Moody's Investors Service

100 N. Riverside Plaza
Suite 2220
Chicago, IL 60606

Edward Damutz
Vice President/Senior Credit Officer
Tel: 312-706-9953
Fax: 312-706-9999
Email: edward.damutz@moodys.com

May 28, 2009

Mr. Scott Kuffel
Superintendent
Henry & Whiteside Cos. C.U.S.D 228
209 South College Avenue
Geneseo, IL 61254

Dear Mr. Kuffel:

We wish to inform you that on May 26, 2009, Moody's Investors Service reviewed and assigned a rating of **A3** to Henry & Whiteside Counties Community Unit School District 228 (Geneseo), IL's General Obligation School Bonds, Series 2009.

In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure, of current financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's Rating Desk.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, David Horton at 312-706-9951.

Sincerely,

Edward Damutz

cc:
Mr. Bob Bergland
Hutchinson, Shockey, Erley & Company

New Issue: Henry & Whiteside Cos. C.U.S.D 228, IL

CORRECTION TO HEADLINE AND TEXT, MAY 26, 2009 RELEASE: MOODY'S ASSIGNS A3 RATING TO HENRY & WHITESIDE COUNTIES C.U.S.D. 228 (GENESEO) IL $1.585 MILLION GO SCHOOL BONDS, SERIES 2009

CORRECT PAR VALUE OF SERIES 2009 BONDS IS $2.585 MILLION

Primary & Secondary Education
IL

Moody's Rating

ISSUE	RATING
General Obligation School Bonds, Series 2009	A3

Sale Amount $2,585,000
Expected Sale Date 06/24/09
Rating Description General Obligation Unlimited Tax

Opinion

NEW YORK, May 26, 2009 -- Substitute $2.585 million for $1.585 million in headline and first paragraph, first sentence. Revised release follows.

Moody's Investors Service has assigned an A3 rating to Henry and Whiteside Counties Community School District 228 (Geneseo) Illinois' $2.585 million General Obligation School Bonds, Series 2009. The bonds are secured by the district's general obligation unlimited tax pledge. Proceeds will finance fire prevention and life safety improvements to the existing school buildings of the district and will finance the replacement of I/T infrastructure. The A3 rating reflects the district's modestly sized tax base that benefits from its proximity to the Quad Cities, adequate financial operations, and strong debt profile.

MODESTLY SIZED TAX BASE BENEFITS FROM PROXIMITY TO QUAD CITIES

Located approximately 20 miles east of the Mississippi River and the Quad Cities, the district comprises 261 square miles and is agriculturally focused. Most of the district's residents live in the City of Geneseo. Long term, Moody's expects the district's relatively small tax base to experience modest growth based on its proximity to the Quad Cities, but in the short term, tax base growth is expected to be minimal. Officials report in 2008 residential development had come to a standstill but that recently anecdotal signs of new development and sales of existing homes have become apparent. The district's modest $875 million tax base is valued mostly residential (73%) but the economy of the district is primarily agricultural-based. The district's location provides access to labor markets in the Quad Cities area, with a large number of residents commuting to that area for employment. At 8.9%, district unemployment approximates national unemployment (8.9%) which is below the state average (9.3%). District income indices approximate state levels.

The Quad City region is considered a regional center in western Illinois/eastern Iowa, and serves as the center of commercial, trade and medical services in the area. The area's largest employer continues to be Rock Island Arsenal, employing over 7,000. Manufacturing and agriculturally focused industry has a strong regional presence. John Deere (senior unsecured rated A2), the area's second largest employer, has announced some company-wide layoffs recently although locally still employs approximately 6,300.

At 2,718 students in 2009, enrollment has been essentially flat over the past five years (2,720 students in 2005). Although flat over five years, enrollment was variable during those five years, increasing first to 2,780 students and then falling back to essentially flat with 2005. Officials report the past two years the incoming kindergarten classes are larger than prior year, helping to keep enrollment from falling further in the very near term. Officials expect flat to slightly declining enrollment over the mid term.

IMPROVING FINANCIAL OPERATIONS AND RESERVES

The district ended fiscal 2008 with a General Fund surplus of $1 million, increasing cash basis reserves to

$6.3 million or a healthy 29% of annual receipts. For fiscal 2009 the district, due to the purchase of a home adjacent to the high school, expects approximately a $150,000 operating deficit in the General Fund. For fiscal 2010 the district expects balanced operations. Over the recent past, General Fund reserves have remained in the range of 25% to 30% of annual revenue. The district has a policy to retain four months of revenue in reserve across all operating funds, defined as the General Fund, Transportation Fund and Working Cash Fund. At the close of fiscal 2008, the district retained valuable additional liquidity within the Working Cash Fund of $4 million, keeping available reserves at a robust 47% of annual receipts.

In an effort to restrain expenditure growth, the district has eliminated some staffing through attrition and reduced some programmatic offerings, such as a building trades course at the high school and choir at the elementary school. The district is currently under a teacher contract that provides 20% pre-retirement bonuses for the two years prior to retirement that expires at the close of fiscal 2009. District officials report 11 out of 13 retirements in fiscal 2009 will be eligible for this benefit. Due to a change in Illinois law, the district will only be required to pay a maximum of 6% after fiscal 2009.

The district receives 56% of its General Fund revenues from property taxes, and 39% from state aid; currently, the district is budgeting for a slight decline in state aid in fiscal 2010 although the state has not announced reductions. Favorably, the district is not subject to the tax caps that limit levy growth, allowing the district to capture the entirety of its tax base growth on an annual basis.

STRONG DEBT PROFILE

Due to limited debt issued by overlapping entities, at 1.3% the district's overall debt burden is solidly below average. At 1.1% the district's direct burden is more in line with the average Illinois' school district (0.9% average). Moody's expects the district's debt burden to remain modest due to a lack of any additional plans to issue debt. Current capital and maintenance demands at the district's buildings are limited, with installation of climate control at the district's high school the only larger capital project currently being debated; there is no current timeline for the high school project. Principal amortization is quick, with 100% of principal retired within 10 years.

KEY STATISTICS:

2000 Census population: 16,186 (6.9% increase since 1990)

Enrollment trend (4 years): 0.0%

2008 Full valuation: $875 million

2008 Full valuation per capita: $54,576

1999 Median family income, a % of state: 101.3% (112.4% of US)

1999 Per capita income, as a % of state: 91.8% (98.3% of US)

Henry County unemployment rate (02/09): 8.9% (IL at 9.3%; US at 8.9%)

Overall debt burden: 1.3% (1.1% direct)

Payout of principal (10 years): 100%

Fiscal 2008 General Fund balance: $8.0 million (29.4% of General Fund revenues)

Post-sale general obligation debt: $9.9 million

The principal methodology used in rating the current issue was "Local Government General Obligation and Related Ratings" which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Index of Special Reports - U.S. Public Finance. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Credit Policy & Methodologies directory.

The last rating action with respect to the Henry and Whiteside Counties C.U.S.D. 228 was on May 2, 2007 when the district's A3 rating on its general obligation debt was affirmed.

Analysts

David Horton

Analyst
Public Finance Group
Moody's Investors Service

Edward Damutz
Backup Analyst
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653