occupation</u>	<u>City of Geneva</u>		<u>City of Batavia</u>		<u>City of St. Charles</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Management, professional & related occupations	4,885	51.86%	5,376	44.27%	6,441	42.80%
Service occupations	833	8.84%	1,317	10.84%	1,481	9.84%
Sales and office occupations	2,606	27.67%	3,406	28.05%	4,787	31.81%
Farming, forestry & fishing occupations	28	0.30%	-	0.00%	16	0.11%
Construction, extraction & maintenance occupations	427	4.53%	867	7.14%	981	6.52%
Production, transportation & material moving occupations	<u>640</u>	<u>6.79%</u>	<u>1,178</u>	<u>9.70%</u>	<u>1,344</u>	<u>8.93%</u>
Total	9,419	100.00%	12,144	100.00%	15,050	100.0%

<u>Occupation</u>	<u>Kane County</u>		<u>State of Illinois</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Management, professional & related occupations	63,523	32.38%	1,993,671	34.18%
Service occupations	24,251	12.36%	813,479	13.95%
Sales and office occupations	54,514	27.79%	1,609,939	27.60%
Farming, forestry & fishing occupations	608	0.31%	17,862	0.31%
Construction, extraction & maintenance occupations	17,467	8.90%	480,418	8.24%
Production, transportation & material moving occupation	<u>35,821</u>	<u>18.26%</u>	<u>917,816</u>	<u>15.73%</u>
Total	196,184	100.00%	5,833,185	100.00%

Source: U. S. Census Bureau, Social and Economic Characteristics (2000)

## Unemployment Rates

Unemployment statistics are not compiled specifically for the District. The following table shows the trend in annual average unemployment rates for the City of St. Charles, Kane County and the State of Illinois. Data is not published for municipalities having a population of less than 25,000 and, therefore, is not provided for the Cities of Geneva and Batavia.

	<u>City of St. Charles</u>	<u>Kane County</u>	<u>State of Illinois</u>
1992 - Average	6.7%	7.6%	7.6%
1993 - Average	4.1	6.9	7.5
1994 - Average	3.2	5.6	5.7
1995 - Average	4.5	4.9	5.2
1996 - Average	4.5	4.9	5.3
1997 - Average	3.8	4.6	4.7
1998 - Average	3.7	3.9	4.5
1999 - Average	3.4	3.8	4.3
2000 - Average	3.4	3.9	4.4
2001 - Average	5.2	5.2	5.4
2002 - Average	7.6	5.9	6.0
2003 - Average	6.6	7.0	6.4
2004 - Average*	5.8	5.2	5.7

\*As of 9/14/04

Source: State of Illinois Department of Employment Security

## Largest Employers

Below is a listing of the largest employers within the District area:

<u>Employer</u>	<u>Product or Service</u>	<u>Approximate Number of Employees</u>
Delnor-Community Hospital	General hospital	1,022
Burgess-Norton Mfg. Co.	Screw machine products, powdered metal parts & castings	900
Johnson Controls, Inc., Battery Group	Automobile batteries	300
Houghton-Mifflin Co.	Wholesale college & school textbooks	160
Gordon Flesch Co., Inc.	Photocopy & facsimile equipment sales	150
Miner Enterprises, Inc.	Railroad draft gears, hand brakes, snubbers, locking pins, truck door hardware & hopper car discharge devices	130
Continental Envelope Corp.	Envelopes	125
Carlton Home Healthcare	Medicare certified nursing services	125
Peacock Engineering Co.	Packaging & assembly	125
Kane County Chronicle	Newspaper printing	115

Source: 2004 Illinois Manufacturers Directory and 2003 Illinois Services Directory

## DEBT STRUCTURE

The District's statutory debt limit for general obligation debt is 13.8% of the total equalized assessed valuation of all taxable property located within the boundaries of the District. Based upon the 2003 Equalized Assessed Valuation of the District, the District's statutory debt limit is \$131,707,785. The District will have, including the Bonds, \$122,764,310.75 of outstanding debt applicable to this limit as set forth in the table below.

Debt instruments and other items included in the computation for determining outstanding general obligation indebtedness include the principal of outstanding general obligation bonds and any other long-term indebtedness which represents a direct claim against the District's tax receipts. Cash and investments available and applicable to the retirement of outstanding debt are deducted for purposes of determining compliance with the debt limits.

### Summary of Outstanding Bonded Debt of the District (as of November 1, 2004)

<u>Type</u>	<u>Dated Date</u>	<u>Original Amount of Issue</u>	<u>Current Amount Outstanding</u>	<u>Maturity Date</u>
G.O. School Bonds, Series 1992	11/01/92	\$24,575,000.00	5,630,000	6/1/05-10
G.O. School Bonds, Series 1995	11/15/95	6,000,000.00	1,375,000.00	1/1/05-06
Capital Appreciation Bonds, Series 1998	09/09/98	35,599,916.90	34,172,733.45	1/1/05-16
Capital Appreciation Bonds, Series 2001A	06/07/01	19,499,905.15	19,342,385.65	1/1/06-21
G.O. Limited Tax Bonds, Series 2001B	06/01/01	11,600,000.00	11,600,000.00	1/1/05-21
G.O. Refunding Bonds, Series 2002	12/15/02	6,715,000.00	6,070,000.00	1/1/05-10
G.O. School Bonds, Series 2004	01/01/04	2,790,000.00	2,790,000.00	1/1/24

### Outstanding General Obligation Debt of the District (as of November 1, 2004 and including the Bonds)

Outstanding Bond Issues	\$80,980,119.10
General Obligation School Bonds, Series 2004A	41,184,191.65
Lease and Installment Contracts	<u>600,000.00</u>

Total General Obligation Direct Debt	\$122,764,310.75
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### Overlapping Bonded Debt Outstanding (as of November 1, 2004)

<u>Taxing District</u>	<u>Outstanding Debt</u>	<u>Portion Applicable to the District Percent</u>	<u>Amount</u>
Kane County Forest Preserve District	131,915,000	9.42	\$12,429,031
City of Batavia	6,145,000	8.16	501,555
City of Geneva	22,049,094	100.00	22,049,094
City of St. Charles	37,875,000	0.17	65,524
Geneva Park District	7,947,000	91.03	7,234,790
St. Charles Park District	4,907,000	0.11	5,496
Batavia Public Library District 1998 Bonds	4,200,000	4.71	198,030
Batavia Public Library District 1999 Bonds	3,375,000	4.84	163,485
Geneva Special Service Area Number 1	364,000	100.00	364,000
Geneva Special Service Area Number 12	196,000	100.00	196,000
Geneva Special Service Area Number 22	1,925,000	100.00	1,925,000
Community College District Number 516	40,951,441	15.46	6,195,544

Total Overlapping General Obligation Debt	\$51,327,349.00
Total Direct Debt and Overlapping General Obligation Bonded Debt	\$174,091,659.75

Source: Kane County Clerk

District Present Estimated Population	24,600
2003 Estimated Full Valuation	\$2,863,212,708
2003 Equalized Assessed Valuation	\$954,404,236
Estimated Full Value per Capita	\$116,390.76

	% Full Value	Per Capita
Direct General Obligation Bonded Debt (including the Bonds)	\$122,764,311 4.29%	\$4,990.42
Direct Debt and Overlapping General Obligation Bonded Debt (including the Bonds)	\$174,091,660 6.08%	\$7,076.90

#### General Obligation Bonded Debt (Principal Only)

Year	\$24,575,000 Series 1992 June 1	\$6,000,000 Series 1995 January 1	\$35,599,916.90 Series 1998 January 1	\$19,499,905.15 Series 2001 January 1	\$11,600,000 Series 2001 January 1	\$6,715,000 Series 2002 January 1	\$2,790,000 Series 2004 January 1
2005	\$1,825,000	\$1,225,000	\$ 1,018,456.40	\$-0-	\$475,000	\$970,000	
2006	735,000	150,000	2,018,330.50	35,819.00	495,000	-0-	
2007	770,000		2,310,773.30	103,217.60	515,000	1,304,000	
2008	830,000		1,943,968.75	684,006.05	540,000	1,385,000	
2009	875,000		2,261,148.75	258,934.50	565,000	1,440,000	
2010	595,000		2,789,188.05	336,974.40	590,000	935,000	
2011			3,817,027.50	362,963.30	615,000		
2012			3,891,067.70	395,172.45	645,000		
2013			3,943,578.00	742,593.00	680,000		
2014			3,969,783.10	439,307.00	-0-		
2015			3,983,544.00	464,050.00	1,475,000		
2016			2,225,867.40	1,123,267.95	500,000		
2017				2,245,460.00	1,145,000		
2018				2,685,200.95	-0-		
2019				3,050,475.95	-0-		
2020				3,607,240.00	-0-		
2021				3,077,703.50	3,360,000		
2022							
2023							
2024							\$2,790,000
Total	\$5,630,000	\$1,375,000	\$34,172,733.45	\$19,342,385.65	\$11,600,000	\$6,070,000	\$2,790,000

This Series  
\$41,184,191.65  
Series 2004A  
January 1

2006	\$785,000.00
2007	180,000.00
2008	665,000.00
2009	1,760,000.00
2010	2,575,000.00
2011	3,230,000.00
2012	2,235,000.00
2013	2,880,000.00
2014	1,712,738.90
2015	1,874,649.90
2016	2,934,967.75
2017	5,976,835.10
2018	9,175,000.00
2019	5,200,000.00
Total	\$41,184,191.65

**Debt Limit (as of November 1, 2004 and including the Bonds)**

The District's statutory debt limit is 13.8% of the Equalized Assessed Valuation of all taxable property within the boundaries of the District.

	Statutory Debt Limit <u>13.8% of EAV</u>
2003 Equalized Assessed Valuation	\$954,404,236
Statutory Debt Limit @ 13.8%	\$131,707,785
Total Debt Applicable to Limit	\$122,764,311
Remaining Debt Margin	\$8,943,474

**Future Financing**

The District does not currently anticipate issuing bonds in the near future.

**Short-Term Debt**

As of the closing of this issue, the District has no anticipation warrants or notes outstanding.

**Real Property Assessment, Tax Levy and Collection****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 each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable 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. Relevant.



## Exemptions

Public Act 93-0715, effective July 12, 2004, made changes to a number of property tax exemptions taken by residential property owners. These changes are discussed below.

An annual General Homestead Exemption provides that the Equalized Assessed Valuation ("EAV") of certain property owned and used for residential purposes ("Residential Property") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$4,500 for taxable years prior to tax year 2004 in counties with 3,000,000 or more inhabitants, and \$3,500 in all other counties, and a maximum reduction of \$5,000 for taxable year 2004 and thereafter (the "General Homestead Exemption").

The new law creates the Alternative General Homestead Exemption (the "Alternative General Homestead Exemption") which caps property tax assessment increases for homeowners at 7% a year for a total of three years in counties that choose to adopt the provision by ordinance. Such ordinance must be adopted prior to January 12, 2005. If counties do not adopt such ordinance, the General Homestead Exemption will apply. In counties with fewer than 3,000,000 inhabitants, the Alternative General Homestead Exemption will apply for taxable years 2003, 2004 and 2005 if 2002 is the designated base year or 2004, 2005 and 2006 if 2003 is the designated base year. Specifically, the amount of the Alternative General Homestead Exemption is the EAV of the Residential Property for the current tax year minus the Adjusted Homestead Value with the following exception: the exemption shall not exceed \$20,000 for any taxable year. Assessors calculate the Adjusted Homestead Value by determining the lesser of (i) the homestead property's Base Homestead Value increased by 7% for each tax year after the base year (2002 or 2003) through and including the current tax year or (ii) the EAV of the homestead property for the current tax year minus \$3,500 in all counties in tax year 2003 or \$5,000 in all counties in tax year 2004 and thereafter. The Base Homestead Value equals the EAV of the homestead property for the base year prior to exemptions, minus \$3,500 in all counties in tax year 2003 or \$5,000 in all counties in tax year 2004 and thereafter. Furthermore, for the first tax year that the Alternative General Homestead Exemption no longer applies, there shall be an Additional General Homestead Exemption of \$5,000 awarded to Residential Property owners (i) who have not been granted a Senior Citizens Assessment Freeze Exemption for the taxable year, (ii) whose Residential Property has increased by more than 20% over the previous assessed valuation and (iii) who have a household income of \$30,000 or less. In 2006, the General Assembly will reevaluate the expanded exemption and decide if the Alternative General Homestead Exemption will expire or be renewed.

Additional exemptions exist for (i) senior citizens, with the exemption operating annually to reduce the EAV on a senior citizen's home for taxable years prior to 2004 by \$2,000 in all counties, and for taxable year 2004 and thereafter, the maximum reduction shall be \$3,000 in all counties; 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. Residential Properties that have been improved or rebuilt following a catastrophic event are entitled to the Homestead Improvement Exemption limited to \$45,000 through December 31, 2003, and \$75,000 per year beginning January 1, 2004 to the extent the assessed value is attributable solely to such improvements or rebuilding. A Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older and have annual incomes of \$35,000 or less prior to taxable year 1999, annual incomes of \$40,000 or less in taxable years 1999 through 2003 and \$45,000 or less in taxable year 2004 and 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 EAV of their residence and the EAV of their residence for the year prior to the year in which the senior citizen first qualifies and applies for the Exemption (plus the EAV of improvements since such year). Beginning with assessment year 2003, for taxes payable in 2004, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a pro-rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption. In addition, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit and public schools, churches, and not-for-profit and public hospitals.

## Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law, as amended (the "Limitation Law") limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home rule units, including the District. In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations.

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 they are approved by referendum, are alternate bonds or are for certain refunding purposes.

Local governments, including the Issuer, can issue limited tax bonds in lieu of general obligation bonds that have otherwise been authorized by applicable law.

## 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.

## TAX BASE INFORMATION

### Composition of Equalized Assessed Valuation

Type of Property	1999	2000	2001	2002	2003
Rural	\$ 8,942,477	\$9,176,183	\$ 9,495,783	\$ 10,044,588	\$ 10,910,501
Residential	440,705,041	485,394,253	556,538,157	635,244,215	716,461,044
Commercial	82,886,378	87,822,905	95,339,925	103,945,485	140,788,852
Industrial	61,797,767	71,451,344	85,143,272	90,553,451	85,585,542
Railroad	468,250	488,519	510,919	608,144	658,297
Total	\$594,799,913	\$654,333,204	\$747,028,056	\$840,395,883	\$954,404,236

Source: Kane County Clerk's Office

### Tax Extensions and Collections

Tax Levy/ Collection Year	Net Tax Extension	Total Collection	Percent Collected
1998/99	\$24,872,685	\$24,634,463	99.04%
1999/00	26,673,802	26,449,893	99.16
2000/01	31,055,308	30,965,661	99.71
2001/02	36,304,817	36,168,770	99.63
2002/03	42,360,155	42,154,748	99.52
2003/04*	47,354,675	45,042,486	95.11

\*partial distribution

Source: Kane County Treasurer's Office

# **Tax Rate Trend-per \$100 of Equalized Assessed Valuation**

<u>Fund</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	Maximum Authorized <u>Rate</u>
Educational	2.7800	2.8357	2.7275	2.9473	2.9100	3.0800
Tort Immunity	.0000	.1028	.2869	.1980	.1800	None
Operations & Maintenance	.6335	.6424	.6456	.6750	.6750	.6750
Transportation	.1606	.1989	.1913	.2000	.2000	.2000
Municipal Retirement	.0939	.1243	.1300	.1160	.1060	None
Social Security	.0237	.0497	.1000	.1050	.0950	None
Working Cash Bonds	.0000	.0000	.0192	.1311	.1153	None
Bond and Interest	.7553	.5971	.5930	.6281	.6404	None
Special Education	.0375	.0398	.0383	.0400	.0400	.0400
Fire & Safety Bonds	.0000	.1554	.1281	.0000	.0000	
<b>Total</b>	<b>4.4845</b>	<b>4.7461</b>	<b>4.8599</b>	<b>5.0405</b>	<b>4.9617</b>	

Source: Kane County Clerk's Office

## **Representative Tax Rate (per \$100 EAV)**

<u>Taxing Body</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Community Unit School District Number 304	4.4845	4.7461	4.8599	5.0405	4.9617
Kane County	.4772	.4677	.4529	.4292	.3578
Kane County Forest Preserve District	.1985	.1623	.1520	.1395	.1270
Geneva Township	.0000	.0549	.0517	.0494	.0466
Geneva Township Road District	.0292	.0278	.0264	.0250	.0236
City of Geneva	.7851	.7765	.7393	.7417	.6949
Geneva Park District	.4339	.4444	.4626	.4376	.4357
Geneva Public Library District	.3862	.3787	.3652	.3213	.3028
Community College District Number 516	.4358	.4295	.4131	.4043	.4134
<b>Total</b>	<b>7.2304</b>	<b>7.4879</b>	<b>7.5231</b>	<b>7.5885</b>	<b>7.3635</b>

Source: Kane County Clerk's Office

## **Largest Taxpayers**

The following are among the largest taxpayers in the District:

<u>Taxpayer Name</u>	<u>Product/Service</u>	<u>2003 Equalized Assessed Valuation</u>
Geneva Retail Company, LLC	Shopping center	\$18,561,106
Millard Refrigerated Service	Refrigerated storage	9,790,157
Inland Real Estate Illinois LLC	Stores, bank & parking	9,332,400
Delnor Community Health Systems, Healthcare Foundation & Hospital	Health center, medical offices & parking	5,858,737
Brittany Court Limited Partnership	Apartment buildings & parking	5,582,775
Geneva Realty LLC	Industrial property	5,466,805
NPG Realty Sub LP	Eaglebrook Country Club, golf course	5,339,689
Vista Investments, Inc.	Industrial building & parking	4,161,756
VWR Scientific Products Corporation	Industrial building & parking	3,810,296
Fabayan Crossing I & II, LLC	Shopping center	3,233,330

Source: County Assessor's Office. Note that valuations are obtained from the warrant book which provides details as to owner, valuation, tax bill amount, etc. for each parcel in the County. These books are searched, noting larger assessed valuations within the District. Since a taxpayer may own numerous parcels in the District, such a taxpayer may be overlooked. Thus, the valuations presented herewith are noted as approximations.

## **FINANCIAL INFORMATION**

### **Summary of Operations**

The District maintains its accounting records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from sales of bonds are included as Other Financing Sources in the appropriate fund on the date received. Related bond principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

Appendix A attached hereto contains the audited financial statements of the District for the fiscal year ended June 30, 2004. Appendix A should be read in its entirety in connection with the following information.

The following pages set forth (i) a summary of Revenues, Expenditures and Changes in Fund Balance for the District for the fiscal years ended June 30, 2000 through 2004 and (ii) the District's balance sheet for the Working Cash Fund. This summary is qualified in its entirety by reference to the audited financial statements of the District for the fiscal years ended June 30, 2000 through 2004 copies of which are available upon request from the District.

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - MODIFIED ACCRUAL BASIS  
GENERAL FUND (OPERATIONS/MAINTENANCE & EDUCATIONAL FUND)  
FISCAL YEAR ENDING JUNE 30**

<u>Revenues</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenue from Local Sources	\$21,552,325	\$25,615,646	\$28,099,494	\$33,716,055	\$37,173,558
Flow-Through Sources	-0-	-0-	-0-	-0-	685,799
Revenue from State Sources	4,173,670	5,369,604	6,969,341	5,576,705	9,684,658
Revenue from Federal Sources	<u>641,79</u>	<u>896,881</u>	<u>769,835</u>	<u>839,498</u>	<u>234,757</u>
Total Revenues	\$26,367,788	\$31,882,131	\$35,838,670	\$40,132,258	\$47,778,772
 <u>Expenditures</u>					
Instruction	\$19,440,203	\$22,039,901	\$25,165,813	\$26,073,880	\$27,684,423
Support Services	6,264,007	6,845,872	7,689,256	12,739,608	15,443,760
Nonprogrammed	-0-	-0-	-0-	1,303,325	1,151,993
Operations and maintenance	3,053,444	3,622,475	3,873,142	-0-	-0-
Debt Services	168,550	316,733	150,098	-0-	-0-
Community Services	-0-	-0-	-0-	-0-	3,778
Capital Outlay	<u>2,025,585</u>	<u>1,373,838</u>	<u>1,184,960</u>	<u>627,269</u>	<u>815,354</u>
Total Expenditures	\$30,951,789	\$34,198,819	\$38,063,269	\$40,744,082	\$45,099,308
Excess (Deficiency) of revenue over expenditures	\$(4,584,001)	\$(2316,688)	\$(2,224,599)	\$(611,824)	\$2,679,464
 <u>Other Financing Sources</u>					
Operating Transfers In	\$-0-	\$1,500,000	\$1,463,802	\$597,923	\$2,830,257
Operating Transfers Out	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(76,180)</u>	<u>(7,167)</u>
Total Other Financing Sources	\$-0-	\$1,500,000	\$1,463,802	(521,743)	\$2,823,090
Excess (Deficiency) of revenue over expenditures and other uses	\$(4,584,001)	\$(816,688)	\$(760,797)	\$(90,081)	\$5,502,554
Change in Accounting Basis	\$-0-	\$-0-	\$-0-	\$253,284	\$-0-
Fund Balance, July 1 of previous year	\$1,410,382	\$(3,173,619)	\$(3,990,307)	\$(4,751,104)	\$(4,587,901)
Fund Balance, June 30 of current year	\$(3,173,619)	\$(3,990,307)	\$(4,751,104)	\$(4,587,901)	\$914,653

**Working Cash Fund**

The District is authorized to issue general obligation bonds to create a Working Cash Fund. Such fund can also be created or increased by a levy of an annual tax not to exceed \$.05 per hundred dollars of equalized assessed valuation. The purpose of the fund is to enable the District to have sufficient money to meet demands for ordinary and necessary expenditures for school operating purposes. In order to achieve this purpose, the money in the Working Cash Fund may be loaned, in whole or in part, as authorized and directed by the Board of Education of the District, to any fund of the District in anticipation of the receipt by the District of money from the State of Illinois, the Federal government or other sources, or in anticipation of corporate personal property replacement taxes to be received by the District.

**STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – MODIFIED ACCRUAL BASIS  
WORKING CASH FUND  
FISCAL YEAR ENDING JUNE 30**

<u>Revenue</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenue from Local Sources	\$45	\$9,999	\$181,620	\$85,765	\$65,366
Total Revenue	\$45	\$9,999	\$181,620	\$85,765	\$65,366
<u>Expenditures</u>					
Total Expenditures	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
Excess (Deficiency) of revenue over expenditures	\$45	\$9,999	\$181,620	\$85,765	\$65,366
<u>Other Financing Sources</u>					
Operating Transfers In	\$-0-	\$11,943,437	\$-0-	\$-0-	\$-0-
Operating Transfers Out	<u>-0-</u>	<u>-0-</u>	<u>\$-0-</u>	<u>\$(367,903)</u>	<u>\$(65,366)</u>
Total Other Financing Sources	\$-0-	\$11,943,437	\$-0-	\$(367,903)	\$(65,366)
Excess (Deficiency) of revenue over expenditures and other uses	\$45	\$11,943,437	\$181,620	\$(282,138)	\$-0-
Fund Balance, July 1 of previous year	\$2,350,776	\$2,350,821	\$14,304,257	\$14,485,877	\$14,203,739
Fund Balance, June 30 of current year	\$2,350,821	\$14,304,257	\$14,485,877	\$14,203,739	\$14,203,769

**Pension and Retirement Plan**

In addition to Social Security, the District participates in two retirement systems the Teacher's Retirement System of the State of Illinois ("TRS") and the Illinois Municipal Retirement Fund ("IMRF"). Information regarding the District's obligations to these systems is described in Appendix A, Audited Financial Statements for the fiscal year ending June 30, 2004, Note 7.

**CONTINUING DISCLOSURE**

The District will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under "THE UNDERTAKING."

A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See "THE UNDERTAKING – Consequences of Failure of the District to Provide Information." A failure by the District to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District did not file Audited Financial Statements (as hereinafter defined) or Annual Financial Information (as hereinafter defined) within the time prescribed by a previous continuing disclosure undertaking for its fiscal years ending June 30, 1998, June 30, 1999, June 30, 2000 and June 30, 2001. Notice of the failure to timely provide such Audited Financial Statements and Annual Financial Statements for each such fiscal year was provided to each NRMSIR (as hereinafter defined) as of July 17, 2002, and the District simultaneously filed with each NRMSIR the required Audited Financial Statements and Annual Financial Information. Audited Financial Statements and Annual Financial Information for fiscal years 2002 and 2003 were filed on December 10, 2002 and December 23, 2003, respectively.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

### **THE UNDERTAKING**

The following is a brief summary of certain provisions of the Undertaking of the District and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the District.

#### **Annual Financial Information Disclosure**

The District covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below), to each Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") then recognized by the Securities and Exchange Commission (the "Commission") for purposes of the Rule and to the repository, if any, designated by the State of Illinois as the state depository (the "SID") and recognized as such by the Commission for purposes of the Rule. The District is required to deliver such information so that such entities receive the information by the dates specified in the Undertaking; provided, however, if the Audited Financial Statements are not available by the dates specified in the Undertaking, the Annual Financial Information shall include unaudited financial statements.

"Annual Financial Information" means financial information and operating data from the Final Official Statement under the captions "DEBT STRUCTURE" (other than with respect to overlapping debt); "TAX BASE INFORMATION - Composition of Equalized Assessed Valuation"; - "Tax Extensions and Collections"; and "Tax Rate Trend - per \$100 of Equalized Assessed Valuation"; and "FINANCIAL INFORMATION". This information will be provided to each NRMSIR and the SID, if any, within 210 days of the end of the District's fiscal year.

"Audited Financial Statements" means the District's audited financial statements prepared in accordance with generally accepted accounting principles.

#### **Material Events Disclosure**

The District covenants that it will disseminate to each NRMSIR then recognized by the Commission or to the Municipal Securities Rulemaking Board (the "MSRB") and to the SID, if any, in a timely manner the disclosure of the occurrence of an Event (as described below) with respect to the Bonds that is material, as materiality is interpreted under the Securities Exchange Act of 1934, as amended. The "Events" are:

- Principal and interest payment delinquencies
- Non-payment related defaults
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions or events affecting the tax-exempt status of the Bonds
- Modifications to the rights of the Bond holders
- Bond calls
- Defeasances
- Release, substitution or sale of property securing repayment of the Bonds
- Rating changes

Certain of these Events may not be applicable to the Bonds.

### **Consequences of Failure of the District to Provide Information**

The District shall give notice in a timely manner to each NRMSIR or to the MSRB, and to the SID, if any, of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure to comply with any provisions of the Undertaking, the Beneficial Owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Resolution and the sole remedy under the Undertaking in the event of any failure of the District to comply with the Undertaking shall be an action to compel performance.

Notwithstanding any other provisions of the Undertaking, the District by resolution authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived if:

- (a) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the District, or type of business conducted;
- (b) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as Bond Counsel).

### **Termination of Undertaking**

The Undertaking shall be terminated if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Resolution. The District shall give notice to each NRMSIR or to the MSRB and to the SID, if any, in a timely manner if this paragraph is applicable.

### **Additional Information**

Nothing in the Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the District chooses to include any information from any document or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the District shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a material Event.

### **Dissemination Agent**

The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.



## **UNDERWRITING**

Hutchinson, Shockey, Erley & Co. (the "Underwriter"), has agreed to purchase the Bonds from the District at a purchase price of par plus a premium of \$775,000 for the Current Interest Bonds, and a premium of \$4,226,808.35 for the Capital Appreciation Bonds. The underwriter is charging 1.438% of par and 1.282% of proceeds after expenses. The Bonds may be offered and sold to certain dealers and others at prices lower than the offering prices stated in terms of yield on the inside cover page of this Official Statement. The offering prices may be changed from time to time.

## **TAX MATTERS**

### **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 therewith, and certain other matters. The District 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 District'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 District with respect to certain material facts solely within the District's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income (AMTI), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the 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 the 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. It cannot be predicted 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 District as the taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

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

### **Original Issue Discount**

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

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

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

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

### **CERTAIN LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (the "*Bond Counsel*"), who has been retained by, and acts as, Bond Counsel to the District. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Underwriter, supplied the information under the heading "Tax Matters". The proposed form of such opinion is included in this Official Statement as Appendix B.

### **LITIGATION**

There is no controversy or litigation of any nature now pending or, to the knowledge of the District, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or the levy and collection of taxes to pay the same; or questioning the proceedings or authority pursuant to which the Bonds are issued and taxes levied, or questioning or relating to the validity of the Bonds or contesting the corporate existence of the District or the titles of its present officers to their respective offices.

### **AUTHORIZATION**

This Official Statement has been approved for distribution to prospective purchasers and the Underwriter of the Bonds, by the District. All of the statements and data presented herein have been obtained from sources which the District believes to be reliable and correct but are not guaranteed by the District as to accuracy and completeness.

At the time of delivery of the Bonds, the District will provide a certificate executed by officials of the District stating that, to the best of their knowledge and belief this Official Statement, as of its date and as of the date of delivery of the Bonds, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein, in light of the circumstances under which they are made, not misleading.

By /s/ Dean Kilburg  
President, Board of Education  
Community Unit School District Number 304  
Kane County, Illinois

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**APPENDIX A**

**Audited Financial Statements for  
Community Unit School District Number 304  
Kane County, Illinois  
(Geneva)  
for the Year ended June 30, 2004**

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**Geneva Community Unit School  
District No. 304**

**Audited Financial Statements  
and Supplemental  
Financial Information**

**June 30, 2004**





# GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

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# GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

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**Independent Auditor's Report**

August 3, 2004

Board of Education  
Geneva Community Unit  
School District No. 304  
Geneva, Illinois

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Geneva Community Unit School District No. 304, Geneva, Illinois as of and for the year ended June 30, 2004, as shown on pages five through ten, which collectively comprise a portion of the District's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the School District's Board of Education. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the District's governmental activities, business-type activities, and discretely presented component units are not reasonably determinable.

Management has not recorded certain general fixed assets in governmental activities and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general fixed assets be capitalized and depreciated, which would increase the assets and expenses of the governmental activities. The amount by which this departure would affect the assets and expenses of the governmental activities is not reasonable determinable.



As discussed in Note 1, Geneva Community Unit School District No. 304, Geneva, Illinois prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of Geneva Community Unit School District No. 304, Geneva, Illinois as of June 30, 2004, and the changes in financial position thereof for the year then ended.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated August 3, 2004 on our consideration of Geneva Community Unit School District No. 304's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying statements and schedules listed as "Supplemental Information" in the Table on Contents are presented for purposes of additional analysis and are not a required part of the financial statements of Geneva Community Unit School District No. 304. The "Supplemental Information" has been subjected to the auditing procedures applied in the audit of the financial statements referred to above and, in our opinion, is fairly stated in all material respects in relation to the financial statements as a whole. Also, the average daily attendance statistics presented on Schedule 7 were not audited and accordingly we express no opinion on them.

*Bark Associates Ltd*

BARK ASSOCIATES LTD  
Certified Public Accountants  
Arlington Heights, Illinois





**Report on Compliance and on Internal Control over  
Financial Reporting based on an Audit of Financial  
Statements Performed in Accordance with  
*Government Auditing Standards***

The Board of Education  
Geneva Community Unit  
School District No. 304  
Geneva, Illinois

We have audited the financial statements of Geneva Community Unit School District No. 304 as of and for the year ended June 30, 2004, and have issued our report thereon dated August 3, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Geneva Community Unit School District No. 304's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Geneva Community Unit School District No. 304's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be a material weakness.



The Board of Education  
Geneva, Illinois

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

*Bark Associates Ltd*

BARK ASSOCIATES LTD.  
Certified Public Accountants  
Arlington Heights, Illinois  
August 3, 2004

**GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304**

**Combined Statement of Assets, Liabilities and Fund Equity Arising  
from Cash Transactions - All Fund Types and Account Groups**

June 30, 2004

Assets and Other Debits	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Assets</u></b>				
Cash and Investments	\$ 10,079,985	\$ 4,383,335	\$ 2,789,003	\$ 2,061,491
Due from Other Funds	-	-	-	-
Land, Buildings and Equipment	-	-	-	-
<b><u>Other Debits</u></b>				
Amount Available in Debt Service Fund	-	-	-	-
Amount to be Provided for the Retirement of Long-Term Debt	-	-	-	-
<b>Total Assets and Other Debits</b>	<b>\$ 10,079,985</b>	<b>\$ 4,383,335</b>	<b>\$ 2,789,003</b>	<b>\$ 2,061,491</b>
<b><u>Liabilities, Fund Equity and Other Credits</u></b>				
<b><u>Liabilities</u></b>				
Due to Student Organizations	\$ 2,902	\$ -	\$ -	\$ -
Due to Employees	10,325	-	-	-
Due to Other Funds	9,152,105	-	-	-
General Obligation Bonds Payable	-	-	-	-
<b>Total Liabilities</b>	<b>9,165,332</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Fund Equity and Other Credits</u></b>				
Investment in General Fixed Assets	-	-	-	-
Fund Balances				
Reserved	3,097,180	-	2,789,003	2,061,491
Unreserved				
Undesignated	( 2,182,527)	4,383,335	-	-
<b>Total Fund Equity and Other Credits</b>	<b>914,653</b>	<b>4,383,335</b>	<b>2,789,003</b>	<b>2,061,491</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 10,079,985</b>	<b>\$ 4,383,335</b>	<b>\$ 2,789,003</b>	<b>\$ 2,061,491</b>

See Accompanying Notes to

Fiduciary Fund Types	Account Groups		Total (Memorandum Only) 2004
	General Fixed Assets	General Long-Term Debt	
\$ 5,662,182	\$ -	\$ -	\$ 24,975,996
9,152,105	-	-	9,152,105
-	135,694,882	-	135,694,882
-	-	2,789,003	2,789,003
-	-	78,191,116	78,191,116
\$ 14,814,287	\$ 135,694,882	\$ 80,980,119	\$ 250,803,102
\$ 610,548	\$ -	\$ -	\$ 613,450
-	-	-	10,325
-	-	-	9,152,105
-	-	80,980,119	80,980,119
610,548	-	80,980,119	90,755,999
-	135,694,882	-	135,694,882
-	-	-	7,947,674
14,203,739	-	-	16,404,547
14,203,739	135,694,882	-	160,047,103
\$ 14,814,287	\$ 135,694,882	\$ 80,980,119	\$ 250,813,102

**GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304****Combined Statement of Revenues Received, Expenditures Disbursed  
and Changes in Fund Balances**

All Governmental Fund Types and Expendable Trust Fund

Year Ended June 30, 2004

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<b>Revenues</b>			
Local Sources			
Taxes	\$ 34,347,233	\$ 3,654,432	\$ 6,679,940
Tuition	74,047	-	-
Transportation Fees	-	27,843	-
Earnings on Investments	10,975	10,128	14,790
Food Services	1,540,885	-	-
Pupil Activities	703,473	-	-
Other	496,945	-	-
Flow-Through Sources	685,799	-	-
State Sources	9,684,658	1,457,830	-
Federal Sources	234,757	-	-
<b>Total Revenues</b>	<b>47,778,772</b>	<b>5,150,233</b>	<b>6,694,730</b>
<b>Expenditures</b>			
Current Operating			
Instruction	27,684,423	446,192	-
Support Services	15,443,760	2,920,527	-
Community Services	3,778	-	-
Nonprogrammed Charges	1,151,993	-	-
Capital Outlay	815,354	2,315,545	-
Debt Service	-	-	5,765,137
<b>Total Expenditures</b>	<b>45,099,308</b>	<b>5,682,264</b>	<b>5,765,137</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,679,464</b>	<b>( 532,031)</b>	<b>929,593</b>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers-In	2,830,257	-	-
Operating Transfers-Out	( 7,167)	( 5,729)	( 30,166)
Sale of Fixed Assets	-	29,000	-
Sale of Bonds	-	3,000,000	15,376
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	<b>5,502,554</b>	<b>2,491,240</b>	<b>914,803</b>
<b>Fund Balances (Deficit), July 1, 2003</b>	<b>( 4,587,901)</b>	<b>1,892,095</b>	<b>1,874,200</b>
<b>Fund Balances, June 30, 2004</b>	<b>\$ 914,653</b>	<b>\$ 4,383,335</b>	<b>\$ 2,789,003</b>

See Accompanying Notes to

Exhibit B

Capital Projects	Fiduciary Fund Types Expendable Trust	Total (Memorandum Only) 2004
\$ -	\$ -	\$ 44,681,605
-	-	74,047
-	-	27,843
24,100	65,366	125,359
-	-	1,540,885
-	-	703,473
40,717	-	537,662
-	-	685,799
-	-	11,142,488
-	-	234,757
64,817	65,366	59,753,918
-	-	28,130,615
-	-	18,364,287
-	-	3,778
-	-	1,151,993
2,087,915	-	5,218,814
-	-	5,765,137
2,087,915	-	58,634,624
( 2,023,098)	65,366	1,119,294
-	-	2,830,257
( 2,721,829)	( 65,366)	( 2,830,257)
-	-	29,000
-	-	3,000,000
( 4,744,927)	-	4,163,670
6,806,418	14,203,739	20,188,551
\$ 2,061,491	\$ 14,203,739	\$ 24,352,221

Combined Financial Statements

**GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304**

**Combined Statement of Revenues Received, Expenditures Disbursed and  
Changes in Fund Balances - Budget and Actual**

**General and Special Revenue Funds**

**Year Ended June 30, 2004**

	<u>General Fund</u>		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues Received			
Local Sources	\$ 36,448,051	\$ 37,173,558	\$ 725,507
Flow-Through Sources	584,958	685,799	100,841
State Sources	7,251,683	9,684,658	2,432,975
Federal Sources	292,800	234,757	( 58,043)
<b>Total Revenues Received</b>	<b>44,577,492</b>	<b>47,778,772</b>	<b>3,201,280</b>
Expenditures Disbursed			
Current Operating			
Instruction	28,677,168	27,684,423	992,745
Support Services	14,866,152	15,443,760	( 577,608)
Community Services	-	3,778	( 3,778)
Nonprogrammed Charges	1,401,074	1,151,993	249,081
Capital Outlay	1,789,397	815,354	974,043
Provision for Contingencies	350,000	-	350,000
<b>Total Expenditures Disbursed</b>	<b>47,083,791</b>	<b>45,099,308</b>	<b>1,984,483</b>
Excess of Revenues Received Over (Under) Expenditures Disbursed	( 2,506,299)	2,679,464	5,185,763
Other Financing Sources			
Operating Transfer-In	140,630	2,830,257	2,689,627
Operating Transfer-Out	( 18,537)	( 7,167)	11,370
Sale of Fixed Assets	-	-	-
Sale of Bonds	-	-	-
Excess of Revenues Received and Other Financing Sources Over (Under) Expenditures Disbursed	(\$ 2,384,206)	5,502,554	\$ 7,886,760
<b>Fund Balances (Deficit), July 1, 2003</b>		( 4,587,901)	
<b>Fund Balances, June 30, 2004</b>		\$ 914,653	

See Accompanying Notes to



<u>Special Revenue Fund</u>		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 3,752,996	\$ 3,692,403	(\$ 60,593)
-	-	-
1,055,645	1,457,830	402,185
-	-	-
4,808,641	5,150,233	341,592
464,358	446,192	18,166
2,958,782	2,920,527	38,255
-	-	-
-	-	-
843,695	2,315,545	( 1,471,850)
30,000	-	30,000
4,296,835	5,682,264	( 1,385,429)
511,806	( 532,031)	( 1,043,837)
-	-	-
( 7,681)	( 5,729)	1,952
29,000	29,000	-
-	3,000,000	3,000,000
\$ <u>533,125</u>	2,491,240	\$ <u>1,958,115</u>
	<u>1,892,095</u>	
	\$ <u>4,383,335</u>	

Combined Financial Statements



## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

### Notes to Combined Financial Statements

Year Ended June 30, 2004

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#### **(1) Summary of Significant Accounting Policies**

Geneva Community Unit School District No. 304 (the District) is governed by an elected Board of Education. The District's accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide.

##### ***(a) Principles Used to Determine the Scope of the Reporting Entity***

The District includes all funds and account groups of its governmental operations that are controlled by or dependent upon the District as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will and fiscal dependency. The accompanying financial statements include only those funds and account groups of the District as there are no other organizations for which it has financial accountability.

##### ***(b) Basis of Presentation - Fund Accounting***

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities (arising from cash transactions), fund balance, revenues received and expenditures disbursed. The District maintains individual funds required by the State of Illinois. The various funds are summarized by type in the financial statements. The funds are grouped, as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the District.

##### ***Governmental Fund Types***

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

(Continued)

## **GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304**

### **Notes to Combined Financial Statements**

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#### ***General Fund***

The General Fund, which consists of the Educational Fund and Operations and Maintenance Fund, is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Tort Immunity and Special Education are included in these funds.

#### ***Special Revenue Funds***

The Special Revenue Funds, which include both the Transportation Fund and the Illinois Municipal Retirement/Social Security Fund, are used to account for revenue received from specific revenue sources (other than those accounted for in the Debt Service or Fiduciary Funds) that are legally restricted to expenditures disbursed for specified purposes.

#### ***Debt Service Fund***

The Debt Service Fund (Bond and Interest) accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

#### ***Capital Projects Fund***

The Capital Projects fund (Site and Construction and Fire Prevention and Safety) accounts for the bond proceeds to be used for building and equipment for new District buildings and improvements.

#### ***Fiduciary Fund Types***

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

#### ***Expendable Trust Fund***

The Expendable Trust Fund (Working Cash Fund) accounts for financial resources to be used for temporary interfund loans to the Governmental Funds.

#### ***Agency Funds***

The Agency Funds (Activity Funds) include both Student Activity Funds and Convenience Accounts. They account for assets held by the District as an agent for the students and teachers. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the activity fund organizations are equal to the assets.

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

### Note to Combined Financial Statements

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#### *Governmental and Expendable Trust Funds - Measurement Focus*

The financial statements of all Governmental Funds and Expendable Trust Funds focus on the measurement of spending or "financial flow" and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues received and other financing sources) and decreases (expenditures disbursed and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

#### *General Fixed Assets and General Long-Term Debt Account Groups*

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Long-term liabilities are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not funds. They are concerned only with the measurement of financial position and not with measurement of results of operations.

#### *(c) Basis of Accounting*

Basis of accounting refers to when the revenues received and expenditures disbursed are recognized in the accounts and how they are reported within the financial statements. The District maintains its accounting records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

### Notes to Combined Financial Statements

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Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from sales of bonds are included as Other Financing Sources in the appropriate fund on the date received. Related bond principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

#### ***(d) Budgets and Budgetary Accounting***

The budget for all Governmental Fund Types and for the Expendable Trust Fund is prepared on the cash basis of accounting, which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with the Illinois Compiled Statutes.

For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts, however any budget excesses were absorbed by surpluses that existed at the beginning of the year. The budget lapses at the end of each fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to July 1, 2003, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures disbursed and the means of financing them.
- (2) A public hearing was conducted at a public meeting to obtain taxpayers comments.
- (3) The budget was passed on August 25, 2003 through passage of a resolution by the Board of Education.
- (4) Formal budgetary integration is employed as a management control device during the year.
- (5) The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

### Notes to Combined Financial Statements

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- (6) The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

#### ***(e) Investments***

Investments are stated at fair value. Gains or losses on the sale of investments are recognized upon realization. In accordance with the District cash and investment management policy, the institutions in which investments are made must be approved by the Board of Education.

#### ***(f) General Fixed Assets***

General fixed assets have been acquired for general governmental purposes. At the time of purchase, assets are recorded as expenditures disbursed in the Governmental or Activity Funds and capitalized at cost in the general fixed assets account group. Donated general fixed assets are stated at estimated fair market value as of the date of acquisition. Assets acquired through leases considered to be capital leases in conformity with generally accepted accounting principles are recorded as expenditures disbursed in the governmental funds and capitalized at cost, excluding interest, in the general fixed assets account group. Depreciation accounting is not considered applicable (except to determine the per capita tuition charge).

#### ***(g) Accumulated Unpaid Vacation, Sick Pay and Other Employee Benefits***

Employee vacation and sick leave is recorded when it is paid. Accumulated unpaid employee vacation and sick leave was earned prior to the current fiscal year but unused at the end of the current fiscal year is not material to the financial statements and therefore has not been reported as a liability of the governmental funds.

#### ***(h) Total Memorandum Only***

The "Total Memorandum Only" column represents the aggregation (by addition) of the line item amounts reported for each fund type and account group. No consolidating or other elimination's were made in arriving at the totals; thus, they do not present consolidated information.

These totals are presented to facilitate financial analysis and are not intended to reflect the financial position or results of operations of the District as a whole.

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

### Notes to Combined Financial Statements

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#### (2) Property Taxes

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The levy was passed by the Board on December 8, 2003. Property taxes attach as an enforceable lien on property as of January 1 in the year the levy was made and are payable in two installments on approximately June 1 and September 1. The District receives significant distributions of tax receipts approximately one month after these due dates.

The following are the Kane County comparative property tax rates for the past two levy years:

		<u>Levy Years</u>	
		<u>2003</u>	<u>2002</u>
Assessed Valuation		\$ <u>954,404,236</u>	\$ <u>840,395,883</u>
<u>Tax Rates</u>	(A)		
Educational	3.0800	2.910	2.947
Tort Immunity	(B)	.180	.198
Special Education	.0400	.040	.040
Operations and Maintenance	.6750	.675	.675
Transportation	.2000	.200	.200
Municipal Retirement	(B)	.106	.116
Social Security	(B)	.095	.105
Bond and Interest	(B)	.756	.759
Total		<u>4.962</u>	<u>5.040</u>

(A) Maximum tax rates per \$100 of assessed valuation

(B) Rates as needed

(Continued)



# GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

## Notes to Combined Financial Statements

	<u>Levy Year</u>	
	<u>2003</u>	<u>2002</u>
<u>Extensions</u>		
Educational	\$ 27,773,163	\$ 24,768,987
Tort Immunity	1,717,928	1,663,984
Special Education	381,762	336,158
Operations and Maintenance	6,442,229	5,672,672
Transportation	1,908,808	1,680,792
Municipal Retirement	1,011,668	974,859
Social Security	906,684	882,416
Bond and Interest	7,212,433	6,380,286
Total	<u>\$ 47,354,675</u>	<u>\$ 42,360,154</u>
Total Collections	<u>\$ 22,508,138</u>	<u>\$ 42,154,748</u>
Percentage of Extensions Collected	<u>47.53%</u>	<u>99.52%</u>

Note: The 2003 taxes are in the process of collection at June 30, 2004.

### (3) Personal Property Replacement Tax

During 2003/04, four installments of the 2003 and four installments of the 2004 Personal Property Replacement Taxes were received. Of the \$584,030 received \$32,121 was credited to the Illinois Municipal Retirement/Social Security Fund to satisfy the statutory lien on this money. The balance of \$551,909 was allocated to the Educational Fund.

### (4) Special Tax Levies and Restricted Equity

#### (a) Tort Immunity

Revenues received and the related expenditures of this restricted tax levy are accounted for in the General (Educational) Fund. A portion, \$3,097,180 of the Educational equity represents the excess of cumulative revenues received over cumulative expenditures which is restricted for future Tort Immunity expenditures in accordance with the Illinois Compiled Statutes.

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

### Notes to Combined Financial Statements

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#### *(b) Special Education*

Revenues received and the related expenditures disbursed of this restricted tax levy are accounted for in the Educational Fund. Cumulative expenditures disbursed exceeded cumulative revenues received, therefore, there is no restriction of these funds in accordance with the Illinois Compiled Statutes.

#### **(5) Cash and Investments**

The District is allowed to invest in securities as authorized by the School Code of Illinois, Chapter 85, Sections 902 and 906: and Chapter 122, Section 8-7.

#### *(a) Deposits*

At June 30, 2004, the carrying amount of the District's deposits was \$20,077,336, which excludes a \$400 of petty cash held at the District, the bank balances were \$21,256,746. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

Category #1	\$ 1,065,820
Category #2	14,943,437
Category #3	4,790,811
Illinois School District	
Liquid Asset Fund	<u>456,678</u>
	<u>\$ 21,256,746</u>

Category #1 includes deposits covered by depositing insurance or collateral held by the District in the District's name.

Category #2 includes deposits covered by collateral held by the financial institution's trust department in the District's name.

Category #3 includes deposits which are uncollateralized or for which the collateral is held by the financial institution's trust department, but not in the District's name.

The District classifies Certificates of Deposit as deposits in accordance with Governmental Reporting Standards.

(Continued)

# **GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304**

## Notes to Combined Financial Statements

### **(b) Investments**

The following table categorizes the investments according to levels of risk:

	Category #1	Category #2	Category #3	Carrying Amount
Government Securities	\$ 4,898,660	\$ -	\$ -	\$ 4,898,660

Category #1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District'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 District's name.

Category #3 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent, but not in the District's name.

### **(6) Changes in General Fixed Assets**

Changes in General Fixed Assets for the year ending June 30, 2004 were:

	Balance 7/1/03	Additions	Deletions	Balance 6/30/04
Land	\$ 3,274,981	\$ -	\$ -	\$ 3,274,981
Buildings	113,005,236	4,646,640	-	117,651,876
Improvements Other than Buildings	1,897,355	-	-	1,897,355
Equipment Other than Transportation	9,898,180	268,479	-	10,166,659
Transportation Equipment	2,364,923	303,695	29,000	2,639,618
Food Services Equipment	64,393	-	-	64,393
<b>Total</b>	<b>\$130,505,068</b>	<b>\$ 5,218,814</b>	<b>\$ 29,000</b>	<b>\$135,694,882</b>

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

### Notes to Combined Financial Statements

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#### (7) Retirement Fund Commitments

##### *(a) Teacher's Retirement System of the State of Illinois*

The School District participates in the Teacher's Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers outside the City of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. Active TRS members are required to contribute 9 percent of their creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. In addition, virtually all members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not part of this retirement plan. The member THIS Fund health insurance contribution was 0.75 percent during the year ended June 30, 2004.

The State of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees.

- **On-behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2004, the State of Illinois contributions were based on 13.98 percent of creditable earnings, and the District recognized revenue and expenditures of \$3,279,693 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2003 and June 30, 2002, the State of Illinois contribution rates as percentages of creditable earnings were 13.01 percent (\$2,895,041) and 12.16 percent (\$2,379,668), respectively.

The District makes three other types of employer contributions directly to TRS.

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

### Notes to Combined Financial Statements

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- **2.2 formula contributions.** For the year ended June 30, 2004, employers contributed 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ending June 30, 2004 were \$136,067.

From January 1, 2002 through June 30, 2003, part of the employer's 2.2 formula contribution (0.58 percent of pay) was reduced as a result of the new employer THIS fund contribution for retiree health insurance (0.4 percent of pay). The remaining 0.18 percent was submitted to TRS.

For the years ended June 30, 2003, employer contributed 0.18 percent of creditable earnings. Contributions for the year ended June 30, 2003 were \$40,054.

Two contribution rates were in effect during the year ended June 30, 2002. For the period January 1, 2002 through June 30, 2002, the employer's 2.2 formula contribution was .18 percent of earnings on paychecks dated January 1, 2002 or after. For this period contributions were \$22,754. For the period July 1, 2001 through December 31, 2001, the employer's 2.2 formula contribution was .58 percent of paychecks dated before January 1, 2002. For this period, contributions were \$40,184.

- **Federal and trust fund contributions.** When TRS members are paid from federal and trust funds administered by the District, there is a statutory requirement for the District to pay an additional employer contribution that is currently 10.5 percent of salaries paid from those funds. For the year ended June 30, 2004, there were no salaries paid from federal and trust funds that would require employer contributions. For the years ended June 30, 2003 and June 30, 2002, required District contributions were \$3,655 and \$15,114.
- **Early Retirement Option.** The District is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option. The payments vary depending on the age and salary of the member. The maximum employer payment of 100 percent of the member's highest salary used in the calculation of final average salary is required if the member is 55 years old. For the year ending June 30, 2004, the District paid \$0 for employer contributions under the Early Retirement Option. For the years ended June 30, 2003 and June 30, 2002, the District paid \$0 and \$161,797, respectively.

(Continued)

# GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

## Notes to Combined Financial Statements

### Required Supplementary Information Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/03	\$ 6,982,291	\$ 7,747,596	\$ 765,305	90.12%	\$ 5,981,842	12.79%
12/31/02	6,332,573	6,737,435	404,862	93.99	5,416,056	7.48
12/31/01	5,967,131	5,696,493	( 270,638)	104.75	4,852,643	0.00
12/31/00	5,400,326	4,876,472	( 523,854)	110.74	4,445,792	0.00
12/31/99	4,563,520	4,188,783	( 374,737)	108.95	3,933,612	0.00
12/31/98	3,378,460	3,336,616	( 41,844)	101.25	3,390,033	0.00
12/31/97	2,485,764	2,364,068	( 121,696)	105.15	3,285,659	0.00
12/31/96	2,693,542	2,355,905	( 337,637)	112.67	1,868,204	0.00
12/31/95	2,342,531	2,141,906	( 200,625)	109.37	1,689,328	0.00
12/31/94	2,104,200	2,138,988	34,788	98.37	1,504,423	2.31

On a market value basis, the actuarial value of assets as of December 31, 2003 is \$6,295,027. On a market basis, the funded ratio would be 81.25%.

### *Digest of Changes*

#### Assumptions:

The actuarial assumptions used to determine the actuarial accrued liability for 2003 are based on the 1999-2001 Experience Study.

The principal changes were:

- Fewer members are expected to take refunds early in their career.
- For Regular members, fewer normal and early retirements are expected to occur.

### *(c) Social Security/Medicare*

Employees not qualifying for coverage under the Illinois Teacher's Retirement System or the Illinois Municipal Retirement Fund are considered "nonparticipating employees." These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security/Medicare. The District paid \$766,399, the total required contribution for the current fiscal year.

(Continued)

# GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

## Notes to Combined Financial Statements

### (8) General Long-Term Debt

The following is a summary of the components of general long-term debt and related transactions of the District for the year ended June 30, 2004.

	Bonds
Balance, July 1, 2003	\$ 82,411,336
Issued During the Year	2,790,000
Payments Made During Year	( 4,221,217)
Balance, June 30, 2004	<u>\$ 80,980,119</u>

#### (a) Bonds Payable

The Bonds Payable at June 30, 2004 were as follows:

November 1, 1992, \$24,575,000 Building Bond Issue due in annual installments of \$595,000 to \$1,825,000 through 2010, interest rates of 5.60% to 9.00%.	\$ 5,630,000
November 15, 1995, \$6,000,000 Building Bond Issue due in annual installments of \$150,000 to \$1,225,000 through 2006, interest rates of 4.45% to 8.00%.	1,375,000
September 9, 1998, \$35,599,917 Building Bond Issue due in annual installments of \$1,018,456 to \$3,983,544 through 2016, interest rate at 5.16365%	34,172,734
June 1, 2001, \$11,600,000 Working Cash Bond Issue due in annual installments of \$475,000 to \$1,000,000 through 2021, interest rates of 4.25% to 5.75%	11,600,000
June 7, 2001, \$19,499,905 Building Bond Issue due in annual installments of \$35,819 to \$3,607,240 through 2021, interest rate of 7.4389%	19,342,385
December 15, 2002, \$6,715,000 Refunding Bond Issue due in annual installments of \$970,000 to \$1,440,000 through 2010, interest rates of 2.50% to 4.00%.	6,070,000
May 1, 2004, \$2,790,000 Building Bond Issue due in one installment of \$2,790,000 in 2024, interest rate of 6.20%	<u>2,790,000</u>
Total Bonds Payable at June 30, 2004	<u>\$ 80,980,119</u>

See Schedule 6 for Future Cash Flow Requirements.

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

### Notes to Combined Financial Statements

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The District is subject to the Illinois Code, which limits the bond indebtedness to 13.8% of the most recent available equalized assessed valuation of the District. As of June 30, 2004, the statutory debt limit for the District was \$131,707,785 providing a debt margin of \$50,727,666.

#### (9) Common Bank Account

Separate bank accounts are not maintained for all District funds; instead, certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally, certain of the funds participating in the common bank account may incur overdrafts (deficits) in the account. The overdrafts result from disbursements, which have been approved by the school board.

#### (10) Deficit Fund Balances

At June 30, 2004 the Educational Fund within the General Fund had a deficit fund balance of \$6,549,473.

#### (11) Overexpenditure of Budgets

Expenditures disbursed exceeded the budgets in the following individual funds:

	<u>Budget</u>	<u>Actual</u>
Special Revenue Fund:		
Transportation	\$ 3,057,085	\$ 4,376,860
Municipal Retirement/ Social Security	1,239,750	1,305,404
Capital Projects Fund:		
Fire Prevention and Safety	180,538	546,734

#### (12) Interfund Loans

At June 30, 2004 interfund receivables and payables by individual fund consisted of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Educational Fund	Working Cash	\$ 9,152,105

(Continued)



## **GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304**

### **Notes to Combined Financial Statements**

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#### **(13) Permanent Transfers**

Per the Board of Education, interest earned in the General (Operations and Maintenance) Fund, Debt Service (Bond and Interest) Fund, Special Revenue (Transportation) Fund and Fiduciary (Working Cash) Fund was permanently transferred to the General (Educational) Fund in the amount of \$7,167, \$30,166, \$5,729 and \$65,366, respectively. These transfers have been reported as an operating transfers at June 30, 2004.

Also, for the year ended June 30, 2004, the amount of \$2,721,829 was transferred from the Capital Projects (Site and Construction) Fund to the General (Operations and Maintenance) Fund. This transfer has been reported as an operating transfer at June 30, 2004.

#### **(14) Risk Management**

The District has purchased insurance coverage from private insurance companies to cover general liability and other risks. Premiums are charged against the individual funds as appropriate. The District has established self-insurance to provide medical, dental and workers compensation as discussed below.

#### **(15) Self-Insurance Plans**

The District is self-insured for employee medical and dental benefits. For the year ended June 30, 2004, the District had an agreement with an outside insurance administrator, who administers the program, evaluates the claims, and makes claim payments in accordance with the plan provisions. The plan is funded by the District and expenditures are incurred when the claims are paid. The District's liability will not exceed \$50,000 per covered individual as provided by the stop loss coverage purchased from private insurance companies.

#### **(16) Contingencies**

The District has received funding from state and federal grants in the current and prior years, which are subject to audits by the granting agencies. The school District's management believes any adjustments that may arise from these audits will be insignificant to District operations.

The District is not involved in any significant litigation that would materially affect the balances reported at June 30, 2004. With regard to other pending matters, the eventual outcome and related liability, if any, is not determinable at this time. Accordingly, no provision has been made in the accompanying financial statements for settlement costs.

(Concluded)

**GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304**

**Combining Statements of Assets, Liabilities and  
Fund Equity Arising from Cash Transactions**

**General, Special Revenue, Capital Projects and Trust and Agency Funds**

**June 30, 2004**

<b>Assets</b>	<b>Total</b>	<b><u>General Fund</u></b>	
		<b>Educational</b>	<b>Operations and Maintenance</b>
<b>Current Assets</b>			
Cash and Investments	\$ 10,079,985	\$ 2,615,859	\$ 7,464,126
Due from Other Funds	-	-	-
<b>Total Assets</b>	<b>\$ 10,079,985</b>	<b>\$ 2,615,859</b>	<b>\$ 7,464,126</b>
<b><u>Liabilities and Fund Equity</u></b>			
<b>Liabilities:</b>			
Due to Activity Fund Organizations	\$ 2,902	\$ 2,902	\$ -
Due to Employees	10,325	10,325	-
Due to Other Funds	9,152,105	9,152,105	-
<b>Fund Equity - Fund Balances</b>			
Reserved	3,097,180	3,097,180	-
Unreserved			
Undesignated	( 2,182,527)	( 9,646,653)	7,464,126
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,079,985</b>	<b>\$ 2,615,859</b>	<b>\$ 7,464,126</b>

Schedule 1

<u>Special Revenue Funds</u>			<u>Trust and Agency</u>		
Total	Trans- portation	IMRF/ Social Security	Total	Working Cash	Student Activity
\$ 4,383,335	\$ 2,878,757	\$ 1,504,578	\$ 5,662,182	\$ 5,051,634	\$ 610,548
-	-	-	9,152,105	9,152,105	-
\$ 4,383,335	\$ 2,878,757	\$ 1,504,578	\$ 14,814,287	\$ 14,203,739	\$ 610,548
<hr/>					
\$ -	\$ -	\$ -	\$ 610,548	\$ -	\$ 610,548
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,383,335	2,878,757	1,504,578	14,203,739	14,203,739	-
\$ 4,383,335	\$ 2,878,757	\$ 1,504,578	\$ 14,814,287	\$ 14,203,739	\$ 610,548



**GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304****Combining Statements of Assets, Liabilities and  
Fund Equity Arising from Cash Transactions**

General, Special Revenue, Capital Projects and Trust and Agency Funds

June 30, 2004

<b>Assets</b>	<b>Total</b>	<b>Capital Projects Fund</b>	
		<b>Site and Construction</b>	<b>Fire Prevention and Safety</b>
Current Assets			
Cash and Investments	\$ 2,061,491	\$ 1,660,559	\$ 400,932
Due from Other Funds	-	-	-
<b>Total Assets</b>	<b>\$ 2,061,491</b>	<b>\$ 1,660,559</b>	<b>\$ 400,932</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Due to Activity Fund Organizations	\$ -	\$ -	\$ -
Due to Employees	-	-	-
Due to Other Funds	-	-	-
Fund Equity - Fund Balances			
Reserved	2,061,491	1,660,559	400,932
Unreserved			
Undesignated	-	-	-
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,061,491</b>	<b>\$ 1,660,559</b>	<b>\$ 400,932</b>

**GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304**

**Combining Statements of Revenues Received, Expenditures Disbursed  
and Changes in Fund Balances**

**General, Special Revenue and Capital Projects Funds**

**Year Ended June 30, 2004**

		<u>General Fund</u>	
	Total	Educational	Operations and Maintenance
<b>Revenues Received</b>			
Local Sources			
Taxes	\$ 34,347,233	\$ 28,394,023	\$ 5,953,210
Tuition	74,047	74,047	-
Transportation Fees	-	-	-
Earnings on Investments	10,975	3,808	7,167
Food Services	1,540,885	1,540,885	-
Pupil Activities	703,473	703,473	-
Other	496,945	351,448	145,497
Flow-Through Sources	685,799	685,799	-
State Sources	9,684,658	6,960,309	2,724,349
Federal Sources	234,757	234,757	-
<b>Total Revenues Received</b>	<b>47,778,772</b>	<b>38,948,549</b>	<b>8,830,223</b>
<b>Expenditures Disbursed</b>			
Current Operating			
Instruction	27,684,423	27,684,423	-
Support Services	15,443,760	10,257,673	5,186,087
Community Services	3,778	3,778	-
Nonprogrammed Charges	1,151,993	1,151,993	-
Capital Outlay	815,354	256,162	559,192
<b>Total Expenditures Disbursed</b>	<b>45,099,308</b>	<b>39,354,029</b>	<b>5,745,279</b>
<b>Excess of Expenditures Disbursed Over (Under) Revenues Received</b>	<b>( 2,679,464)</b>	<b>( 405,480)</b>	<b>3,084,944</b>
<b>Other Financing Sources</b>			
Operating Transfer - In	2,830,257	108,428	2,721,829
Operating Transfer - Out	( 7,167)	-	( 7,167)
Sale of Fixed Assets	-	-	-
Sale of Bonds	-	-	-
<b>Excess of Revenues Received and Other Financing Sources Over (Under) Expenditures Disbursed</b>	<b>5,502,554</b>	<b>( 297,052)</b>	<b>5,799,606</b>
<b>Fund Balances (Deficit), July 1, 2003</b>	<b>( 4,587,901)</b>	<b>( 6,252,421)</b>	<b>1,664,520</b>
<b>Fund Balances (Deficit), June 30, 2004</b>	<b>\$ 914,653</b>	<b>(\$ 6,549,473)</b>	<b>\$ 7,464,126</b>

<u>Special Revenue Funds</u>		
Total	Transportation	IMRF/ Social Security
\$ 3,654,432	\$ 1,763,914	\$ 1,890,518
-	-	-
27,843	27,843	-
10,128	5,729	4,399
-	-	-
-	-	-
-	-	-
-	-	-
1,457,830	1,457,830	-
-	-	-
5,150,233	3,255,316	1,894,917
446,192	-	446,192
2,920,527	2,061,315	859,212
-	-	-
-	-	-
2,315,545	2,315,545	-
5,682,264	4,376,860	1,305,404
( 532,031)	( 1,121,544)	589,513
-	-	-
( 5,729)	( 5,729)	-
29,000	29,000	-
3,000,000	3,000,000	-
2,491,240	1,901,727	589,513
1,892,095	977,030	915,065
\$ 4,383,335	\$ 2,878,757	\$ 1,504,578





## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Combining Statements of Revenues Received, Expenditures Disbursed  
and Changes in Fund Balances

General, Special Revenue and Capital Project Funds

Year Ended June 30, 2004

	<u>Capital Projects Fund</u>		
	Total	Site and Construction	Fire Prevention and Safety
<b>Revenues Received</b>			
Local Sources			
Taxes	\$ -	\$ -	\$ -
Tuition	-	-	-
Transportation Fees	-	-	-
Earnings on Investments	24,100	21,674	2,426
Food Services	-	-	-
Pupil Activities	-	-	-
Other	40,717	40,717	-
State Sources	-	-	-
Flow-Through Sources	-	-	-
Federal Sources	-	-	-
<b>Total Revenues Received</b>	<b>64,817</b>	<b>62,391</b>	<b>2,426</b>
<b>Expenditures Disbursed</b>			
Current Operating			
Instruction	-	-	-
Support Services	-	-	-
Community Services	-	-	-
Nonprogrammed Charges	-	-	-
Capital Outlay	2,087,915	1,541,181	546,734
<b>Total Expenditures Disbursed</b>	<b>2,087,915</b>	<b>1,541,181</b>	<b>546,734</b>
<b>Excess of Expenditures Disbursed Over (Under) Revenues Received</b>	<b>( 2,023,098)</b>	<b>( 1,478,790)</b>	<b>( 544,308)</b>
<b>Other Financing Sources</b>			
Operating Transfer - In	-	-	-
Operating Transfer - Out	( 2,721,829)	( 2,721,829)	-
Sale of Fixed Assets	-	-	-
Sale of Bonds	-	-	-
<b>Excess of Revenues Received and Other Financing Sources Over (Under) Expenditures Disbursed</b>	<b>( 4,744,927)</b>	<b>( 4,200,619)</b>	<b>( 544,308)</b>
<b>Fund Balances (Deficit), July 1, 2003</b>	<b>6,806,418</b>	<b>5,861,178</b>	<b>945,240</b>
<b>Fund Balances (Deficit), June 30, 2004</b>	<b>\$ 2,061,491</b>	<b>\$ 1,660,559</b>	<b>\$ 400,932</b>

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

## Detailed Schedule of Revenues Received - Budget and Actual

Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>
<b>EDUCATIONAL FUND</b>		
<b>Local Sources</b>		
<u>Taxes</u>		
<u>Property Taxes</u>		
General Levy	\$25,667,078	\$25,824,711
Tort Immunity Levy	1,735,576	1,664,620
Special Education Levy	350,621	352,783
<u>Total Property Taxes</u>	<u>27,753,275</u>	<u>27,842,114</u>
<u>Personal Property Replacement Tax</u>	<u>441,732</u>	<u>551,909</u>
<u>Total Taxes</u>	<u>28,195,007</u>	<u>28,394,023</u>
<u>Tuition</u>		
Regular	12,317	5,364
Summer School	44,975	68,683
	<u>57,292</u>	<u>74,047</u>
<u>Earnings on Investments</u>	<u>46,446</u>	<u>3,808</u>
<u>Food Services</u>	<u>1,227,882</u>	<u>1,540,885</u>
<u>Pupil Activities</u>	<u>725,151</u>	<u>703,473</u>
<u>Other</u>		
Payment from Other Lea's	168,306	269,788
Other	20,000	81,660
	<u>188,306</u>	<u>351,448</u>
<b>Total Local Sources</b>	<u>30,440,084</u>	<u>31,067,684</u>

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Detailed Schedule of Revenues Received - Budget and Actual

	<u>Budget</u>	<u>Actual</u>
<b>EDUCATIONAL FUND (Continued)</b>		
<b>Flow Through Sources</b>		
Federal	\$ 584,958	\$ 685,799
<b>State Sources</b>		
<u>Unrestricted Grants-in-Aid</u>		
General State Aid	1,770,114	1,768,679
<u>Restricted Grants-in-Aid</u>		
Special Education	1,164,989	1,467,678
Vocational Education	6,055	7,731
Bilingual Education	5,515	5,847
Gifted Education	10,560	20,670
State Free Lunch and Breakfast	1,313	1,316
Driver Education	19,170	29,641
Reading Improvement Block Grant	132,094	132,093
School Safety and Educational Impr. Block Grant	141,873	198,403
Technology - Closing the Gap	-	41,551
Other	-	7,007
State Payment to Teachers Retirement System	4,000,000	3,279,693
<u>Total Restricted Grants-in-Aid</u>	5,481,569	5,191,630
<b>Total State Sources</b>	7,251,683	6,960,309

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Detailed Schedule of Revenues Received - Budget and Actual

	<u>Budget</u>	<u>Actual</u>
<b>EDUCATIONAL FUND (Continued)</b>		
<b>Federal Sources</b>		
<u>Restricted Grants-in-Aid Received from</u>		
<u>Federal Government through the State</u>		
Title V - Innovation and Flexibility Formula	\$ 23,909	\$ 17,968
Special Milk Program	48,296	46,252
Safe and Drug Free Schools Formula	14,113	13,984
V.E. - Perkins - Title III E Tech Prep	3,640	18,780
Medicaid Matching Funds	127,626	29,125
Title II - Teacher Quality	75,216	108,648
	<hr/>	<hr/>
<b>Total Federal Sources</b>	292,800	234,757
	<hr/>	<hr/>
<b>Total Educational Fund</b>	\$38,569,525	\$38,948,549
	<hr/>	<hr/>
<b>OPERATIONS AND MAINTENANCE FUND</b>		
<b>Local Sources</b>		
<u>Taxes</u>		
<u>Property Taxes</u>		
General Levy	\$ 5,916,735	\$ 5,953,210
	<hr/>	<hr/>
<u>Earnings on Investments</u>	18,537	7,167
	<hr/>	<hr/>
<u>Other</u>		
Rentals	57,685	145,497
Other	15,010	-
	<hr/>	<hr/>
	72,695	145,497
	<hr/>	<hr/>
<b>State Sources</b>		
<u>Restricted Grants-in-Aid</u>		
Other	-	2,724,349
	<hr/>	<hr/>
<b>Total Operations and Maintenance Fund</b>	\$ 6,007,967	\$ 8,830,223
	<hr/>	<hr/>

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Detailed Schedule of Revenues Received - Budget and Actual

	<u>Budget</u>	<u>Actual</u>
<b>TRANSPORTATION FUND</b>		
<b>Local Sources</b>		
<u>Taxes</u>		
<u>Property Taxes</u>		
General Levy	\$ 1,753,107	\$ 1,763,914
<u>Transportation Fees</u>	21,838	27,843
<u>Earnings on Investments</u>	7,681	5,729
<b>Total Local Sources</b>	1,782,626	1,797,486
<b>State Sources</b>		
<u>Restricted Grants-in-Aid</u>		
<u>Transportation</u>		
Regular/Vocational Education	668,583	871,242
Special Education	387,062	586,588
<b>Total State Sources</b>	1,055,645	1,457,830
<b>Total Transportation Fund</b>	\$ 2,838,271	\$ 3,255,316

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Detailed Schedule of Revenues Received - Budget and Actual

	<u>Budget</u>	<u>Actual</u>
<b>MUNICIPAL RETIREMENT/ SOCIAL SECURITY FUND</b>		
<b>Local Sources</b>		
<u>Taxes</u>		
<u>Property Taxes</u>		
General Levy	\$ 1,016,802	\$ 977,706
Social Security/Medicare	920,381	880,691
<u>Total Property Taxes</u>	<u>1,937,183</u>	<u>1,858,397</u>
<u>Personal Property Replacement Tax</u>	<u>25,709</u>	<u>32,121</u>
<u>Total Taxes</u>	<u>1,962,892</u>	<u>1,890,518</u>
<u>Earnings on Investments</u>	<u>7,478</u>	<u>4,399</u>
<b>Total Municipal Retirement / Social Security Fund</b>	<b><u>\$ 1,970,370</u></b>	<b><u>\$ 1,894,917</u></b>
<b>BOND AND INTEREST FUND</b>		
<b>Local Sources</b>		
<u>Property Taxes</u>	\$ 6,624,610	\$ 6,679,940
<u>Earnings on Investments</u>	<u>37,223</u>	<u>14,790</u>
<b>Total Bond and Interest Fund</b>	<b><u>\$ 6,661,833</u></b>	<b><u>\$ 6,694,730</u></b>
<b>WORKING CASH FUND</b>		
<b>Local Sources</b>		
<u>Earnings on Investments</u>	<u>\$ 77,189</u>	<u>\$ 65,366</u>

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Detailed Schedule of Revenues Received - Budget and Actual

	<u>Budget</u>	<u>Actual</u>
<b>SITE AND CONSTRUCTION FUND</b>		
<b>Local Sources</b>		
<u>Earnings on Investments</u>	\$ 100,000	\$ 21,674
<u>Other</u>	50,000	40,717
<b>Total Local Sources</b>	150,000	62,391
<b>State Sources</b>		
Infrastructure Improvements	2,700,000	-
<b>Total Site and Construction Fund</b>	<u>\$ 2,850,000</u>	<u>\$ 62,391</u>
<b>FIRE PREVENTION AND SAFETY FUND</b>		
<b>Local Sources</b>		
<u>Earnings on Investments</u>	<u>\$ 5,000</u>	<u>\$ 2,426</u>

(Concluded)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

## Detailed Schedule of Expenditures Disbursed - Budget and Actual

Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>
<b>EDUCATIONAL FUND</b>		
<b>Instruction</b>		
<u>Regular Programs</u>		
Salaries	\$16,030,919	\$16,276,569
Employee Benefits	5,771,750	4,888,523
Purchased Services	300,858	285,903
Supplies and Materials	776,066	734,715
Capital Outlay	171,939	158,955
Other Objects	33,130	17,710
	<u>23,084,662</u>	<u>22,362,375</u>
<u>Special Education Programs</u>		
Salaries	3,446,064	3,085,498
Employee Benefits	248,826	354,261
Purchased Services	29,795	16,054
Supplies and Materials	35,082	50,006
Capital Outlay	3,000	-
Other Objects	1,500	824
Tuition	419,226	473,779
	<u>4,183,493</u>	<u>3,980,422</u>
<u>Educationally Deprived/Remedial Programs</u>		
Salaries	288,970	322,595
Employee Benefits	14,453	12,892
Purchased Services	6,930	14,468
Supplies and Materials	30,569	13,534
Capital Outlay	900	376
Other Objects	405	380
	<u>342,227</u>	<u>364,245</u>
<u>Interscholastic Programs</u>		
Salaries	516,277	473,762
Employee Benefits	13,332	18,391
Purchased Services	71,790	74,138
Supplies and Materials	23,500	23,894
Other Objects	11,256	14,223
	<u>636,155</u>	<u>604,408</u>

(Continued)



## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

## Detailed Schedule of Expenditures Disbursed - Budget and Actual

	<u>Budget</u>	<u>Actual</u>
<b>EDUCATIONAL FUND (Continued)</b>		
<b>Instruction (Continued)</b>		
<u>Summer School</u>		
Salaries	\$ 72,568	\$ 82,079
Employee Benefits	-	636
Supplies and Materials	990	-
	<u>73,558</u>	<u>82,715</u>
<u>Gifted Programs</u>		
Salaries	387,609	342,447
Employee Benefits	21,646	26,326
Purchased Services	10,800	10,443
Supplies and Materials	9,000	9,076
Capital Outlay	3,500	3,729
Other Objects	405	336
	<u>432,960</u>	<u>392,357</u>
<u>Bilingual Programs</u>		
Salaries	86,889	45,975
Employee Benefits	12,363	9,844
Purchased Services	900	970
Supplies and Materials	3,300	4,172
Capital Outlay	450	-
	<u>103,902</u>	<u>60,961</u>
<b>Total Instruction</b>	<u>28,856,957</u>	<u>27,847,483</u>

(Continued)

**GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304****Detailed Schedule of Expenditures Disbursed - Budget and Actual**

	<u>Budget</u>	<u>Actual</u>
<b>EDUCATIONAL FUND (Continued)</b>		
<b>Support Services</b>		
<u>Support Services - Pupils</u>		
<u>Attendance and Social Work Services</u>		
Salaries	\$ 348,785	\$ 347,925
Employee Benefits	20,067	21,597
Supplies and Materials	2,000	1,049
	<u>370,852</u>	<u>370,571</u>
<u>Guidance Services</u>		
Salaries	959,812	840,360
Employee Benefits	100,509	81,473
Purchased Services	97,863	121,936
Supplies and Materials	13,850	6,388
Capital Outlay	-	3,056
Other Objects	3,400	2,495
	<u>1,175,434</u>	<u>1,055,708</u>
<u>Health Services</u>		
Salaries	205,601	222,658
Employee Benefits	12,460	31,827
Purchased Services	650	710
Supplies and Materials	10,750	9,099
Capital Outlay	-	576
	<u>229,461</u>	<u>264,870</u>
<u>Psychological Services</u>		
Salaries	294,097	288,745
Employee Benefits	26,309	26,676
Purchased Services	13,210	13,357
Capital Outlay	2,000	1,285
	<u>335,616</u>	<u>330,063</u>
<u>Speech Pathology &amp; Audiology Services</u>		
Salaries	355,614	384,392
Employee Benefits	28,491	28,175
Supplies and Materials	3,821	3,210
	<u>387,926</u>	<u>415,777</u>

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Detailed Schedule of Expenditures Disbursed - Budget and Actual

	<u>Budget</u>	<u>Actual</u>
<b>EDUCATIONAL FUND (Continued)</b>		
<b>Support Services (Continued)</b>		
<u>Other</u>		
Salaries	\$ -	\$ 139,490
Employee Benefits	-	253
	-	<u>139,743</u>
<u>Total Support Services - Pupils</u>	<u>2,499,289</u>	<u>2,576,732</u>
<b>Support Services - Instructional Staff</b>		
<u>Improvement of Instruction Services</u>		
Salaries	382,448	256,542
Employee Benefits	28,369	24,739
Purchased Services	155,473	66,479
Supplies and Materials	154,000	144,791
Capital Outlay	21,000	13,287
Other Objects	2,000	1,786
	<u>743,290</u>	<u>507,624</u>
<u>Educational Media Services</u>		
Salaries	575,901	558,712
Employee Benefits	47,246	35,721
Purchased Services	150	150
Supplies and Materials	70,650	73,456
Capital Outlay	2,000	1,462
	<u>695,947</u>	<u>669,501</u>
<u>Total Support Services - Instructional Staff</u>	<u>1,439,237</u>	<u>1,177,125</u>
<b>Support Services - General Administration</b>		
<u>Board of Education Services</u>		
Salaries	18,638	21,140
Employee Benefits	583,281	763,764
Purchased Services	354,814	124,806
Supplies and Materials	3,500	717
Other Objects	37,500	9,735
	<u>997,733</u>	<u>920,162</u>

(Continued)

**GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304****Detailed Schedule of Expenditures Disbursed - Budget and Actual**

	<u>Budget</u>	<u>Actual</u>
<b>EDUCATIONAL FUND (Continued)</b>		
<b>Support Services (Continued)</b>		
<b><u>Support Services - General Administration (Continued)</u></b>		
<b><u>Executive Administration Services</u></b>		
Salaries	\$ 181,553	\$ 183,660
Employee Benefits	6,829	19,969
Purchased Services	34,000	23,418
Supplies and Materials	2,500	5,959
Capital Outlay	5,000	3,884
Other Objects	20,800	17,849
	<u>250,682</u>	<u>254,739</u>
 <b><u>Total Support Services General Administration</u></b>	 <u>1,248,415</u>	 <u>1,174,901</u>
 <b><u>Support Services - School Administration</u></b>		
<b><u>Office of the Principal Services</u></b>		
Salaries	1,570,023	1,535,514
Employee Benefits	212,356	183,099
Purchased Services	42,250	40,643
Supplies and Materials	54,615	36,609
Capital Outlay	18,305	9,370
Other Objects	6,400	4,266
	<u>1,903,949</u>	<u>1,809,501</u>
 <b><u>Total Support Services - School Administration</u></b>	 <u>1,903,949</u>	 <u>1,809,501</u>

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Detailed Schedule of Expenditures Disbursed - Budget and Actual

	<u>Budget</u>	<u>Actual</u>
<b>EDUCATIONAL FUND (Continued)</b>		
<b>Support Services (Continued)</b>		
<u>Support Services - Business</u>		
<u>Fiscal Services</u>		
Salaries	\$ 194,321	\$ 204,244
Employee Benefits	40,125	35,311
Purchased Services	76,052	59,251
Supplies and Materials	16,000	19,604
Capital Outlay	1,250	4,803
Other Objects	11,000	6,003
	<u>338,748</u>	<u>329,216</u>
<u>Food Services</u>		
Salaries	54,378	53,937
Employee Benefits	7,130	9,600
Purchased Services	1,184,282	1,547,277
Supplies and Materials	6,800	4,990
Capital Outlay	10,600	-
	<u>1,263,190</u>	<u>1,615,804</u>
<u>Total Support Services - Business</u>	<u>1,601,938</u>	<u>1,945,020</u>
<u>Support Services - Central</u>		
<u>Information Services</u>		
Salaries	645,137	612,387
Employee Benefits	27,298	37,671
Purchased Services	33,066	40,459
Supplies and Materials	68,500	73,565
Capital Outlay	40,440	54,368
Other Objects	600	865
	<u>815,041</u>	<u>819,315</u>
<u>Staff Services</u>		
Salaries	262,368	234,900
Employee Benefits	54,149	50,666
Purchased Services	16,350	9,652
Supplies and Materials	4,500	1,808
Capital Outlay	2,500	2,296
Other Objects	9,800	2,167
	<u>349,667</u>	<u>301,489</u>
<u>Total Support Services - Central</u>	<u>1,164,708</u>	<u>1,120,804</u>

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Detailed Schedule of Expenditures Disbursed - Budget and Actual

	<u>Budget</u>	<u>Actual</u>
<b>EDUCATIONAL FUND (Continued)</b>		
<b>Support Services (Continued)</b>		
<u>Other Support Services</u>		
Employee Benefits	\$ -	\$ 546,692
<b>Total Support Services</b>	<u>9,857,536</u>	<u>10,350,775</u>
<b>Community Services</b>		
Purchased Services	-	3,480
Supplies and Materials	-	298
<b>Total Community Services</b>	<u>-</u>	<u>3,778</u>
<b>Nonprogrammed Charges</b>		
<u>Payments to Other Governmental Units (In-state)</u>		
Tuition	<u>1,401,074</u>	<u>1,151,993</u>
<b>Provision for Contingencies</b>	<u>150,000</u>	<u>-</u>
<b>Total Educational Fund</b>	<u>\$40,265,567</u>	<u>\$39,354,029</u>
<b>OPERATIONS AND MAINTENANCE FUND</b>		
<b>Support Services</b>		
<u>Support Services - Business</u>		
<u>Operation and Maintenance of Plant Services</u>		
Salaries	\$ 2,652,702	\$ 2,626,099
Employee Benefits	390,573	375,257
Purchased Services	904,237	560,580
Supplies and Materials	1,162,199	1,269,912
Capital Outlay	1,508,513	559,192
Other Objects	-	354,239
<b>Total Support Services</b>	<u>6,618,224</u>	<u>5,745,279</u>
<b>Provision for Contingencies</b>	<u>200,000</u>	<u>-</u>
<b>Total Operations and Maintenance Fund</b>	<u>\$ 6,818,224</u>	<u>\$ 5,745,279</u>

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Detailed Schedule of Expenditures Disbursed - Budget and Actual

	<u>Budget</u>	<u>Actual</u>
<b>TRANSPORTATION FUND</b>		
<b>Support Services</b>		
<u>Support Services - Business</u>		
<u>Pupil Transportation Services</u>		
Salaries	\$ 978,119	\$ 1,093,791
Employee Benefits	34,902	33,236
Purchased Services	994,269	816,382
Supplies and Materials	176,100	117,862
Capital Outlay	843,695	2,315,545
Other Objects	-	44
<b>Total Support Services</b>	<u>3,027,085</u>	<u>4,376,860</u>
<b>Provision for Contingencies</b>	<u>30,000</u>	<u>-</u>
<b>Total Transportation Fund</b>	<u>\$ 3,057,085</u>	<u>\$ 4,376,860</u>
<b>MUNICIPAL RETIREMENT/ SOCIAL SECURITY FUND</b>		
<b>Employee Benefits</b>	<u>\$ 1,239,750</u>	<u>\$ 1,305,404</u>
<b>BOND AND INTEREST FUND</b>		
<b>Debt Services</b>		
Interest on Bonds	\$ 1,573,653	\$ 1,540,920
Bond Principal Retired	4,221,217	4,221,217
Other Objects - Paying Fees	10,000	3,000
<b>Total Bond and Interest Fund</b>	<u>\$ 5,804,870</u>	<u>\$ 5,765,137</u>
<b>SITE AND CONSTRUCTION FUND</b>		
<b>Support Services</b>		
<u>Support Services - Business</u>		
<u>Facilities Acquisition and Construction Services</u>		
Capital Outlay	<u>\$ 8,711,179</u>	<u>\$ 1,541,181</u>

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Detailed Schedule of Expenditures Disbursed - Budget and Actual

	<u>Budget</u>	<u>Actual</u>
<b>FIRE PREVENTION AND SAFETY FUND</b>		
<b>Support Services</b>		
<u>Support Services - Business</u>		
<u>Facilities Acquisition and Construction Services</u>		
Capital Outlay	\$ 180,538	\$ 546,734

(Concluded)



## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

Agency Fund - Student Activity Funds

## Statement of Changes in Assets and Liabilities

Year Ended June 30, 2004

Assets	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
Cash	\$ 544,698	\$ 1,747,979	\$ 1,682,129	\$ 610,548
<b>Liabilities</b>				
Due to Student Groups				
Geneva High School	\$ 163,789	\$ 798,592	\$ 781,322	\$ 181,059
Geneva Middle School	58,031	273,039	252,974	78,096
Coultrap School	29,929	147,652	121,229	56,352
Harrison School	15,613	51,874	52,692	14,795
Western School	11,435	63,615	54,685	20,365
Mill Creek School	15,115	36,609	44,369	7,355
Heartland School	4,132	32,229	26,638	9,723
Scholarship Funds	246,654	344,369	348,220	242,803
Total Liabilities	\$ 544,698	\$ 1,747,979	\$ 1,682,129	\$ 610,548

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

## Schedule of Bond and Interest Payable

June 30, 2004

	Maturity as follows for the Year Ended June 30	Principal	Interest	Total
School Building Bonds dated November 1, 1992 (Interest Payable June 1 and and December 1)				
	2005	\$ 1,825,000	\$ 346,235	\$ 2,171,235
	2006	735,000	235,823	970,823
	2007	770,000	190,987	960,987
	2008	830,000	143,633	973,633
	2009	875,000	92,173	967,173
	2010	595,000	37,485	632,485
<hr/>				
Total		5,630,000	1,046,336	6,676,336
<hr/>				
School Building Bonds dated November 15, 1995 (Interest Payable January 1 and July 1)				
	2005	1,225,000	65,463	1,290,463
	2006	150,000	7,275	157,275
<hr/>				
Total		1,375,000	72,738	1,447,738
<hr/>				
School Building Bonds dated September 9, 1998 (Interest Payable January 1 and July 1)				
	2005	1,018,456	386,544	1,405,000
	2006	2,018,331	911,669	2,930,000
	2007	2,310,773	1,219,227	3,530,000
	2008	1,943,969	1,181,031	3,125,000
	2009	2,261,149	1,563,851	3,825,000
	2010	2,789,188	2,175,812	4,965,000
	2011	3,817,028	3,332,972	7,150,000
	2012	3,891,068	3,778,932	7,670,000
	2013	3,943,578	4,236,422	8,180,000
	2014	3,969,783	4,695,217	8,665,000
	2015	3,983,544	5,166,456	9,150,000
	2016	2,225,867	3,154,133	5,380,000
<hr/>				
Total		34,172,734	31,802,266	65,975,000

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

## Schedule of Bonds and Interest Payable

June 30, 2004

	Maturity as follows for the Year Ended June 30	Principal	Interest	Total
<b>Working Cash Bonds</b>				
dated June 1, 2001				
(Interest Payable January 1 and July 1)				
	2005	\$ 475,000	\$ 614,440	\$ 1,089,440
	2006	495,000	594,253	1,089,253
	2007	515,000	573,215	1,088,215
	2008	540,000	550,040	1,090,040
	2009	565,000	525,740	1,090,740
	2010	590,000	500,315	1,090,315
	2011	615,000	473,765	1,088,765
	2012	645,000	445,475	1,090,475
	2013	680,000	410,000	1,090,000
	2014	715,000	372,600	1,087,600
	2015	760,000	331,488	1,091,488
	2016	800,000	287,788	1,087,788
	2017	845,000	241,787	1,086,787
	2018	895,000	193,200	1,088,200
	2019	945,000	141,737	1,086,737
	2020	1,000,000	87,400	1,087,400
	2021	520,000	29,900	549,900
<b>Total</b>		<b>11,600,000</b>	<b>6,373,143</b>	<b>17,973,143</b>
<b>School Building Bonds</b>				
dated June 7, 2001				
(Interest Payable January 1 and July 1)				
	2005	-	-	-
	2006	35,819	14,181	50,000
	2007	103,218	51,782	155,000
	2008	684,006	420,994	1,105,000
	2009	258,934	191,066	450,000
	2010	336,974	293,026	630,000
	2011	362,963	367,037	730,000
	2012	395,172	459,828	855,000
	2013	472,593	627,407	1,100,000
	2014	439,307	660,693	1,100,000
	2015	464,050	785,950	1,250,000
	2016	1,123,268	2,131,732	3,255,000
	2017	2,245,460	4,754,540	7,000,000
	2018	2,685,201	6,319,799	9,005,000
	2019	3,050,476	7,954,524	11,005,000
	2020	3,607,240	10,392,760	14,000,000
	2012	3,077,704	9,772,296	12,850,000
<b>Total</b>		<b>19,342,385</b>	<b>45,197,615</b>	<b>64,540,000</b>

(Continued)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

## Schedule of Bond and Interest Payable

June 30, 2004

	Maturity as follows for the Year Ended June 30	Principal	Interest	Total
Refunding Bonds dated December 15, 2002 (Interest Payable January 1 and July 1)				
	2005	\$ 970,000	\$ 214,850	\$ 1,184,850
	2006	-	190,600	190,600
	2007	1,340,000	190,600	1,530,600
	2008	1,385,000	150,400	1,535,400
	2009	1,440,000	95,000	1,535,000
	2010	935,000	37,400	972,400
<hr/>				
Total		6,070,000	878,850	6,948,850

Building Bonds dated May 1, 2004 (Interest Payable January 1 and July 1)				
	2005	-	-	-
	2006	-	288,300	288,300
	2007	-	172,980	172,980
	2008	-	172,980	172,980
	2009	-	172,980	172,980
	2010	-	172,980	172,980
	2011	-	172,980	172,980
	2012	-	172,980	172,980
	2013	-	172,980	172,980
	2014	-	172,980	172,980
	2015	-	172,980	172,980
	2016	-	172,980	172,980
	2017	-	172,980	172,980
	2018	-	172,980	172,980
	2019	-	172,980	172,980
	2020	-	172,980	172,980
	2021	-	172,980	172,980
	2022	-	172,980	172,980
	2023	-	172,980	172,980
	2024	2,790,000	172,980	2,962,980
<hr/>				
Total		2,790,000	3,401,940	6,191,940

Total General Obligation Bonds Payable	\$ 80,980,119	\$ 88,772,888	\$ 169,753,007
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(Concluded)

## GENEVA COMMUNITY UNIT SCHOOL DISTRICT NO. 304

## Comparative Per Capita Costs

June 30, 2004

Total Expenditures Disbursed	
Educational Fund	\$ 36,074,336
Operations and Maintenance Fund	5,745,279
Transportation Fund	4,376,860
Municipal Retirement/Social Security Fund	1,305,404
Bond and Interest Fund	5,765,137
<b>Total</b>	<b>53,267,016</b>

Less Revenues Received or Expenditures DisbursedNot Applicable to Operation Expense ofRegular Programs

Summer School	84,796
Tuition	1,625,772
Capital Outlay	3,130,899
Bonds Retired	4,221,217
Community Services	3,778

<b>Total</b>	<b>9,066,462</b>
--------------	------------------

Less Offsetting Receipts

Governmental Aid Claims	6,328,873
Transportation Fees	27,843
Rentals	145,497
Food Services	1,540,885
Pupil Activities	703,473
Payments to Other LEA's	269,788

<b>Total</b>	<b>9,016,359</b>
--------------	------------------

<b>Total Deductions for Tuition Computation</b>	<b>18,082,821</b>
---	-------------------

<b>Net Operating Expense for Tuition Computation</b>	<b>35,184,195</b>
--	-------------------

<b>Add Total Depreciation Allowance</b>	<b>3,908,675</b>
---	------------------

<b>Total Allowance for Tuition Computation</b>	<b>\$ 39,092,870</b>
--	----------------------

Average Daily Attendance	5,005
Per Pupil	
Cost before Depreciation	\$ 7,030
Total Cost	\$ 7,811



**APPENDIX B**

**Proposed Form of Legal Opinion  
For the Bonds**

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**PROPOSED FORM OF OPINION OF BOND COUNSEL**

**[LETTERHEAD OF CHAPMAN AND CUTLER LLP]**

**[TO BE DATED CLOSING DATE]**

We hereby certify that we have examined certified copy of the proceedings of the Board of Education of Community Unit School District Number 304, Kane County, Illinois (the "*District*"), passed preliminary to the issue by the District of its fully registered General Obligation Bonds, Series 2004A (the "*Bonds*"), to the amount of \$41,184,191.65, of which \$32,925,000 is being issued as Current Interest Bonds (the "*CIBs*"), dated December 1, 2004, due serially on January 1 of the years and in the amounts and bearing interest as follows:

YEAR	PRINCIPAL AMOUNT	INTEREST RATE
2006	\$ 785,000	3.50%
2007	180,000	3.50%
2008	665,000	3.50%
2009	1,760,000	3.60%
2010	2,575,000	3.60%
2011	3,230,000	3.75%
2012	2,235,000	3.90%
2013	2,880,000	4.00%
2017	4,240,000	5.00%
2018	9,175,000	5.00%
2019	5,200,000	5.00%

and of which \$8,259,191.65 is being issued as Capital Appreciation Bonds, dated December 23, 2004, due serially on January 1 of the years and in the original principal amounts and bearing interest at the original yields to maturity as follows:

YEAR	ORIGINAL PRINCIPAL AMOUNT	ORIGINAL YIELD TO MATURITY
2014	\$1,712,738.90	9.00%
2015	1,874,649.90	9.00%
2016	2,934,967.75	9.00%
2017	1,736,835.10	9.00%

the CIBs due on or after January 1, 2017, being subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District (less than all of the CIBs of a single maturity to be selected by the Bond Registrar), on

January 1, 2014, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in such proceedings, and we are of the opinion that such proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the District's compliance with certain covenants, under present law, interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

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

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

## **APPENDIX C**

### **Compound Accreted Value Table for the Capital Appreciation Bonds**

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KANE CO. S/D #304, ILLINOIS  
PROPOSED \$41MM BUILDING BOND ISSUE  
CAB PORTION SALE TO INVESTORS

=====

Accreted Value Table

=====

Delivery Date: 12/23/ 4

Period	CAB	CAB	CAB	CAB
Ending	1/ 1/14	1/ 1/15	1/ 1/16	1/ 1/17
	( 0.000000 %)	( 0.000000 %)	( 0.000000 %)	( 0.000000 %)
	( 4.540000 %)	( 4.650000 %)	( 4.750000 %)	( 4.830000 %)
	( 66.695000 %)	( 63.084000 %)	( 59.604000 %)	( 56.339000 %)
-----				
12/23/ 4	3,334.75	3,154.20	2,980.20	2,816.95
1/ 1/ 5	3,338.12	3,157.46	2,983.35	2,819.98
7/ 1/ 5	3,413.86	3,230.84	3,054.17	2,888.05
1/ 1/ 6	3,491.38	3,305.96	3,126.71	2,957.79
7/ 1/ 6	3,570.61	3,382.82	3,200.96	3,029.22
1/ 1/ 7	3,651.66	3,461.47	3,276.99	3,102.38
7/ 1/ 7	3,734.55	3,541.95	3,354.82	3,177.30
1/ 1/ 8	3,819.33	3,624.30	3,434.49	3,254.03
7/ 1/ 8	3,906.02	3,708.86	3,516.06	3,332.62
1/ 1/ 9	3,994.69	3,794.79	3,599.57	3,413.10
7/ 1/ 9	4,085.37	3,883.02	3,685.06	3,495.53
1/ 1/10	4,178.11	3,973.30	3,772.58	3,579.94
7/ 1/10	4,272.95	4,065.68	3,862.18	3,666.40
1/ 1/11	4,369.95	4,160.20	3,953.90	3,754.94
7/ 1/11	4,469.14	4,258.93	4,047.81	3,845.62
1/ 1/12	4,570.59	4,359.90	4,143.94	3,938.49
7/ 1/12	4,674.35	4,457.17	4,242.36	4,033.61
1/ 1/13	4,780.45	4,560.80	4,343.13	4,131.02
7/ 1/13	4,888.97	4,666.84	4,446.27	4,230.78
1/ 1/14	5,000.00	4,775.35	4,551.87	4,332.96
7/ 1/14		4,886.37	4,659.97	4,437.60
1/ 1/15		5,000.00	4,770.65	4,544.77
7/ 1/15			4,883.95	4,654.52
1/ 1/16			5,000.00	4,766.93
7/ 1/16				4,882.05
1/ 1/17				5,000.00

Note: CAB Accretion Based on Stated Yield to Maturity

Prepared by HUTCHINSON, SHOCKEY, BRLEY & CO.

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**APPENDIX D**

**Historical Financial Statements**

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	Governmental			Fund Types			Fund Type		
	General			Special Revenue			Debt Service		
	Educational Fund	Operations and Maintenance Fund	Total	Transportation Fund	Retirement Social Security Fund	Total	Bond and Interest Fund	Site and Construction	Prevention and Safety
Fund Balances at July 1, 1997	(350,239)	575,536	225,297	504,816	(143,457)	361,359	2,243,360	(433,769)	(44,754)
Total Revenues	19,851,955	3,430,073	23,282,028	976,933	475,641	1,452,574	3,029,326	48,032	8,439
Total Expenditures	20,791,717	3,926,096	24,717,813	1,190,960	619,065	1,810,025	2,922,868	775,360	587,237
Total Other Financing Sources		428,276	428,276						
Fund Balance at June 30, 1998	(1,290,001)	507,789	(782,212)	290,769	(286,881)	3,908	2,349,788	(1,161,117)	(623,552)
Fund Balances at July 1, 1998	(1,290,001)	507,789	(782,212)	290,769	(286,881)	3,908	2,349,788	(1,161,117)	(623,552)
Total Revenues	24,827,283	4,097,012	28,924,295	1,464,109	604,832	2,068,941	3,743,933	3,177,227	44,501
Total Expenditures	23,177,791	3,353,910	26,531,701	1,602,931	747,983	2,350,914	3,002,286	5,617,142	87,140
Total Other Financing Sources							13,506	35,600,000	2,759,081
Fund Balance at June 30, 1999	159,491	1,250,991	1,410,382	151,967	(430,032)	(278,065)	3,104,851	31,998,968	2,092,890
Fund Balances at July 1, 1999	159,491	1,250,991	1,410,382	151,967	430,032	581,999	3,104,851	31,998,968	2,092,890
Total Revenues	22,897,612	3,670,176	26,567,788	1,844,852	688,618	2,533,470	4,254,683	4,319,139	93,795
Total Expenditures	28,280,155	4,671,634	32,951,789	1,908,913	874,775	2,783,688	4,064,809	16,614,939	167,390
Total Other Financing Sources									
Fund Balance at June 30, 2000	(3,423,052)	249,433	(3,173,619)	387,706	(636,189)	(248,483)	3,294,835	19,703,168	2,019,295
Fund Balances at July 1, 2000	(3,423,052)	249,433	(3,173,619)	387,706	(636,189)	(248,483)	3,294,835	19,703,168	2,019,295
Total Revenues	27,564,978	4,287,153	31,852,131	2,230,567	996,258	3,226,825	5,282,526	2,207,243	129,416
Total Expenditures	29,676,709	4,522,110	34,198,819	1,768,774	803,060	2,571,834	4,451,039	16,482,068	1,382,773
Total Other Financing Sources		1,500,000	1,500,000				10,241	23,012,008	827,992
Fund Balance at June 30, 2001	(5,504,783)	1,514,476	(3,990,307)	849,499	(443,011)	406,488	4,136,566	28,430,351	1,613,930
Fund Balances at July 1, 2001	(5,504,783)	1,514,476	(3,990,307)	849,499	(443,011)	406,488	4,136,566	28,430,351	1,613,930
Total Revenues	33,211,504	4,627,166	37,838,670	2,874,655	1,501,245	4,375,900	5,310,001	1,224,217	1,167
Total Expenditures	33,523,507	4,539,762	38,063,269	2,035,317	785,370	2,820,687	5,234,987	15,639,073	557,791
Total Other Financing Sources							(1,463,802)		
Fund Balance at June 30, 2002	(6,352,964)	1,601,690	(4,751,274)	1,488,837	272,864	1,761,701	2,747,778	14,025,485	1,057,306
Fund Balances at July 1, 2002	(6,352,964)	1,601,690	(4,751,274)	1,488,837	272,864	1,761,701	2,747,778	14,025,485	1,057,306
Change in Acct. Principles	590,984	(337,700)	253,284	(1,208,511)	(131,337)	(1,339,846)	(834,343)	1,410,970	-
Total Revenues	34,871,006	5,461,252	40,332,258	4,094,800	1,894,917	5,989,717	6,132,695	835,134	1,097
Total Expenditures	35,759,360	4,984,732	40,744,092	1,982,535	1,095,428	3,077,963	6,033,451	10,486,729	113,163
Total Other Financing Sources		(76,180)	(76,180)	(15,361)			(138,479)	76,308	-
Fund Balance at June 30, 2003	(6,252,421)	1,664,520	(4,587,901)	977,030	915,065	1,892,095	1,874,200	5,861,178	945,240
Fund Balances at July 1, 2003	(6,252,421)	1,664,520	(4,587,901)	977,030	915,065	1,892,095	1,874,200	5,861,178	945,240
Change in Acct. Principles									
Total Revenues	38,948,549	8,830,223	47,778,772	3,255,316	1,894,917	5,150,233	6,132,695	835,134	1,097
Total Expenditures	39,354,029	5,745,278	45,099,306	4,376,860	1,305,404	5,682,264	6,033,451	10,486,729	113,163
Total Other Financing Sources							(138,479)	76,308	-
Fund Balance at June 30, 2004	(6,549,475)	7,464,126	914,653	2,878,757	1,504,578	4,383,335	1,874,200	5,861,178	945,240
Fund Balances at July 1, 2004	(6,549,475)	7,464,126	914,653	2,878,757	1,504,578	4,383,335	1,874,200	5,861,178	945,240
Change in Acct. Principles									
Total Revenues	39,026,704	6,707,838	45,734,542	2,931,538	1,637,995	4,569,533	6,132,695	835,134	1,097
Total Expenditures	38,249,416	7,754,882	46,004,300	5,153,539	1,481,130	6,634,669	6,033,451	1,666,759	404,431
Total Other Financing Sources							(138,479)	76,308	-
Fund Balance at June 30, 2005	(5,674,336)	6,409,746	735,410	641,082	2,220,618	2,861,700	1,834,965	4,250,619	543,356
Fund Balances at July 1, 2005	(5,674,336)	6,409,746	735,410	641,082	2,220,618	2,861,700	1,834,965	4,250,619	543,356
Change in Acct. Principles									
Total Revenues	39,026,704	6,707,838	45,734,542	2,931,538	1,637,995	4,569,533	6,132,695	835,134	1,097
Total Expenditures	38,249,416	7,754,882	46,004,300	5,153,539	1,481,130	6,634,669	6,033,451	1,666,759	404,431
Total Other Financing Sources							(138,479)	76,308	-
Fund Balance at June 30, 2005	(5,674,336)	6,409,746	735,410	641,082	2,220,618	2,861,700	1,834,965	4,250,619	543,356
Fund Balances at July 1, 2005	(5,674,336)	6,409,746	735,410	641,082	2,220,618	2,861,700	1,834,965	4,250,619	543,356
Change in Acct. Principles									
Total Revenues	39,026,704	6,707,838	45,734,542	2,931,538	1,637,995	4,569,533	6,132,695	835,134	1,097
Total Expenditures	38,249,416	7,754,882	46,004,300	5,153,539	1,481,130	6,634,669	6,033,451	1,666,759	404,431
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Total Other Financing Sources							(138,479)	76,308	-
Fund Balance at June 30, 2005	(5,674,3								

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**APPENDIX E**  
**Specimen Insurance Policy**

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Financial Guaranty Insurance Company  
 125 Park Avenue  
 New York, NY 10017  
 T 212-312-3000  
 T 800-352-0001

## Municipal Bond New Issue Insurance Policy

Issuer:

Policy Number:

Control Number: 0010001

Bonds:

Premium:

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to U.S. Bank Trust National Association or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all

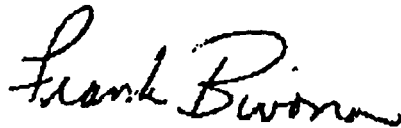


Financial Guaranty Insurance Company  
125 Park Avenue  
New York, NY 10017  
T 212-312-3000  
T 800-352-0001

## Municipal Bond New Issue Insurance Policy

principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

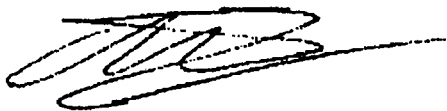


President

Effective Date:

Authorized Representative

U.S. Bank Trust National Association, acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.



Authorized Officer



Financial Guaranty Insurance Company  
125 Park Avenue  
New York, NY 10017  
T 212-312-3000  
T 800-352-0001

## Endorsement

### To Financial Guaranty Insurance Company Insurance Policy

Policy Number:

Control Number: 0010001

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the Issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

Authorized Officer

U.S. Bank Trust National Association, as Fiscal Agent



Financial Guaranty Insurance Company  
125 Park Avenue  
New York, NY 10017  
T 212-312-3000  
T 800-352-0001

**Endorsement**  
**To Financial Guaranty Insurance Company**  
**Insurance Policy**

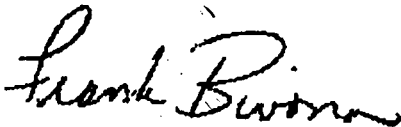
**Policy Number:**

**Control Number:** 0010001

It is further understood that with respect to the Bonds maturing on \_\_\_\_\_, the amount insured under this Policy is that portion of the accreted value (as set forth in the bond documents under which the Bonds are issued) of said Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

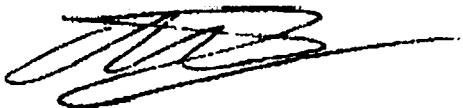


**President**

**Effective Date:**

**Authorized Representative**

**Acknowledged as of the Effective Date written above:**



**Authorized Officer**  
**U.S. Bank Trust National Association, as Fiscal Agent**