

2013 ANNUAL DISCLOSURE

(Pursuant to the Securities and Exchange Commission Rule 15c-2-12)

Related to:

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THE COUNTY OF UNION, ILLINOIS

\$1,070,000 Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010A
(Recovery Zone Economic Development Bonds (Direct Payment))

\$12,635,000 Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010B
(Build America Bonds (Direct Payment))

\$725,000 Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010C

\$2,040,000 Taxable General Obligation Limited Bonds, Series 2014

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COUNTY BOARD CHAIRMAN

Don Denny

COUNTY BOARD VICE-CHAIRMAN

Richard Cunningham

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Dale Russell

Danny Hartline

Max Miller

COUNTY CLERK

Terry Bartruff

COUNTY TREASURER

Darren Bailey

STATE'S ATTORNEY

Tyler R. Edmonds

Jonesboro, Illinois

UNION COUNTY

General

The County of Union is located in southern Illinois, approximately 145 miles southeast of Saint Louis, Missouri and 350 miles south of the City of Chicago. Union County is primarily rural. The County encompasses a land area of approximately 416 square miles. The County has an economic base that includes government, farming, retail trade and service industries. The City of Jonesboro is the County Seat and the City of Anna is the largest municipality in the County.

The County is intersected by Interstate Highways 57, Illinois Route 127, and United States Route 51, all of which provide north and south access. Interstate Highway 57 connects with Chicago approximately 350 miles northeast of the County. Illinois State Route 146 provides east and west access.

Air transportation is provided by Williamson County Regional Airport, approximately 20 miles for most County residents. The Williamson County Regional Airport is a public airport having 24-hour/7-day weekly line service from two commercial carriers. The longest runway is 6,500 feet.

Government

The County is governed by a five (5) member Board of Commissioners (the "County Board"), whose members are elected for six year staggered terms. The County Chairman is elected by the County Board members and is the Presiding Officer of the County Board. The County Board employs a County Administrator and Chief Information Officer. Elected County officials include the County Clerk and Recorder, Treasurer and Ex-Officio Collector, State's Attorney, Circuit Clerk, Circuit Judges, Coroner, Sheriff and the Regional Superintendent of Education.

The County currently has approximately 83 full-time employees, of which 54 are unionized. The County also has 25 part-time non-unionized employees. The unions that represent the County employees and the expiration dates of their respective collective bargaining agreements are as follows:

<u>Union</u>	<u>Members</u>	<u>Contract Expiration</u>
Laborers Local 773	13	11/30/2014
IFOP - Sheriff ⁽¹⁾	18	11/30/2014
Operators Local 318	12	11/30/2014
IAFF 4857 – Ambulance ⁽²⁾	11	11/30/2014

(1) "IFOP" – Illinois Fraternal Order of Police.

(2) "IAFF" – International Association of Fire Fighters.

Community Services

Utilities

Natural gas is provided by AMEREN, Cairo Public Utilities and distributed by municipal gas distribution systems. Electricity is provided by AMEREN/Central Illinois Public Service Co and the Southern Illinois Electric Cooperative.

Water and Sewer Services

The water for the County is provided by municipally owned water systems and several water districts. Sewer collection and treatment is provided by municipally owned sewer systems and by septic systems in unincorporated areas of the County.

Telephone

Telecommunications services are provided by Frontier. Long distance service is provided by Sprint and AT&T.

Public Safety

Fire prevention and safety are provided by municipally owned fire departments. Staffing is totally comprised of full-time and part-time employees and part-time volunteers. Police protection is provided by the County Sheriff's Department and municipal police departments.

Medical Services

Acute health care services are provided by Union County Hospital, Anna, Illinois. Regional medical centers are located within 50 miles in Carbondale and Marion, Illinois, Cape Girardeau, Missouri, and Paducah, Kentucky.

Education

The public school system within the County is operated under the administration and control of the Regional Office of Education #02, which supports services for 19 school districts in Alexander, Johnson, Massac, Pulaski, and Union Counties. Within the County there are 13 Public Schools - 9 elementary and 4 high schools. There is one community college located in the County - Shawnee Community College, Village of Ullin. Southern Illinois University is located in Carbondale, Illinois and is approximately 20 miles northwest of the County.

SOCIO-ECONOMIC INFORMATION

Population Trend

	1990	2000	2010
Union County	17,619	18,293	17,808
City of Anna	4,805	5,136	4,442
City of Jonesboro	1,728	1,853	1,821
State of Illinois	11,430,602	12,419,293	12,830,632

Median Home Value

	1990	2000	Est. 2008 - 2012
Union County	\$36,700	\$59,900	\$89,700
City of Anna	37,700	57,300	74,700
City of Jonesboro	36,600	54,400	83,900
State of Illinois	80,900	130,800	190,800

Median Family Income

	1990	2000	Est. 2008 - 2012
Union County	\$24,875	\$37,710	\$52,628
City of Anna	21,550	30,912	44,257
City of Jonesboro	24,932	40,066	40,625
State of Illinois	38,664	55,545	70,144

Source: U.S. Census Bureau.

Average Annual Unemployment Rates

<u>Calendar Year</u>	<u>Union County</u>	<u>State of Illinois</u>
2009	11.0	10.0
2010	12.1	10.4
2011	11.4	9.7
2012	11.0	8.9
2013	11.4	9.2
2014	12.6	9.2

* As of February 2014.

Source: Illinois Department of Employment Security.

Largest Area Employers

<u>Employer</u>	<u>Service or Product</u>	<u>Approximate Number of Employees</u>
Illinois Department of Human Services Choate Mental Health Development Center	Psychiatric Hospital	670
Ensign-Bickford Industries, Inc.	Aerospace Technology	250
Wal-Mart Stores, Inc.	Department Store Retailer	200
Anna Hospital Corporation	Hospital	180
Shawnee C.U.S.D. 84	Educational Services	139
Anna C.C.S.D. 37	Elementary/Secondary School	122
County of Union	Government	106
Kroger Co.	Retailer- Groceries	100
Rehabilitation and Vocational Education Program Inc.	Health Care/Social Services	99
Illinois Department of Transportation	Public Transportation	98

Source: Illinois Department of Commerce and Economic Opportunity.

DEBT INFORMATION

Statement of Long-Term Bonded Indebtedness

(as of February 6, 2014)

	Amount	Per Capita (2010 pop. 17,808)	Percent of Equalized Assessed Valuation	Estimated True Value
Equalized Assessed Valuation, 2012	\$ 186,240,505	\$ 10,458	100.00%	33.33%
Estimated True Value, 2012	558,721,515	31,375	300.00%	100.00%
Direct General Obligation Bonded Debt	15,910,000	893	8.54%	2.85%
Less: Self-Supported Debt ⁽¹⁾	<u>(13,870,000)</u>	<u>(779)</u>	<u>(7.45%)</u>	<u>(2.48%)</u>
Total Direct General Obligation Debt ⁽²⁾	2,040,000	115	1.10%	0.37%
Total Overlapping Bonded Debt	<u>8,842,193</u>	<u>497</u>	<u>4.75%</u>	<u>1.58%</u>
Total Direct & Overlapping Debt	\$ 10,882,193	\$ 611	5.84%	1.95%

(1) Pursuant to the provision of the Debt Reform Act, self-supporting bonds do not count against the County's overall 2.875% statutory debt limitation, unless the County fails to abate the property tax levies made for the payment thereof.

(2) Under applicable law, self-insurance bonds generally do not count against the County's debt limit. However, since the issuance of the Prior Bonds, as alternate bonds, the County has levied taxes to pay the principal and interest on the Prior Bonds. The Prior Bonds are characterized as debt for the purposes of the County's legal debt limit. Although this may be a default under the County's bond ordinance covenants for the Prior Bonds, it is not a payment default. The Bonds will be general obligation refunding limited bonds and thus count against the County's debt limit.

Source: Union County Clerk's Office.

Legal Debt Margin

(as of February 6, 2014)

2012 Equalized Assessed Valuation (E.A.V.)	\$ 186,240,505
Statutory Debt Limit (2.875% of E.A.V.)	5,354,415
General Obligation Debt Applicable to Limitation:	
Taxable General Obligation Bonds (ARS), Series 2010A (RZEDB (Direct Payment)) ⁽¹⁾	1,070,000
Taxable General Obligation Bonds (ARS), Series 2010B (BAB (Direct Payment)) ⁽¹⁾	12,635,000
Taxable General Obligation Bonds (ARS), Series 2010C ⁽¹⁾	165,000
Taxable General Obligation Limited Bonds, Series 2014	2,040,000
Total Direct General Obligation Debt	15,910,000
Less Self-Supporting Debt ⁽¹⁾	(13,870,000)
Total Net Direct Debt ⁽²⁾	2,040,000
Available Legal Debt Margin	\$ 3,314,415

(1) Pursuant to the provisions of the Debt Reform Act, alternate bonds, do not count against the County's overall 2.8750% of E.A.V. statutory debt limitation unless the County fails to abate the property tax levies made for the payment therein.

(2) Under applicable law, self-insurance bonds generally do not count against the County's debt limit. However, since the issuance of the Prior Bonds, as alternate bonds, the County has levied taxes to pay the principal and interest on the Prior Bonds. The Prior Bonds are characterized as debt for the purposes of the County's legal debt limit. Although this may be a default under the County's bond ordinance covenants for the Prior Bonds, it is not a payment default. The Bonds will be general obligation refunding limited bonds and thus count against the County's debt limit.

Source: The Union County Clerk's office and the County's Audited Financial Statements.

Detailed Overlapping Bonded Debt

(as of February 6, 2014)

<u>Taxing Body</u>	<u>Outstanding</u>	<u>Applicable to County</u>	
	<u>Debt⁽¹⁾</u>	<u>Percent</u>	<u>Amount</u>
Anna CCSD #37	\$ 465,000	100.00%	465,000
Cobden CUSD #17	2,565,000	99.00%	2,539,350
Dongola CUSD #66	355,000	100.00%	355,000
Anna-Jonesboro CHSD #81	2,205,000	99.98%	2,204,559
Jonesboro CCSD #43	670,000	99.92%	669,464
Shawnee CUSD #84	1,580,000	7.10%	112,180
Vienna H.S. Dist #13-3	430,000	3.00%	12,900
Shawnee Comm. College #531	7,625,000	31.60%	2,409,500
Goreville CUSD #1	4,640,000	1.60%	74,240
Total Overlapping Debt			\$ 8,842,193

(1) Excludes principal amounts of outstanding self-supporting bonds that are paid from sources other than ad valorem taxes.

Source: The Union County Clerk's office and the County's Audited Financial Statement 2012.

Schedule of Bonded Indebtedness

(as of February 6, 2014)

	Series 2010A		Series 2010B		Series 2010C		Series 2014							
Dated Date	9/29/2010		9/29/2010		9/29/2010		Date of Delivery							
Par Amount	\$1,070,000		\$12,635,000		\$725,000		\$2,040,000							
Maturity	9/1/2042		9/1/2041		9/1/2014		12/1/2027							
Fiscal Year Ending 11/30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	
2014	\$ -	\$ 79,715	\$ -	\$ 535,782	\$ 165,000	\$ 6,188	\$ -	\$ -	165,000	621,685	786,685	15,745,000	1.04%	
2015	-	79,715	280,000	535,782	-	-	120,000	49,899	400,000	665,396	1,065,396	15,345,000	3.55%	
2016	-	79,715	285,000	529,594	-	-	140,000	61,528	425,000	670,837	1,095,837	14,920,000	6.22%	
2017	-	79,715	295,000	522,740	-	-	145,000	58,728	440,000	661,183	1,101,183	14,480,000	8.99%	
2018	-	79,715	300,000	514,495	-	-	145,000	55,828	445,000	650,038	1,095,038	14,035,000	11.79%	
2019	-	79,715	310,000	505,622	-	-	150,000	52,928	460,000	638,265	1,098,265	13,575,000	14.68%	
2020	-	79,715	320,000	495,950	-	-	155,000	49,178	475,000	624,843	1,099,843	13,100,000	17.66%	
2021	-	79,715	330,000	485,550	-	-	160,000	45,303	490,000	610,568	1,100,568	12,610,000	20.74%	
2022	-	79,715	345,000	474,396	-	-	165,000	39,703	510,000	593,814	1,103,814	12,100,000	23.95%	
2023	-	79,715	355,000	462,287	-	-	170,000	33,928	525,000	575,930	1,100,930	11,575,000	27.25%	
2024	-	79,715	370,000	449,365	-	-	175,000	27,808	545,000	556,888	1,101,888	11,030,000	30.67%	
2025	-	79,715	390,000	435,416	-	-	185,000	21,070	575,000	536,201	1,111,201	10,455,000	34.29%	
2026	-	79,715	400,000	420,206	-	-	190,000	13,670	590,000	513,591	1,103,591	9,865,000	37.99%	
2027	-	79,715	420,000	404,086	-	-	140,000	5,880	560,000	489,681	1,049,681	9,305,000	41.51%	
2028	-	79,715	440,000	385,249	-	-	-	-	440,000	464,964	904,964	8,865,000	44.28%	
2029	-	79,715	460,000	365,515	-	-	-	-	460,000	445,230	905,230	8,405,000	47.17%	
2030	-	79,715	485,000	344,884	-	-	-	-	485,000	424,599	909,599	7,920,000	50.22%	
2031	-	79,715	505,000	323,131	-	-	-	-	505,000	402,846	907,846	7,415,000	53.39%	
2032	-	79,715	530,000	299,335	-	-	-	-	530,000	379,050	909,050	6,885,000	56.73%	
2033	-	79,715	555,000	274,357	-	-	-	-	555,000	354,072	909,072	6,330,000	60.21%	
2034	-	79,715	585,000	248,203	-	-	-	-	585,000	327,918	912,918	5,745,000	63.89%	
2035	-	79,715	610,000	220,634	-	-	-	-	610,000	300,349	910,349	5,135,000	67.72%	
2036	-	79,715	645,000	191,888	-	-	-	-	645,000	271,603	916,603	4,490,000	71.78%	
2037	-	79,715	675,000	161,493	-	-	-	-	675,000	241,208	916,208	3,815,000	71.78%	
2038	-	79,715	710,000	129,683	-	-	-	-	710,000	209,398	919,398	3,105,000	80.48%	
2039	-	79,715	745,000	96,224	-	-	-	-	745,000	175,939	920,939	2,360,000	85.17%	
2040	-	79,715	790,000	61,116	-	-	-	-	790,000	140,831	930,831	1,570,000	90.13%	
2041	215,000	79,715	500,000	23,888	-	-	-	-	715,000	103,603	818,603	855,000	94.63%	
2042	855,000	63,697	-	-	-	-	-	-	855,000	63,697	918,697	-	100.00%	
Total	\$ 1,070,000	\$ 2,295,717	\$ 12,635,000	\$ 9,896,871	\$ 165,000	\$ 6,188	\$ 2,040,000	\$ 515,451	\$ 15,910,000	\$ 12,714,227	\$ 28,624,227			

Source: The County's 2013 Annual Financial Statements. See APPENDIX A for a complete copy of the County's 2013 Annual Financial Report.

FUTURE FINANCING

The County does not contemplate issuing any additional debt within the next six months.

HISTORY OF DEBT PAYMENT

The County has always promptly paid principal and interest on its debt obligations.

PROPERTY ASSESSMENT AND TAX INFORMATION

Assessment

The Supervisor of Assessments is responsible for the assessment of all taxable real property within the township except for certain railroad property and certified pollution control facilities, which are assessed directly by the State. Real property is reassessed every fourth year. After the Supervisor of Assessments establishes the fair market value of a parcel of land, that value is multiplied by 33-1/3% to arrive at the assessed valuation ("Assessed Valuation") for that parcel. The Supervisor of Assessments may revise the Assessed Valuation pursuant to requests of taxpayers. Taxpayers can also formally petition for review of their assessments by the Union County Board of Review. In addition, limited judicial review of assessments is available during the tax collection process, when the Union County Collector presents the Warrant Books (defined below) to the Circuit Court for judgment, or by appeal to the State Property Tax Appeal Board.

Equalization

After the Supervisor of Assessments has established the Assessed Valuation for each parcel for a given year and multipliers have been established, and following the Union County Board of Review revisions, the Illinois Department of Revenue (the "Revenue Department") is required by statute to review the Assessed Valuations. The Revenue Department establishes an equalization factor (commonly called the "multiplier") for each county, to make all valuations uniform among the 102 counties in the State. For real property in the County, assessments are equalized at 33-1/3% of estimated fair market value.

Once the equalization factor is established, the Assessed Valuations determined by the Supervisor of Assessments, as revised by the County Board of Review, less all Homestead Exemptions, are multiplied by the equalization factor to determine the Equalized Assessed Valuations. The Equalized Assessed Valuations are the final property valuations used for determination of tax liability. The aggregate Equalized Assessed Valuation for all parcels in the County, including the valuation of certain railroad property and certified pollution control facilities assessed directly by the State and the valuation of farmland assessed under the direction of the State, constitutes the total real estate tax base for the County, and is the value utilized to calculate tax rates.

Illinois Equalized Assessed Valuation Exemptions

An annual General Homestead Exemption provides that the Equalized Assessed Valuation ("*EAV*") of certain property owned and used for residential purposes ("*Residential Property*") may be reduced by up to \$5,000 for assessment years 2004 through 2007 in all counties. Additionally, the maximum reduction is \$5,500 for assessment year 2008 and the maximum reduction is \$6,000 for assessment year 2009 and thereafter in all counties.

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the 2 years following a catastrophic event. The exemption is limited to \$45,000 through December 31, 2003, and \$75,000 per year beginning January 1, 2004 and thereafter, to the extent the assessed value is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption ("*Senior Citizens Homestead Exemption*") operates annually to reduce the EAV on a senior citizen's home for assessment years prior to 2004 by \$2,000 in counties with less than 3,000,000 inhabitants. For assessment years 2004 and 2005, the maximum reduction is \$3,000 in all counties. For assessment years 2006 and 2007, the maximum reduction is \$3,500 in all counties. In addition, for assessment year 2008-2012, the maximum reduction is \$4,000 for all counties. For assessment year 2013 and thereafter, the maximum reduction is \$5,000 in all counties. Furthermore, 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.

A Senior Citizens Assessment Freeze Homestead Exemption ("*Senior Citizens Assessment Freeze Homestead Exemption*") freezes property tax assessments for homeowners, who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$35,000 for years prior to 1999, \$40,000 for assessment years 1999 through 2003, \$45,000 for assessment years 2004 and 2005, \$50,000 from assessment years 2006 and 2007 and for assessment year 2008 and after, the maximum income limitation is \$55,000. 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. For those counties with less than 3,000,000, the exemption is as follows: through assessment year 2005 and for assessment year 2007 and later, the exempt amount is the difference between (i) the current EAV of their residence and (ii) the base amount, which is the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the exemption. For assessment year 2006, the amount of the exemption phases out as the amount of household income increases. The amount of the exemption is calculated by using the same formula as above, and then multiplying the resulting value by a ratio that varies according to household income.

Another exemption available to disabled veterans operates annually to exempt up to \$70,000 of the EAV of property owned and used exclusively by such veterans or their spouses for residential purposes. However, individuals claiming exemption under the Disabled Persons' Homestead Exemption ("*Disabled Persons' Homestead Exemption*") or the Disabled Veterans Standard Homestead Exemption ("*Disabled Veterans Standard Homestead Exemption*") cannot claim the aforementioned exemption. Also, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals.

Furthermore, beginning with assessment year 2007, the Disabled Persons' Homestead Exemption provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain persons with a disability. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

In addition, the Disabled Veterans Standard Homestead Exemption provides disabled veterans an annual homestead exemption starting with assessment year 2007 and thereafter. Specifically, (i) those veterans with a service-connected disability of 70% are granted an exemption of \$5,000 and (ii) those veterans with a service-connected disability of less than 70%, but at least 50% are granted an exemption of \$2,500. Furthermore, the veteran's surviving spouse is entitled to the benefit of the exemption, provided that the spouse has legal or beneficial title of the homestead, resides permanently on the homestead and does not remarry. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Persons' Homestead Exemption cannot claim the aforementioned exemption.

Beginning with assessment year 2007, the Returning Veterans' Homestead Exemption ("*Returning Veterans' Homestead Exemption*") is available for property owned and occupied as the principal residence of a veteran in the assessment year the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a homestead exemption of \$5,000, which is applicable in all counties. In order to apply for this exemption, the individual must pay real estate taxes on the property, own the property or have either a legal or an equitable interest in the property, subject to some limitations. Those individuals eligible for this exemption may claim the exemption in addition to other homestead exemptions, unless otherwise noted.

Tax Levy

As part of the annual budget process of the County, an ordinance is adopted by the County Board each year in which it determines to levy real estate taxes. This tax levy ordinance imposes real estate taxes in terms of a dollar amount. The County certifies its real estate tax levy, as established by ordinance, to the County Clerk's Office. The remaining administration and collection of the real estate taxes are statutorily assigned to the County Clerk and the Union County Treasurer (the "County Treasurer") who also serves as the Union County Collector (the "County Collector"). After the County files its annual tax levy, the County Clerk computes the annual tax rate for the County. This computation is made by dividing the County levy by its Equalized Assessed Valuation. Starting with tax extensions in 1992, the County Clerk calculates a limiting rate for the County in accordance with the Property Tax Limitation Law. The limiting rate is the mechanism for implementing the tax extension limitation or cap of 5% or the percentage increase in the Consumer Price Index, whichever is less, or the amount approved by referendum, on the amount of taxes to be collected by the County. Once calculated, the limiting rate is compared with the sum of the tax rates of the County's funds, which are subject to the aforementioned limitation. If the sum of the tax rates exceeds the limiting rate, an adjustment must be made. The County Clerk will not extend a levy using an aggregate tax rate greater than the limiting rate.

Once the necessary adjustments to the tax rates are made, the County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the taxing units having jurisdiction over that particular parcel. The County Clerk enters the tax determined by multiplying that total tax rate by the Equalized Assessed Valuation of the parcel in the books prepared for the County Collector (the "Warrant Books") along with the tax rates, the Assessed Valuation and the Equalized Assessed Valuation. These books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

Collection

Property taxes are collected by the County Collector, who is also the County Treasurer, who remits to the County its share of the collections. Taxes levied in one calendar year become payable during the following calendar year in two equal installments, the first on the later of June 1 or 30 days after the mailing of the tax bills and the second on the later of September 1 or 60 days after such mailing. During the peak collection months of June and September, tax receipts are forwarded to the County on a semi-monthly basis. At other times, they are distributed on or about the first of the month.

At the end of each calendar year, the County Collector presents the Warrant Books to the Circuit Court, and applies for a judgment for all unpaid taxes. The Court order resulting from that application for judgment provides for a sale of all property with unpaid taxes shown on that year's Warrant Books. A public sale is held, at which time successful bidders pay the unpaid taxes plus penalties. Unpaid taxes accrue penalties at the rate of 1.5% (1% for agricultural property) per month from their due date until the date of sale. Taxpayers can redeem their property by paying the tax buyer the amount paid at the sale, plus a penalty. If no redemption is made within specified time periods based on the type of real estate involved, the tax buyer can receive a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

Illinois Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law of the State of Illinois, as amended (the "Limitation Law"), effective in 1997 for Union County, limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home rule units. In general, growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year proceeding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations. The Limitation Law applies to the County.

The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, unlimited ad valorem tax general obligation bonds, notes or installment contracts cannot be issued by a taxing district (except home rule unites) unless the obligations first are approved at a direct referendum or are for certain refunding purposes.

TRUTH IN TAXATION

On July 29, 1981, legislation known as the Truth in Taxation Act became effective, which requires additional procedures in connection with the annual levying of property taxes. Notice in the prescribed form must be published if the aggregate annual levy by a taxing body is estimated to exceed 105% of its levy for the preceding year, exclusive of the election costs and debt service. A public hearing must also be held, which may not be in conjunction with the budget hearing of the taxing body. No amount in excess of 105% of the preceding year's levy may be extended for a taxing body unless the levy is accompanied by a certification of compliance with the foregoing procedures. The express purpose of the legislation is to require disclosure of a levy in excess of specified levels. However, the legislation does not impose any limitation on the rate or amount of the levies of taxes extended to pay principal of or interest on the Taxable General Obligation Limited Bonds, Series 2014.

Equalized Assessed Valuation (E.A.V.) is estimated at 33-1/3% of fair market value.

Equalized Assessed Valuation

Tax Year	Total	Percent Increase
2008	\$ 163,258,041	4.76%
2009	173,199,262	6.09%
2010	180,167,317	4.02%
2011	178,922,245	-0.69%
2012	186,240,505	4.09%

Source: Union County Clerk's Office.

County Tax Rate Trend

(Per \$100 of Equalized Assessed Valuation)

FUND	2008	2009	2010	2011	2012
Corporate	\$ 0.26000	\$ 0.27000	\$ 0.58830	\$ 0.60920	\$ 0.57721
County Highway	0.05860	0.05598	0.09990	0.04471	0.04296
County Bridges	0.03627	0.03563	0.03410	0.03465	0.03329
Federal Aid Matching	0.03627	0.03563	0.03890	0.03912	0.03759
Hardroad	0.03627	0.03563	-	-	-
I.M.R.F.	0.41640	0.35644	0.02780	0.13973	0.23679
TB Sanitarium	0.00670	0.00611	0.00710	0.00671	0.00322
General Assistance	0.00279	0.00255	0.00440	0.00447	-
Bond & Interest	0.16328	0.15391	0.15050	0.14990	0.14372
Liability Insurance	0.17452	0.17160	0.01390	0.00112	0.00054
Senior Citizens	-	0.02030	0.01940	0.01593	0.00054
Southern 7 Health	0.03063	0.02950	0.02930	0.02907	0.01718
Co-Op. Extension	0.02662	0.02457	0.02410	0.02502	0.01181
Mental Health	-	-	-	-	0.00322
County Ambulance	<u>0.19601</u>	<u>0.18877</u>	<u>0.20080</u>	<u>0.20065</u>	<u>0.19598</u>
Total	\$ 1.44436	\$ 1.38662	\$ 1.23850	\$ 1.30028	\$ 1.30405

Source: Union County Clerk's Office.

Representative Tax Rate Trend

(Per \$100 of Equalized Assessed Valuation)

ENTITY	2008	2009	2010	2011	2012
County Tax	\$ 1.44436	\$ 1.38662	\$ 1.23850	\$ 1.30028	\$ 1.30405
County Hosp. & Bond	0.42406	-	-	-	-
Anna CUSD #37	2.13814	2.07112	2.05940	2.75428	2.13462
Anna-Jonesboro Comm. High School	1.58894	1.57509	1.71210	1.80329	1.87346
Shawnee Comm. College	0.66308	0.67217	0.77520	0.77659	0.78639
City of Jonesboro	0.81996	0.80058	0.80510	0.50453	0.50625
Road & Bridge	0.03955	0.03809	0.03790	-	-
Roads in Village	0.06621	0.06438	0.06410	0.06681	0.06740
Anna Road	0.06756	0.06596	0.06630	0.06910	0.06984
Stinson M. Library	<u>0.16976</u>	<u>0.16330</u>	<u>0.16370</u>	<u>0.16972</u>	<u>0.17036</u>
Total	\$ 7.42162	\$ 6.83731	\$ 6.92230	\$ 7.44460	\$ 6.91237

Source: The Union County Clerk's and Treasurer's Offices.

<u>Year</u>	<u>Extension</u>	<u>Collection</u>	<u>Percent Collected</u>
2008	\$ 1,944,566	\$ 1,941,070	99.82%
2009	\$ 1,981,021	\$ 1,935,774	97.72%
2010	\$ 2,225,436	\$ 2,232,934	100.34%
2011	\$ 2,319,336	\$ 2,327,801	100.36%
2012	\$ 2,428,671	\$ 2,418,247	99.57%

Source: Union County Clerk and Treasurer's Office.

Largest County Taxpayers⁽¹⁾

<u>Name</u>	<u>2012 E.A.V.</u>	<u>% of County's</u>
Anna-Jonesboro National Bank	\$ 2,258,830	1.21%
Wal-Mart	1,500,500	0.81%
TE PDTS Pipeline Co	1,410,890	0.76%
Cunningham William	1,029,365	0.55%
Union County Hospital	1,012,270	0.54%
Anna Quarries Inc.	770,570	0.41%
Texas Eastern Pipeline	758,490	0.41%
Anna State Bank	745,630	0.40%
Kel-Tech/Mullberry Manor	732,930	0.39%
Bank of Belleville	692,730	0.37%
Total:	\$ 10,912,205	5.86%

(1) Every effort has been made to include all taxable property of the taxpayers listed and to seek out and report the largest taxpayers within the County. Many of the taxpayers listed contain multiple parcels and it is possible that some of the parcels may not have been included.

Source: Union County Clerk's Office.

FINANCIAL INFORMATION

The County's financial statements are audited annually by certified public accountants. The County's financial statements are completed on a modified accrual basis of accounting consistent with generally accepted accounting principles applicable to government entities. For more detail, see "APPENDIX A" for a copy of the County's Fiscal Year 2013 audited financial statements.

Union County
Balance Sheet
General Fund Summary
For Years Ending November 30th

<u>Assets</u>	<u>2009</u>	<u>2010</u> ⁽¹⁾	<u>2011</u> ⁽¹⁾	<u>2012</u> ⁽²⁾	<u>2013</u>
Cash & Cash Equivalents	\$ 194,046	\$ 258,621	\$ 56,669	\$ 1,962,790	\$ 5,404,879
Stamps on Hand	12,000	12,000	12,000	12,000	12,000
Loans receivable	-	-	-	-	141,618
Total Assets	\$ 206,046	\$ 270,621	\$ 68,669	\$ 1,974,790	\$ 5,558,497
 <u>Liabilities & Fund Balance</u>					
Liabilities:					
Due to other Funds	515,000	515,000	465,000	-	-
Total Liabilities	515,000	515,000	465,000	-	-
 Fund Balances:					
Reserved for Inventory	12,000	12,000	12,000	12,000	12,000
Reserved for revolving loan fund					262,389
Reserved for debt service					1,811,758
Unreserved for Debt Service In:					
General Fund	320,954	256,379	408,331	1,962,790	1,076,501
Special Revenue Funds					2,395,849
Total Fund Balances	332,954	268,379	420,331	1,974,790	5,558,497
 Total Liabilities & Fund Balance	 \$ 206,046	 \$ 270,621	 \$ 68,669	 \$ 1,974,790	 \$ 5,558,497

(1) The County restated their audited annual financial statements for fiscal years 2010 and 2011 to reflect receipt of the one percent (1%) public facility sales tax that was approved via referendum on February 2, 2010 for the purposes of public facilities. The Sales taxes are considered revenue to the County. Pursuant to a custodial agreement between the County and The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri (the "2010 Bonds Paying Agent"), the 2010 Bonds Paying Agent maintains an account where Sales Taxes are deposited for the purpose of paying principal and interest on the 2010 Bonds. For fiscal years 2010 and 2011, the County omitted the Sales Taxes from its audited financial statements thereby under-reporting actual revenues. The County has since restated its audited financial statements for fiscal years 2010 and 2011 to reflect the Sales Taxes revenue and has filed the restated 2010 and 2011 audited financial statements with the MSRB on EMMA.

(2) The increase in cash and cash equivalents was caused by several factors: (i) in 2012 the County collected two fiscal years of property taxes; (ii) the County retired a significant interfund loan that increased the cash in the General Fund; and (iii) there was a late distribution out of the General Fund that is not reflected in the fiscal year 2012 audit and gives the impression of a larger cash balance.

Source: the County and its Audited Financial Statements from 2009 – 2013. See APPENDIX A for a copy of the County's 2013 Audited Financial Statements.

Union County
Statement of Revenues, Expenditures, and Changes
General Fund Summary

For Years Ending November 30th

<u>Receipts/Revenues</u>	<u>2009</u>	<u>2010⁽⁶⁾</u>	<u>2011⁽⁶⁾</u>	<u>2012</u>	<u>2013</u>
Public Safety Tax	-	-	-	-	1,486,413
Property & Replacement Taxes	\$ 971,116	\$ 672,588	\$ 716,166	\$ 3,522,409 ⁽¹⁾	\$ 3,986,804
County Share of Illinois Income Tax	770,473	738,298	820,543	841,766	918,541
County Share of Sales Tax	485,859	521,152	513,832	527,711	549,392
Salary Reimbursements	275,867	254,988	158,097	380,426	735,771
Service Fees, Fines, Licenses & Commissions	837,928	757,592	615,254	615,254	809,698
Interest Income	9,431	65,804	3,603	13,930	17,466
Equipment Rental	-	-	-	-	355,542
Motor fuel tax allotments	-	-	-	-	676,845
Grants and entitlements	-	-	-	-	-
Other Receipts & Reimbursements	<u>183,486</u>	<u>113,290</u>	<u>192,273</u>	<u>472,502</u>	<u>981,784</u>
Total Receipts/Revenues	\$ 3,534,160	\$ 3,123,712	\$ 3,019,768	\$ 6,373,998	\$ 10,520,269
 <u>Disbursements/Expenditures</u>					
Current:					
General Government	\$ 859,432	\$ 1,232,591	\$ 1,305,759	\$ 1,930,596	\$ 3,870,262
Public Safety	1,117,924	1,008,603	935,509	1,171,183	2,237,791
Corrections	121,955	97,584	116,910	140,288	140,294
Judiciary & Legal	705,495	739,034	740,835	724,810	1,109,039
Health & Welfare	296,101	-	-	-	47,870
Other Expenditures & Reimbursements	86,859	-	-	-	6,498,840
Total Disbursements/Expenditures	\$ 3,187,766	\$ 3,077,802	\$ 3,099,013	\$ 3,966,877	\$ 13,904,096
 Excess (Deficiency) of					
Revenues over Expenditures	345,394	45,900	(79,245)	2,407,121	(3,385,840)
Other Financing Sources (Uses):					
Repayment of debt	-	-	-	-	(1,077,080)
Transfers In	-	18,675 ⁽³⁾	-	-	16,815
Transfers Out	(31,800) ⁽²⁾	-	(72,707) ⁽⁴⁾	(36,000) ⁽⁵⁾	(40,815)
Total Other Financing Sources (Uses):	(31,800)	18,675	(72,707)	(36,000)	(1,101,080)
Net Change In Fund Balances	313,594	64,575	(151,952)	2,371,121	(4,486,920)
Fund Balances - Beginning of Year	(622,548)	(308,954)	(244,379)	(396,331)	10,045,417
Fund Balances - End of Year	\$ (308,954)	\$ (244,379)	\$ (396,331)	\$ 1,974,790	\$ 5,558,497

(1) In FY 2012 the County included funds that had previously been accounted for separately into the General Fund. The General Fund now includes the following: County Ambulance, County Community Health, Union County, Unit Road and Bridge, Roads in Villages and Roads not in Villages Funds. The increase in tax revenues received is a factor of this inclusion and to the fact that two years of tax revenues were accounted for in this fiscal year.

(2) Constitutes transfers of \$12,000 to Cemetery Fund and \$19,000 to the Animal Control Fund.

(3) Constitutes a transfer from the Hotel/Motel Tax Fund.

(4) Constitutes a transfer of \$4,456 to Cemetery Fund, \$4,833 to the County Unit Road District - MFT Fund, \$46,050 to the County Motor Fuel Tax Fund, and \$17,368 to the County Highway Fund.

(5) Constitutes transfers of \$12,000 to Cemetery Fund and \$24,000 to the Animal Control Fund.

(6) The County restated their audited annual financial statements for fiscal years 2010 and 2011 to reflect receipt of the one percent (1%) public facility sales tax that was approved via referendum on February 2, 2010 for the purposes of public facilities. The Sales taxes are considered revenue to the County. Pursuant to a custodial agreement between the County and The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri (the "2010 Bonds Paying Agent"), the 2010 Bonds Paying Agent maintains an account where Sales Taxes are deposited for the purpose of paying principal and interest on the 2010 Bonds. For fiscal years 2010 and 2011, the County omitted the Sales Taxes from its audited financial statements thereby under-reporting actual revenues. The County has since restated its audited financial statements for fiscal years 2010 and 2011 to reflect the Sales Taxes revenue and has filed the restated 2010 and 2011 audited financial statements with the MSRB on EMMA.

Source: the County and its Audited Financial Statements from 2009 – 2013. See APPENDIX A for a copy of the County's 2013 Audited Financial Statements.

EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Plan Description

The County's defined benefit pension plan, Illinois Municipal Retirement ("IMRF"), provides retirement, disability, annual cost of living adjustments, and death benefits to plan member and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and retired supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 5000, Oak Brook, Illinois 60523.

Funding Policy

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. Sherriff's Law Enforcement Personnel ("SLEP") members are required to contribute 7.50 percent of their annual covered salary. Elected County Officials ("ECO") members are required to contribute 7.50 percent of their annual covered salary. The member rate is established by the state statute. The County is required to contribute an actuarially determined rate. The employer rate for calendar year 2011, based on the 2009 valuation, was 15.33 percent of payroll for SLEP member, 17.74 percent of payroll for ECO members and 11.30 percent for all other employees. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The remaining amortization period at December 31, 2010 was 21 years for ECO members and all other employees and 2 years for SLEP members.

Annual Pension Cost

For December 1, 2011, the County's annual pension cost of \$20,113 for SLEP members, \$54,111 for ECO members and \$256,228 for all other members was equal to the County's required and actual contributions.

Three-Year Trend Information for the IMRF Plan

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/13	\$319,216	100%	\$ -
12/31/12	317,169	100%	-
12/31/11	294,950	100%	-

Three-Year Trend Information for the SLEP Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$159,731	100%	\$ -
12/31/12	133,401	100%	-
12/31/11	146,098	100%	-

Three-Year Trend Information for the ECO Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$64,323	100%	\$ -
12/31/12	73,625	100%	-
12/31/11	70,020	100%	-

The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.3 percent to 12.2 percent a year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period, with a 20 percent corridor. The assumptions used for the 2011 actuarial valuation were based on the 2005-2007 experience study.

Schedule of Funding Progress- IMRF Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability 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)
12/31/13	\$4,072,675	\$5,806,410	\$1,733,735	70.14%	\$2,255,946	76.85%
12/31/12	3,746,951	5,859,221	2,112,270	63.95%	2,173,881	97.17%
12/31/11	3,997,866	6,273,348	2,275,482	63.73%	2,1115,856	107.54%

Schedule of Funding Progress- SLEP Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability 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)
12/31/13	\$3,080,877	\$3,622,009	\$541,132	85.06%	\$781,082	69.28%
12/31/12	2,728,908	3,584,997	856,089	76.12%	725,400	118.02%
12/31/11	2,374,559	3,407,282	1,032,723	69.69%	782,946	131.90%

Schedule of Funding Progress- ECO Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability 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)
12/31/13	\$894,396	\$774,035	\$(120,361)	115.55%	\$330,202	0%
12/31/12	1,159,859	1,156,422	(3,437)	100.30%	389,550	0%
12/31/11	1,173,091	1,243,187	70,096	94.36%	394,703	17.76%