TRANSCRIPT OF PROCEEDINGS

THE COUNTY OF UNION, ILLINOIS

$2,040,000
GENERAL OBLIGATION
REFUNDING LIMITED BONDS,
SERIES 2014

Dec. 1	Principal Amount($)	Interest Rate(%)
2014	120,000	2.00
2015	140,000	2.00
2016	145,000	2.00
2017	145,000	2.00
2018	150,000	2.50
2019	155,000	2.50
2020	160,000	3.50
2021	165,000	3.50
2022	170,000	3.60
2023	175,000	3.85
2024	185,000	4.00
2025	190,000	4.10
2026	140,000	4.20

Transcript Dated:

February 20, 2014

Approving Opinion: Evans, Froehlich, Beth & Chamley, Champaign, Illinois

BERNARDI SECURITIES INC

MUNICIPAL BOND SPECIALISTS

February 18, 2014

Mr. Don Denny, Chairman of the County Board
The County of Union, Illinois
309 W. Market St.
Jonesboro, Illinois 62952

*** VIA Email ***
(kcarter@unioncountyil.gov)

Re: The County of Union, Illinois
$2,040,000 General Obligation Refunding Limited Bonds, Series 2014

Dear Mr. Denny:

The above referenced issue closes on February 20, 2014. On the closing day, Bernardi Securities, Inc. will disburse the Bond proceeds of **$2,016,313.75** as follows:

We will instruct Pershing to wire funds in the amount of **$1,951,245.98** for the Bond Escrow Account to:

Hometown National Bank
260 Bucklin Street
LaSalle, Illinois 61301
ABA No.: 071902030
Trust Dept. Account No.: 99984901

For Further Credit To:
Union County 2014 Escrow
Account No.: 27597000270
Contact: Beth Beck (815) 220-2243

Immediately upon receipt of the wired funds, Hometown National Bank, will purchase SLGS Securities in the amount of **$1,951,245.00** and established beginning cash balance of **$0.98** for the County's escrow account at the bank.

We will instruct Pershing to wire funds in the amount of **$8,000.00** for the payment for the County's Disclosure Counsel to:

JP Morgan Chase Bank
ABA No.: 021000021
Account No.: 192479848
ICE MILLER
Swift No.: CHASUS33
Matter No.: 30835.0002
Invoice No.: 1301889

We will also instruct Pershing to wire funds in the amount of **$29,387.63** for the payment of Assured Guaranty's insurance premium to:

The Bank of New York
Account Name: Assured Guaranty Municipal Corp.
Account No.: 8900297263
Routing No.: 021-000-018
Policy No.: 215936-N
Contact: Audrey Udit (212) 339-3548

We will also instruct Pershing to wire funds in the amount of **$3,000.00** for the County's Bond Rating Fee to:

Bank of America
San Francisco, CA
Standard and Poor's
Account No.: 12334-02500
ABA No.: 0260-0959-3
Invoice No: 10340907
Contact: (877) 286-8897

Bernardi Securities, Inc. will also issue the following checks:

$ 17,000.00	Evans, Froehlich, Beth & Chamley *(Bond Counsel)*
2,500.00	Dunbar, Breitweiser & Company, LLP (*Escrow Verifier*)
1,500.00	Hometown National Bank (*Escrow Agent*)
1,000.00	Hometown Nation Bank (*Paying Agent/Bond Registrar)*
900.00	Bernardi Securities, Inc. (*DTC / Book-Entry Setup*)
843.14	The County *(Contingency Money)*
500.00	The Bank of New York Mellon *(Tax Escrow Agent)*
437.00	Bond Numbering (*CUSIP*)
$ 24,680.14	**Total**

Contingency money in the amount of **$843.14** can be deposited into the Debt Service Fund or may be used for any remaining costs of issuance.

Bond Proceeds:

Bond Proceeds (*Less Underwriter's Discount*)	$ 1,989,000.00
Plus: Premium	27,313.75
Total Bond Proceeds:	**$ 2,016,313.75**

Disbursements:

Hometown National Bank (*Escrow Fund*)	$ 1,951,245.98
Assured Guaranty *(Insurance Premium)*	29,387.63
Evans, Froehlich, Beth & Chamley (*Bond Counsel*)	17,000.00
Ice Miller (*Disclosure Counsel*)	8,000.00
Union County (*Contingency Money*)	843.14
Dunbar Breitweiser & Company, LLP (*Escrow Verifier*)	2,500.00
Standard and Poor's (*Rating Fee)*	3.000.00
Bernardi Securities, Inc. (*DTC / Book Entry Setup*)	900.00
Bond Numbering (*CUSIP*)	437.00
The Bank of New York Mellon Trust Company (*Tax Escrow Agent*)	500.00
Hometown National Bank (*Paying Agent/Bond Registrar*)	1,000.00
Hometown National Bank (*Bond Escrow Agent*)	1,500.00
Total Disbursements:	**$ 2,016,313.75**

As noted above, contingency money in the amount of **$843.14** can be deposited into the Debt Service Fund or may be used for any remaining costs of issuance.

It has been a pleasure working with you. Please do not hesitate to call us at (618) 206-4180 if you have any questions or if there are any discrepancies.

Most Sincerely,

BERNARDI SECURITIES, INC.

Stephen M. Adams
Assistant Vice President

Cc:	Darren Bailey – County Treasurer	(dbailey@unioncountyil.gov)
	Tyler Edmonds – Union County State's Attorney	(tedmonds@unioncountyil.gov)
	Kurt Froehlich – Evans, Froehlich, Beth & Chamley	(kfroehlich@efbclaw.com)
	James Snyder – Ice Miller, LLP	(james.snyder@icemiller.com)
	Enzo Incandela – Ice Miller, LLP	(enzo.incandela@icemiller.com)
	Jenine Phillips – Ice Miller, LLP	(jenine.phillips@icemiller.com)
	Matthew A. Biere – The Bank of New York Mellon Trust	(matthew.biere@bnymellon.com)
	James Agnew – The Bank of New York Mellon Trust	(james.agnew@bnymellon.com)
	Beth Beck – Hometown National Bank	(bbeck@myhtnb.com)
	Raymond C. Fricke – Ungaretti & Harris, LLP	(rcfricke@uhlaw.com)
	Audrey Udit – Assured Guaranty	(audit@assuredguaranty.com)
	Standard & Poor's	(pffeesvcs@standardandpoors.com)

Beth Buettner

From: Beth Beck <bbeck@myhtnb.com>
Sent: Wednesday, February 12, 2014 2:47 PM
To: Beth Buettner
Cc: John Gillmann <jgillmann@myhtnb.com> (jgillmann@myhtnb.com)
Subject: RE: Closing Letter - Union County

Hi Beth,

Wire Instructions:

Hometown National Bank
ABA #071902030
Trust Dept, Ckg Acct #99984901
FFC: Union County 2014 Escrow AC 27597000270

Let me know if you need anything further.

Thanks,
Beth

HOMETOWN
National Bank

Beth Beck, Trust Operations Officer
260 Bucklin Street
La Salle, IL 61301
Phone: 815-220-2243
Fax: 815-220-2255
Email: bbeck@myhtnb.com
Web: www.myhtnb.com

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From: Beth Buettner [mailto:bbuettner@BernardiSecurities.com]
Sent: Wednesday, February 12, 2014 1:49 PM
To: Beth Beck
Subject: Closing Letter - Union County

Good afternoon Beth,

Could you please send me your wire instructions for Bond proceeds on Union County.

Thank you.

Beth Buettner

PROCEDURES FOR PREMIUM PAYMENT
TO
ASSURED GUARANTY MUNICIPAL CORP.
("AGM")

AGM's issuance of its municipal bond insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of Amount to be Paid:	**Upon determination of the final debt service schedule, fax such schedule to AGM** Attention: Scott Madden, Director Phone No.: (212) 408-6040 Fax No.: (212) 893-9645

Confirm with AGM's credit analyst that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date:	Date of Delivery of the insured bonds.
Method of Payment:	Wire transfer of Federal Funds.

Wire Transfer Instructions:

Bank:	The Bank of New York
ABA#:	021 000 018
Acct. Name:	Assured Guaranty Municipal Corp.
Account No.:	8900297263
Transaction No.:	133661

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

AGM will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to Audrey A. Udit, Closing Coordinator , (212) 339-3548.

agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. Notwithstanding anything to the contrary set forth herein, the provisions set forth under subparagraphs (ii) through (viii) above shall survive the expiration or termination of this Commitment.

THE COUNTY OF UNION, ILLINOIS

Authorized Officer

LAW OFFICES OF

EVANS, FROEHLICH, BETH & CHAMLEY

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
44 MAIN STREET, THIRD FLOOR
CHAMPAIGN, ILLINOIS 61820
TELEPHONE (217) 359-6494
FACSIMILE (217) 359-6468

F.E.I.N. 37-1114774

THE COUNTY OF UNION, ILLINOIS

$2,040,000 GENERAL OBLIGATION REFUNDING LIMITED BONDS, SERIES 2014

FEBRUARY 20, 2014

STATEMENT FOR LEGAL SERVICES

Statement for legal services rendered in connection with The County of Union, Illinois, $2,040,000 General Obligation Refunding Limited Bonds, Series 2014, including review, revise and prepare basic documents, instruments, certificates, and opinions, examination and preparation of bonds and closing bond transcripts, and rendering of our legal opinion, and related costs and expenses of the issue.

TOTAL LEGAL SERVICES..... $ 17,000.00

KURT P. FROEHLICH, Ltd.

IceMiller
LEGAL COUNSEL

Union County, Illinois
309 West Market Street, Room 101
Jonesboro, IL 62952

Invoice 1301889 Page 1
February 6, 2014

FOR SERVICES RENDERED THROUGH February 6, 2014
Federal ID #35-0874357

OUR MATTER # 30835.0002
Issuer: Union County, Illinois
$2,040,000 General Obligation Refunding Limited Bonds, 2014

Legal fees and expenses in connection with our engagement as Disclosure Counsel relating to the above-referenced bond issue, including preparation of documents and issuance of our legal statement.

Disclosure Counsel Fee ..... $ 8,000.00

TOTAL DUE FOR THIS PERIOD ..... $ 8,000.00

Total Due All Periods
(this matter only)

Total This Period	Previous Unpaid Balance (please pay immediately)	Total Outstanding (All invoices this matter)
$8,000.00	$0.00	$8,000.00

Invoices are due upon receipt, past due after 30 days. Interest charges may accrue on past due balances.

Should you require additional copies of invoices or have additional billing inquiries please contact
Jeff Delbel @ 614-462-2295 or Jeff.Delbel@icemiller.com or payice@icemiller.com

IceMiller
LEGAL COUNSEL

REMITTANCE PAGE

SUBMIT REMITTANCE TO:

February 6, 2014

Option 1 By CHECK:

ICE MILLER LLP
27230 Network Place
Chicago, IL 60673-1272
(317) 221-2996

Option 2 By WIRE TRANSFER:

JPMorgan Chase Bank
ABA No.: 021000021
Account No.: 192479848
Swift No: CHASUS33
Please reference our matter # and/or invoice #

CLIENT NAME: Union County, Illinois
309 West Market Street, Room 101
Jonesboro, IL 62952

MATTER TITLE: Issuer: Union County, Illinois
$2,040,000 General Obligation Refunding Limited Bonds, 2014
30835.0002

INVOICE #: 1301889

Total Due All Periods
(this matter only)

Total This Period	Previous Unpaid Balance (please pay immediately)	Total Outstanding (All invoices this matter)	*Payment Enclosed*
$8,000.00	$0.00	$8,000.00	$

Invoices are due upon receipt, past due after 30 days. Interest charges may accrue on past due balances.

STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

Standard & Poor's Financial Services, LLC
Federal I.D.: 26-3740348

Invoice No.: 10340907
Customer No.: 1000093532
Invoice Date: 02/11/14

Page No.: 1
Print Date: 02/12/14

0201

MR. TERRY BARTRUFF
THE COUNTY OF UNION, ILLINOIS
309 W. MARKET STREET
JONESBORO IL 62952

170010	ANALYTICAL SERVICES RENDERED IN CONNECTION WITH: US$2,040,000 Union County, Illinois, General Obligation Refunding Limited Bonds, Series 2014, dated: Date of delivery, due: December 01, 2026 ASSURED GTY POLICY 215936-N	$3,000.00

FOR BILLING INQUIRIES PLEASE CALL:1-877-286-8897
EMAIL: PFFEESVCS@STANDARDANDPOORS.COM

For inquiries contact the client services representative listed on this invoice. Do not return it or direct any inquiries about the invoice to credit ratings analysts. S&P maintains a separation of commercial and analytical activities. Please note that our credit ratings analysts are not permitted to communicate, negotiate, arrange or collect credit rating fees.

PLEASE REFERENCE INVOICE OR STATEMENT NUMBER ON ALL CHECKS AND WIRE TRANSFERS

This Invoice Due and Payable As Of: 02/11/14 INVOICE TOTAL $3,000.00 USD

Make Checks Payable To:
STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

Standard & Poor's Financial Services, LLC
Federal I.D.: 26-3740348

Invoice No.: 10340907
Customer No.: 1000093532
Invoice Date: 02/11/14

Billed To:

0201

MR. TERRY BARTRUFF
THE COUNTY OF UNION, ILLINOIS
309 W. MARKET STREET
JONESBORO IL 62952

Wire Transfer To:

Please include invoice #
Bank of America-San Francisco CA
Standard & Poor's
Account # 12334-02500
ABA # 0260-0959-3
Or E-mail: cashapps@mhfi.com

Remit To:

STANDARD AND POOR'S
2542 COLLECTION CENTER DRIVE
CHICAGO, IL 60693

TOTAL AMOUNT DUE:
$3,000.00 USD
AMOUNT ENCLOSED:

10000935328 10340907 00300000 1 700 10 07 0214 9

Dunbar, Breitweiser
& COMPANY, LLP

CERTIFIED PUBLIC
ACCOUNTANTS
202 North Center Street
Bloomington, Illinois 61701-3995
Phone 309-827-0348
Fax 309-827-7858

February 12, 2014

The County of Union, Illinois
c/o Ms. Beth Buettner
Bernardi Securities, Inc.
6 Executive Drive, Suite 6
Fairview Heights, Illinois 62208

06050/
Invoice #: 1770

Professional services in connection with the issuance of the verification report pertaining to the proposed advance refunding for the The County of Union, Illinois. $ 2,500.00

Employer Identification Number for Dunbar Breitweiser & Company, LLP: 37-0995462

HOMETOWN
National Bank

Fee Statement

John M. Vezzetti
Assistant Vice President
Bernardi Securities, Inc.
20 S. Clark St., Suite 2700
Chicago, IL 60603

February 6, 2014

RE: $1,951,245.00 Union County, Illinois 2014 Escrow
Hometown National Bank – Trust Dept. Escrow Account #27597000270

Escrow Agent Account # 27597000270

Lump Sum Fee	$1,500.00
Total Due	**$1,500.00**

Hometown National Bank – Trust Dept.
260 Bucklin Street
La Salle, IL 61301
Phone: (815) 223-7300
Fax: (815) 220-2255

HOMETOWN
National Bank

Fee Statement

John M. Vezzetti
Assistant Vice President
Bernardi Securities, Inc.
20 S. Clark St., Suite 2700
Chicago, IL 60603

February 6, 2014

RE: $2,040,000 General Obligation Self-Insurance Limited Refunding Bonds, Series 2014, The County of Union, Illinois
Hometown National Bank – Trust Dept. Registrar/Paying Agent Account #27585001282

Bond Registrar/Paying Agent Account # 27585001282

Acceptance Fee	$500.00
1st Year Fee	$500.00
Total Due	**$1,000.00**

Hometown National Bank – Trust Dept.
260 Bucklin Street
La Salle, IL 61301
Phone: (815) 223-7300
Fax: (815) 220-2255

BERNARDI SECURITIES, INC.

20 S. Clark Street, Suite 2700
Chicago, Illinois 60603

BSI REIMBURSEMENT FOR DTC SETUP CHARGES

February 20, 2014

The County of Union, Illinois
$2,040,000 General Obligation Refunding Limited Bonds, Series 2014

DTC Setup Charges $900.00

CUSIP GLOBAL SERVICES
OPERATED BY CUSIP SERVICE BUREAU

Federal Tax Id Number 26- 3740348

BILL TO:
GINEEN DESTEFANO
BERNARDI SECURITIES INC
20 S CLARK STREET- STE 2700
CHICAGO IL 60603

CUSTOMER:
GINEEN DESTEFANO
BERNARDI SECURITIES INC
20 S CLARK STREET- STE 2700
CHICAGO IL 60603

Effective January 2014, CUSIP Issuance Fees will increase. CGS reserves the right to change fees at any time.

INVOICE NO.	INVOICE DATE	ACCOUNT NO.	SUPPLEMENT DATE
35062195	02/05/2014	M- 8800001214	02/07/2014

CUSIP NO.	COUPON	DATED DATE	MATURITY	DESCRIPTION	AMOUNT
ISSUER: UNION CNTY ILL					
906179 DL 7		02/20/2014	12/01/2014	REF	162.00
906179 DM 5		02/20/2014	12/01/2015	REF	20.00
906179 DN 3		02/20/2014	12/01/2016	REF	20.00
906179 DP 8		02/20/2014	12/01/2017	REF	20.00
906179 DQ 6		02/20/2014	12/01/2018	REF	20.00
906179 DR 4		02/20/2014	12/01/2019	REF	20.00
906179 DS 2		02/20/2014	12/01/2020	REF	20.00
906179 DT 0		02/20/2014	12/01/2021	REF	20.00
906179 DU 7		02/20/2014	12/01/2022	REF	20.00
906179 DV 5		02/20/2014	12/01/2023	REF	20.00
906179 DW 3		02/20/2014	12/01/2024	REF	20.00
906179 DX 1		02/20/2014	12/01/2025	REF	20.00
906179 DY 9		02/20/2014	12/01/2026	REF	20.00
				Disclosure Fee	35.00

13 Item(s) **TOTAL DUE** $437.00 USD

CUSIP GLOBAL SERVICES
OPERATED BY CUSIP SERVICE BUREAU

Federal Tax Id Number 26- 3740348

Invoice No.: 35062195
Invoice Date: 02/05/2014
Account No.: M- 8800001214

For faster processing, we accept Credit Cards. Please call (212) 438- 6500 for details.

REMIT TO:

Standard & Poor's
2542 Collection Center Dr
Chicago IL 60693

GINEEN DESTEFANO
BERNARDI SECURITIES INC
20 S CLARK STREET- STE 2700
CHICAGO IL 60603

TOTAL DUE $437.00 USD

88000012147 35062195 00043700 1 130 10 13 0214 6

Wire Transfer Instructions:
Bank of America/Chicago, Illinois
Standard & Poor's
Account No. 81884-10104
ABA No. 0260-0959-3
Swift No. BOFAUS3N

Send check payable to CUSIP Global Services with remittance stubs to:
Standard & Poor's CUSIP
2542 Collection Center Drive
Chicago, IL 60693

Send final documents and other correspondence to:
CUSIP Global Services
55 Water Street, 45th Floor
New York, NY 10041-0003

To ensure accurate Wire Transfer processing, please send us an email indicating the amount, date and invoice numbers associated with the wire payment to cusip_wirepayments@cusip.com

Wire Transfer payments and checks should be made payable to CUSIP Global Services. **All invoice numbers must be indicated on your payment.**

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Email address for final documentation: cusip_support@cusip.com

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Please note address corrections here:

New Bill-to:	**New Ship-to:**

From: Beth Buettner
To: Kurt Froehlich; "Biere, Matthew"; "Agnew, James P"
Subject: FW: Fed Ref #s Closing Wires
Date: Thursday, February 20, 2014 9:40:02 AM

Below are the Fed Ref Numbers for issues closing today.

Beth Buettner
Public Finance Associate
Bernardi Securities, Inc.
6 Executive Drive, Suite 6
Fairview Heights, IL 62208
(618) 206-4180
(618) 206-0016 - FAX
bbuettner@bernardisecurities.com
www.bernardisecurities.com

From: Tiffany Gladieux
Sent: Thursday, February 20, 2014 9:37 AM
To: Beth Buettner; John Vezzetti; Stephen Adams
Subject: Closing Wires

Union, IL:

$1,951,245.98	2594	9:45	bny
$8,000.00	2596	9:45	bny
$29,387.63	0700	9:45	bny
$3,000.00	2629	9:45	bny

Martinsville, IL:

$661,866.25	0490	9:45	bny
$5,000.00	2595	9:45	bny

Thank you,
Tiffany Gladieux
Bernardi Securities, Inc.

20 S. Clark St., Suite 2700
Chicago, IL 60603
(p) 312-281-2006
(f) 312-574-1931
BERNARDI SECURITIES
MUNICIPAL BOND SPECIALISTS

From: Tiffany Gladieux
Sent: Thursday, February 20, 2014 9:37 AM
To: Beth Buettner; John Vezzetti; Stephen Adams
Subject: Closing Wires

Union, IL:

$1,951,245.98	2594	9:45	bny
$8,000.00	2596	9:45	bny
$29,387.63	0700	9:45	bny
$3,000.00	2629	9:45	bny

Martinsville, IL:

$661,866.25	0490	9:45	bny
$5,000.00	2595	9:45	bny

Thank you,
Tiffany Gladieux
Bernardi Securities, Inc.
20 S. Clark St., Suite 2700
Chicago, IL 60603
(p) 312-281-2006
(f) 312-574-1931
BERNARDI SECURITIES
MUNICIPAL BOND SPECIALISTS

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Securities described as tax-free or tax-exempt imply that the income is exempt from current federal income tax. These securities may be subject to state and local taxes, the federal alternative minimum tax (AMT), capital gains tax, or other taxes. Please consult your tax professional regarding suitability.

Municipal bonds not FDIC insured * May lose principal * Not appropriate for all investors
****

CUSIP GLOBAL SERVICES
OPERATED BY CUSIP SERVICE BUREAU

Federal Tax Id Number 26-3740348

BILL TO:

GINEEN DESTEFANO
BERNARDI SECURITIES INC
20 S CLARK STREET- STE 2700
CHICAGO IL 60603

CUSTOMER:

GINEEN DESTEFANO
BERNARDI SECURITIES INC
20 S CLARK STREET- STE 2700
CHICAGO IL 60603

Effective January 2014, CUSIP Issuance Fees will increase. CGS reserves the right to change fees at any time.

INVOICE NO.	INVOICE DATE	ACCOUNT NO.	SUPPLEMENT DATE
35062195	02/05/2014	M- 8800001214	02/07/2014

CUSIP NO.	COUPON	DATED DATE	MATURITY	DESCRIPTION	AMOUNT
ISSUER: UNION CNTY ILL					
906179 DL 7		02/20/2014	12/01/2014	REF	162.00
906179 DM 5		02/20/2014	12/01/2015	REF	20.00
906179 DN 3		02/20/2014	12/01/2016	REF	20.00
906179 DP 8		02/20/2014	12/01/2017	REF	20.00
906179 DQ 6		02/20/2014	12/01/2018	REF	20.00
906179 DR 4		02/20/2014	12/01/2019	REF	20.00
906179 DS 2		02/20/2014	12/01/2020	REF	20.00
906179 DT 0		02/20/2014	12/01/2021	REF	20.00
906179 DU 7		02/20/2014	12/01/2022	REF	20.00
906179 DV 5		02/20/2014	12/01/2023	REF	20.00
906179 DW 3		02/20/2014	12/01/2024	REF	20.00
906179 DX 1		02/20/2014	12/01/2025	REF	20.00
906179 DY 9		02/20/2014	12/01/2026	REF	20.00
				Disclosure Fee	35.00

13 **Item(s)** **TOTAL DUE** $437.00 **USD**

CUSIP GLOBAL SERVICES
OPERATED BY CUSIP SERVICE BUREAU

Federal Tax Id Number 26-3740348

Invoice No.: 35062195
Invoice Date: 02/05/2014
Account No.: M- 8800001214

For faster processing, we accept Credit Cards. Please call (212) 438- 6500 for details.

REMIT TO:

Standard & Poor's
2542 Collection Center Dr
Chicago IL 60693

GINEEN DESTEFANO
BERNARDI SECURITIES INC
20 S CLARK STREET- STE 2700
CHICAGO IL 60603

TOTAL DUE $437.00 **USD**

88000012147 35062195 00043700 1 130 10 13 0214 6

The County of Union, Illinois

$2,040,000 General Obligation Self-Insurance Limited Refunding Bonds, Series 201

Non-Rated and Bank-Qualified Bond Issue, AGM Insured

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The County of Union, Illinois

$2,040,000 General Obligation Self-Insurance Limited Refunding Bonds, Series 201

Non-Rated and Bank-Qualified Bond Issue, AGM Insured

Sources & Uses

Dated 02/20/2014 | Delivered 02/20/2014

Sources Of Funds	
Par Amount of Bonds	$2,040,000.00
Reoffering Premium	27,313.75
Total Sources	**$2,067,313.75**

Uses Of Funds	
Total Underwriter's Discount (2.500%)	51,000.00
Costs of Issuance	35,200.00
Gross Bond Insurance Premium (115.0 bp)	29,387.63
Deposit to Net Cash Escrow Fund	1,951,245.98
Rounding Amount	480.14
Total Uses	**$2,067,313.75**

The County of Union, Illinois

$2,040,000 General Obligation Self-Insurance Limited Refunding Bonds, Series 201
Non-Rated and Bank-Qualified Bond Issue, AGM Insured

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
12/01/2014	169,899	169,899	182,670	12,771.03
12/01/2015	201,528	201,528	183,670	(17,857.50)
12/01/2016	203,728	203,728	354,418	150,690.00
12/01/2017	200,828	200,828	362,938	162,110.00
12/01/2018	202,928	202,928	355,338	152,410.00
12/01/2019	204,178	204,178	352,375	148,197.50
12/01/2020	205,303	205,303	354,263	148,960.00
12/01/2021	204,703	204,703	-	(204,702.50)
12/01/2022	203,928	203,928	-	(203,927.50)
12/01/2023	202,808	202,808	-	(202,807.50)
12/01/2024	206,070	206,070	-	(206,070.00)
12/01/2025	203,670	203,670	-	(203,670.00)
12/01/2026	145,880	145,880	-	(145,880.00)
Total	**$2,555,446**	**$2,555,446**	**$2,145,670**	**(409,776.47)**

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	(142,415.45)
Net PV Cashflow Savings @ 4.249%(AIC)	(142,415.45)
Contingency or Rounding Amount	480.14
Net Present Value Loss	$(141,935.31)
Net PV Loss / $1,740,000 Refunded Principal	(8.157%)
Net PV Loss / $2,040,000 Refunding Principal	(6.958%)

Refunding Bond Information

Refunding Dated Date	2/20/2014
Refunding Delivery Date	2/20/2014

The County of Union, Illinois

$2,040,000 General Obligation Self-Insurance Limited Refunding Bonds, Series 201

Non-Rated and Bank-Qualified Bond Issue, AGM Insured

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/01/2014	120,000	2.000%	49,899	169,899
12/01/2015	140,000	2.000%	61,528	201,528
12/01/2016	145,000	2.000%	58,728	203,728
12/01/2017	145,000	2.000%	55,828	200,828
12/01/2018	150,000	2.500%	52,928	202,928
12/01/2019	155,000	2.500%	49,178	204,178
12/01/2020	160,000	3.500%	45,303	205,303
12/01/2021	165,000	3.500%	39,703	204,703
12/01/2022	170,000	3.600%	33,928	203,928
12/01/2023	175,000	3.850%	27,808	202,808
12/01/2024	185,000	4.000%	21,070	206,070
12/01/2025	190,000	4.100%	13,670	203,670
12/01/2026	140,000	4.200%	5,880	145,880
Total	**$2,040,000**	**-**	**$515,446**	**$2,555,446**

Yield Statistics

Bond Year Dollars	$14,502.33
Average Life	7.109 Years
Average Coupon	3.5542313%
Net Interest Cost (NIC)	3.7175585%
True Interest Cost (TIC)	3.7101693%
Bond Yield for Arbitrage Purposes	3.5354825%
All Inclusive Cost (AIC)	4.2485111%

IRS Form 8038

Net Interest Cost	3.3341093%
Weighted Average Maturity	7.082 Years

The County of Union, Illinois

$1,740,000 General Obligation Self-Insurance Bonds (ARS), Series 2006

Non-Rated and Bank-Qualified Bond Issue

FINAL NUMBERS

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
12/01/2014	100,000	82,670	182,670	100,000	4.000%	82,670	182,670
12/01/2015	105,000	78,670	183,670	105,000	4.050%	78,670	183,670
12/01/2016	1,535,000	74,418	1,609,418	280,000	4.100%	74,418	354,418
12/01/2017	-	-	-	300,000	4.200%	62,938	362,938
12/01/2018	-	-	-	305,000	4.250%	50,338	355,338
12/01/2019	-	-	-	315,000	5.750%	37,375	352,375
12/01/2020	-	-	-	335,000	5.750%	19,263	354,263
Total	**$1,740,000**	**$235,758**	**$1,975,758**	**$1,740,000**	**-**	**$405,670**	**$2,145,670**

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	2/20/2014
Average Life	4.441 Years
Average Coupon	5.0144950%
Weighted Average Maturity (Par Basis)	4.441 Years

Refunding Bond Information

Refunding Dated Date	2/20/2014
Refunding Delivery Date	2/20/2014

The County of Union, Illinois

$2,040,000 General Obligation Self-Insurance Limited Refunding Bonds, Series 201

Non-Rated and Bank-Qualified Bond Issue, AGM Insured

Escrow Fund Cashflow

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
02/20/2014	-	-	-	1	-	1
06/01/2014	38,844	0.050%	2,490.42	41,334	41,335	0
12/01/2014	136,772	0.080%	4,563 15	141,335	141,335	1
06/01/2015	34,857	0.140%	4,478.02	39,335	39,335	1
12/01/2015	139,881	0.230%	4,453.63	144,335	144,335	0
06/01/2016	32,916	0.360%	4,292.77	37,209	37,209	0
12/01/2016	1,567,975	0.540%	4,233.53	1,572,209	1,572,209	-
Total	**$1,951,245**	-	**$24,511.52**	**$1,975,758**	**$1,975,758**	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Bond Yield
Cash Deposit	0.98
Cost of Investments Purchased with Bond Proceeds	1,951,245.00
Total Cost of Investments	$1,951,245.98
Target Cost of Investments at bond yield	$1,812,244.07
Actual positive or (negative) arbitrage	(139,001.91)
Yield to Receipt	0.5057000%
Yield for Arbitrage Purposes	3.5354825%
State and Local Government Series (SLGS) rates for	2/05/2014

The County of Union, Illinois

$2,040,000 General Obligation Self-Insurance Limited Refunding Bonds, Series 201

Non-Rated and Bank-Qualified Bond Issue, AGM Insured

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2014	Serial Coupon	2.000%	0.850%	120,000	100.892%	121,070
12/01/2015	Serial Coupon	2.000%	1.000%	140,000	101.759%	142,463
12/01/2016	Serial Coupon	2.000%	1.150%	145,000	102.318%	148,361
12/01/2017	Serial Coupon	2.000%	1.450%	145,000	102.015%	147,922
12/01/2018	Serial Coupon	2.500%	1.850%	150,000	102.959%	154,439
12/01/2019	Serial Coupon	2.500%	2.300%	155,000	101.075%	156,666
12/01/2020	Serial Coupon	3.500%	2.800%	160,000	104.292%	166,867
12/01/2021	Serial Coupon	3.500%	3.100%	165,000	102.743%	169,526
12/01/2022	Serial Coupon	3.600%	3.599%	170,000	100.000%	170,000
12/01/2023	Serial Coupon	3.850%	3.849%	175,000	100.000%	175,000
12/01/2024	Serial Coupon	4.000%	3.999%	185,000	100.000%	185,000
12/01/2025	Serial Coupon	4.100%	4.099%	190,000	100.000%	190,000
12/01/2026	Serial Coupon	4.200%	4.199%	140,000	100.000%	140,000
Total	-	-	-	**$2,040,000**	-	**$2,067,314**

Bid Information

Par Amount of Bonds	$2,040,000.00
Reoffering Premium or (Discount)	27,313.75
Gross Production	$2,067,313.75
Total Underwriter's Discount (2.500%)	$(51,000.00)
Bid (98.839%)	2,016,313.75
Total Purchase Price	$2,016,313.75
Bond Year Dollars	$14,502.33
Average Life	7.109 Years
Average Coupon	3.5542313%
Net Interest Cost (NIC)	3.7175585%
True Interest Cost (TIC)	3.7101693%

The County of Union, Illinois

$1,740,000 General Obligation Self-Insurance Bonds (ARS), Series 2006

Non-Rated and Bank-Qualified Bond Issue

FINAL NUMBERS

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/01/2014	100,000	4.000%	82,670	182,670
12/01/2015	105,000	4.050%	78,670	183,670
12/01/2016	280,000	4.100%	74,418	354,418
12/01/2017	300,000	4.200%	62,938	362,938
12/01/2018	305,000	4.250%	50,338	355,338
12/01/2019	315,000	5.750%	37,375	352,375
12/01/2020	335,000	5.750%	19,263	354,263
Total	**$1,740,000**	-	**$405,670**	**$2,145,670**

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	2/20/2014
Average Life	4.441 Years
Average Coupon	5.0144950%
Weighted Average Maturity (Par Basis)	4.441 Years

Refunding Bond Information

Refunding Dated Date	2/20/2014
Refunding Delivery Date	2/20/2014

The County of Union, Illinois

$2,040,000 General Obligation Self-Insurance Limited Refunding Bonds, Series 201

Non-Rated and Bank-Qualified Bond Issue, AGM Insured

PROOF OF GROSS D/S SAVINGS @ 4.2485111%

Date	NEW GROSS D/S	OLD GROSS D/S	SAVINGS	PV Factor	Present Value
02/20/2014	-	-	-	1.0000000x	-
06/01/2014	-	41,335	41,335.00	0.9882747x	40,850
12/01/2014	169,899	141,335	(28,563.97)	0.9677179x	(27,642)
06/01/2015	30,764	39,335	8,571.25	0.9475887x	8,122
12/01/2015	170,764	144,335	(26,428.75)	0.9278782x	(24,523)
06/01/2016	29,364	37,209	7,845.00	0.9085777x	7,128
12/01/2016	174,364	317,209	142,845.00	0.8896786x	127,086
06/01/2017	27,914	31,469	3,555.00	0.8711727x	3,097
12/01/2017	172,914	331,469	158,555.00	0.8530517x	135,256
06/01/2018	26,464	25,169	(1,295.00)	0.8353076x	(1,082)
12/01/2018	176,464	330,169	153,705.00	0.8179326x	125,720
06/01/2019	24,589	18,688	(5,901.25)	0.8009191x	(4,726)
12/01/2019	179,589	333,688	154,098.75	0.7842594x	120,853
06/01/2020	22,651	9,631	(13,020.00)	0.7679463x	(9,999)
12/01/2020	182,651	344,631	161,980.00	0.7519724x	121,804
06/01/2021	19,851	-	(19,851.25)	0.7363309x	(14,617)
12/01/2021	184,851	-	(184,851.25)	0.7210147x	(133,280)
06/01/2022	16,964	-	(16,963.75)	0.7060171x	(11,977)
12/01/2022	186,964	-	(186,963.75)	0.6913314x	(129,254)
06/01/2023	13,904	-	(13,903.75)	0.6769513x	(9,412)
12/01/2023	188,904	-	(188,903.75)	0.6628702x	(125,219)
06/01/2024	10,535	-	(10,535.00)	0.6490820x	(6,838)
12/01/2024	195,535	-	(195,535.00)	0.6355807x	(124,278)
06/01/2025	6,835	-	(6,835.00)	0.6223602x	(4,254)
12/01/2025	196,835	-	(196,835.00)	0.6094146x	(119,954)
06/01/2026	2,940	-	(2,940.00)	0.5967384x	(1,754)
12/01/2026	142,940	-	(142,940.00)	0.5843258x	(83,524)
Total	**$2,555,446**	**$2,145,670**	**(409,776.47)**	-	**(142,415)**

Refund 2006 as GO Limited | SINGLE PURPOSE | 2/ 5/2014 | 1:50 PM

Summary Of Bonds Refunded

Issue	Maturity	Type	of Bond	Coupon	Maturity Value	Call Date	Call Price
Dated 10/15/2006 | Delivered 10/31/2006							
Series 2006 - 10-10-06 FINAL	12/01/2014	Serial	Coupon	4.000%	100,000	-	-
Series 2006 - 10-10-06 FINAL	12/01/2015	Serial	Coupon	4.050%	105,000	-	-
Series 2006 - 10-10-06 FINAL	12/01/2016	Serial	Coupon	4.100%	280,000	-	-
Series 2006 - 10-10-06 FINAL	12/01/2017	Serial	Coupon	4.200%	300,000	12/01/2016	100.000%
Series 2006 - 10-10-06 FINAL	12/01/2018	Serial	Coupon	4.250%	305,000	12/01/2016	100.000%
Series 2006 - 10-10-06 FINAL	12/01/2019	Term 1	Coupon	5.750%	315,000	12/01/2016	100.000%
Series 2006 - 10-10-06 FINAL	12/01/2020	Term 1	Coupon	5.750%	335,000	12/01/2016	100.000%
Subtotal	-			-	**$1,740,000**	-	-
Total	-			-	**$1,740,000**	-	-

The County of Union, Illinois

$2,040,000 General Obligation Self-Insurance Limited Refunding Bonds, Series 201
Non-Rated and Bank-Qualified Bond Issue, AGM Insured

Refunding Summary

Dated 02/20/2014 | Delivered 02/20/2014

Sources Of Funds

Par Amount of Bonds	$2,040,000.00
Reoffering Premium	27,313.75
Total Sources	**$2,067,313.75**

Uses Of Funds

Total Underwriter's Discount (2.500%)	51,000.00
Costs of Issuance	35,200.00
Gross Bond Insurance Premium (115.0 bp)	29,387.63
Deposit to Net Cash Escrow Fund	1,951,245.98
Rounding Amount	480.14
Total Uses	**$2,067,313.75**

Flow of Funds Detail

State and Local Government Series (SLGS) rates for	2/05/2014
Date of OMP Candidates	
Net Cash Escrow Fund Solution Method	Net Funded
Total Cost of Investments	$1,951,245.98
Interest Earnings @ 0.506%	24,511.52
Total Draws	$1,975,757.50

Issues Refunded And Call Dates

Series 2006 - 10-10-06 FINAL	12/01/2016

PV Analysis Summary (Net to Net)

Net PV Cashflow Savings @ 4.249%(AIC)	(142,415.45)
Contingency or Rounding Amount	480.14
Net Present Value Loss	$(141,935.31)
Net PV Loss / $1,740,000 Refunded Principal	(8.157%)
Net PV Loss / $2,040,000 Refunding Principal	(6.958%)

Refunding Summary

Dated 02/20/2014 | Delivered 02/20/2014

Bond Statistics

Average Life	7.109 Years
Average Coupon	3.5542313%
Net Interest Cost (NIC)	3.7175585%
Bond Yield for Arbitrage Purposes	3.5354825%
True Interest Cost (TIC)	3.7101693%
All Inclusive Cost (AIC)	4.2485111%

The County of Union

$2,040,000

DEBT SERVICE SCHEDULE

Issue Date 2/20/14
Settlement Date 2/20/14
1st Interest Date 12/01/14

Date	Principal	Interest Rate	Interest	Total Debt Ser.	Annual Debt Ser.
12/01/14	120,000	2.000	49,898.97	169,898.97	
6/01/15			30,763.75	30,763.75	200,662.72
12/01/15	140,000	2.000	30,763.75	170,763.75	
6/01/16			29,363.75	29,363.75	200,127.50
12/01/16	145,000	2.000	29,363.75	174,363.75	
6/01/17			27,913.75	27,913.75	202,277.50
12/01/17	145,000	2.000	27,913.75	172,913.75	
6/01/18			26,463.75	26,463.75	199,377.50
12/01/18	150,000	2.500	26,463.75	176,463.75	
6/01/19			24,588.75	24,588.75	201,052.50
12/01/19	155,000	2.500	24,588.75	179,588.75	
6/01/20			22,651.25	22,651.25	202,240.00
12/01/20	160,000	3.500	22,651.25	182,651.25	
6/01/21			19,851.25	19,851.25	202,502.50
12/01/21	165,000	3.500	19,851.25	184,851.25	
6/01/22			16,963.75	16,963.75	201,815.00
12/01/22	170,000	3.600	16,963.75	186,963.75	
6/01/23			13,903.75	13,903.75	200,867.50
12/01/23	175,000	3.850	13,903.75	188,903.75	
6/01/24			10,535.00	10,535.00	199,438.75
12/01/24	185,000	4.000	10,535.00	195,535.00	
6/01/25			6,835.00	6,835.00	202,370.00
12/01/25	190,000	4.100	6,835.00	196,835.00	
6/01/26			2,940.00	2,940.00	199,775.00
12/01/26	140,000	4.200	2,940.00	142,940.00	142,940.00
Totals	2,040,000		515,446.47	2,555,446.47	

Accrued Interest To 2/20/14	=	0.00
Total Bond Years	=	14,502.333333
Net Interest Rate	=	3.554231%
True Interest Cost	=	3.518858%
Average Life	=	7.11 YEARS
Discount @100.0000000	=	0.00

FILE NAME: UnionCo

02-06-2014

CLOSING MEMORANDUM

THE COUNTY OF UNION, ILLINOIS

$2,040,000 GENERAL OBLIGATION REFUNDING LIMITED BONDS, SERIES 2014

DEFINITIONS

"Issuer"	The County of Union, Illinois
"Issuer's Counsel"	State's Attorney of The County of Union, Illinois: Tyler R. Edmonds, Esq., State's Attorney
"Bond Counsel"	Evans, Froehlich, Beth & Chamley, Champaign, Illinois
"Paying Agent" and "Registrar"	Hometown National Bank LaSalle, Illinois
"Depositary"	Hometown National Bank LaSalle, Illinois
"Tax Escrow Agent"	The Bank of New York Mellon Trust Company, N.A. St. Louis, Missouri
"Underwriter"	Bernardi Securities, Inc. Chicago, Illinois
"Disclosure Counsel"	Ice Miller LLP, Chicago, Illinois
"Underwriter's Counsel"	Ungaretti & Harris LLP
"Bond Insurer"	Assured Guaranty Municipal Corporation, New York, New York

The following documents are to be delivered and/or executed prior to or concurrently with delivery of the Bonds and payment therefor by the Underwriter.

I. BASIC INSTRUMENTS

1.01 Certified copy of Ordinance No. (#2014-2), AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF UNION, ILLINOIS, OF GENERAL OBLIGATION REFUNDING LIMITED BONDS, SERIES 2014, TO REFINANCE THE COUNTY'S COSTS OF FUNDING A SELF-INSURANCE PROGRAM; FIXING THE DETAILS OF SUCH BONDS AND LEVYING A DIRECT ANNUAL TAX TO PAY THE INTEREST ON AND PRINCIPAL OF SUCH BONDS; AND RELATED MATTERS, adopted January 24, 2014 (the **"Bond Ordinance"**).

1.02 Escrow Agreement by and between the Issuer and Hometown National Bank, as Escrow Agent.

1.03 Bond Purchase Agreements by and between the Issuer and the Underwriter.

1.04 Continuing Disclosure Certificate and Agreement.

1.05 Tax Escrow Agreement by and among the Issuer, County Treasurer and Tax Escrow Agent.

1.06 Registrar's and Paying Agent's Certificate.

1.07 Bond Order.

II. GENERAL CERTIFICATES

2.01 General Closing Certificate/Limited Tax Certificate.

2.02 Certificate of Incumbency of Officers.

2.03 Filing Certificate of County Clerk.

2.04 Facsimile Signature Certificates of the Illinois Secretary of State for the Issuer's County Board Chairman and County Clerk / DTC Representation Letter.

2.05 Cross Receipts of the Issuer and the Underwriter.

2.06 Form 8038-G, and related Transmittal Letter.

III. MISCELLANEOUS CLOSING DOCUMENTS

3.01 Opinion of State's Attorney.

3.02 Opinions of: **(a)** Disclosure Counsel and **(b)** Underwriter's Counsel.

3.03 Opinions of Bond Counsel, and Supplemental Closing Letter.

3.04 Transcript Certificate.

3.05 Tax Compliance Memorandum/Advice.

3.06 Insurer's Policy, etc:

3.07 Specimen Bond.

3.08 Official Statements.

ORDINANCE NO. 2014-2

THE COUNTY OF UNION, ILLINOIS

AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF UNION, ILLINOIS, OF GENERAL OBLIGATION REFUNDING LIMITED BONDS, SERIES 2014, TO REFINANCE THE COUNTY'S COSTS OF FUNDING A SELF-INSURANCE PROGRAM; FIXING THE DETAILS OF SUCH BONDS AND LEVYING A DIRECT ANNUAL TAX TO PAY THE INTEREST ON AND PRINCIPAL OF SUCH BONDS; AND RELATED MATTERS

WHEREAS, pursuant to the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 1011 -1 01 et seq.), the Intergovernmental Cooperation Act (5 ILCS 220/1 et seq.), the Counties Code (55 ILCS 5/1-1 et seq.) and Section 10 (Intergovernmental Cooperation) of Article VII (Local Government) of the Constitution of the State of Illinois (collectively, as supplemented and amended, including by the Registered Bond Act, the Bond Replacement Act, the Bond Authorization Act and the Local Government Debt Reform Act (including without limitation particularly Section 15.01 thereof concerning **"limited bonds"**), the **"Acts"**), The County of Union, Illinois (hereinafter referred to as the **"County"**), is authorized to issue its limited bonds to refinance costs of self-insuring against certain liabilities and risks (the **"Program"**); and

WHEREAS, there has been presented before this meeting of the Board of Commissioners of the County a Trust Agreement dated as of April 1, 1989 (as supplemented and amended, the **"Trust Agreement"**, as supplemented by the Trust's Depositary Agreement, now with Hometown National Bank), by and among The Counties of Johnson, Pulaski and Union, as the initial members, with The Counties of Pulaski and Union as present **"Members"** (subject to proceedings for withdrawal by both Members), and the Trustees provided therein (the **"Trustees"**), establishing the Southern Illinois Counties Insurance Trust (the **"Trust"**); and

WHEREAS, pursuant to Ordinance No. 2006-15 adopted October 16, 2006 (the **"2006 Ordinance"**), the County on October 31, 2006 issued General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (to the extent to be refunded under this ordinance, the **"2006 Bonds"**), which 2006 Bonds are to be refunded (the **"Refunding"**) by funding an escrow, deposit or refunding account (as applicable, the **"Refunding Account"**) with cash and/or certain investment securities (the **"Investment Securities"**) under an escrow, deposit or refunding agreement (as applicable, the **"Refunding Agreement"**) with Hometown National Bank, as escrow, deposit or refunding agent (as applicable, the **"Refunding Agent"**); and

WHEREAS, pursuant to this ordinance the County intends to issue up to $2,100,000 General Obligation Refunding Limited Bonds, Series 2014 (the **"Series 2014 Bonds"** or **"Series 2014"**), to refund 2006 Bonds and to pay costs of issuing the Bonds; and

WHEREAS, there is authorized to be prepared for the Bonds, a Bond Purchase Agreement (the **"Bond Purchase Agreement"**) to be entered into by and between the County and Bernardi Securities, Inc., with its principal office in Chicago, Illinois (the **"Underwriter"**),

pursuant to which the Underwriter offers to purchase the Bonds as described in the Official Statement (in preliminary form and as supplemented and completed to be final, the **"Official Statement"**) related to the Bonds, as supplemented by the County's Continuing Disclosure Certificate and Agreement (the **"Disclosure Agreement"**) under Rule 15c2-12 (**"Rule 15c2-12"**) of the Securities and Exchange Commission (**"SEC"**) and by a Tax Escrow Agreement by and among the Issuer, The Bank of New York Mellon Trust Company, N.A., as **"Tax Escrow Agent"**, and the Union County Treasurer/Collector concerning, among other things, the payment of Levied Taxes (defined in Section 10) directly to the Tax Escrow Agent in a **"Tax Escrow Account"**.; and

WHEREAS, it is proper and in the best interests of the County and for the public safety, benefit and welfare of its inhabitants to issue the Bonds for the Refunding, and this Board of Commissioners does now find that it is necessary and advisable that the Bonds be issued and delivered, among other things, to effect the objects and purposes of this ordinance; and

WHEREAS, to facilitate reference, this ordinance is set out in sections, with captions which shall not define or limit the provisions hereof, as follows:

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NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF UNION, ILLINOIS, as follows:

Section 1. Authority, Purpose and Terms. In order to provide funds to refinance the Program by the Refunding, pursuant to and in accordance with the Acts there are hereby authorized and ordered to be prepared and issued the County's **General Obligation Refunding Limited Bonds, Series 2014** (the **"Bonds"**) in an aggregate principal amount not to exceed $2,100,000, and that the Bonds shall have certain terms and provisions, as follows:

(a) **Date**. The Bonds shall be dated as of and before the date of issuance and delivery thereof as the Underwriter agrees or accepts.

(b) **Interest Payments.** The Bonds shall bear interest from their dated date (or from the most recent interest payment date to which interest has been paid, as the case may be), payable semiannually on each June 1 and December 1, commencing on or after June 1, 2014, until the principal thereof shall have been fully paid, computed on the basis of a 360-day year of twelve 30-day months. Interest to accrue on the Bonds on and prior to the respective maturity dates thereof shall be payable in lawful money of the United States of America by check or draft of the Paying Agent (as hereinafter defined) mailed to the registered owners of such Bonds as their names and addresses appear on the registration books maintained by the Bond Registrar (as hereinafter defined) as of the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the applicable interest payment date, and no interest shall accrue on any Bond after the respective maturity dates thereof unless such Bond shall be duly presented for payment at the designated corporate trust office of the Bond Registrar and be not paid.

(c) **Denominations.** The Bonds shall be of the denominations of Five Thousand Dollars ($5,000) or any integral multiple thereof not exceeding the aggregate principal amount of the Bonds maturing in any year, and not previously retired.

(d) **Principal Payment.** The Bonds shall be payable as to principal at maturity in lawful money of the United States of America upon presentation and surrender thereof at the designated office of the Paying Agent, Hometown National Bank (including its successors, as applicable, the **"Bond Registrar"** and **"Paying Agent"),** through its designated payment office in LaSalle, Illinois.

(e) **Maturities and Interest Rates.** The Bonds shall bear interest at the rates per annum (not to exceed 9.00 percent per annum) and mature on December 1 in each of the years and in the amount in each year, commencing no earlier that 2014 and ending no later than 2026 as shall be specified in a Bond Order.

(f) **Redemption**. **(i)** Bonds maturing on and after December 1 of the year specified in a Bond Order are subject to redemption prior to maturity and prepayment in the principal amounts form such maturities or in any order of maturity as designated by the County (but in inverse order if there is no designation) at the option of the County, in whole at any time or in part (if in part, in integral multiples of $5,000) on any date on and after December 1 of the year specified in a Bond Order, at a redemption price equal to the principal amount of Bonds being redeemed together with accrued interest to the date fixed for redemption, and otherwise are not callable for optional redemption.

(ii) Bonds maturing on December 1 of the years set forth in a Bond Order (the **"Term Bonds"**) are subject to mandatory sinking fund redemption in the principal amount on December 1 of the years as set forth herein or otherwise as shall be specified in a Bond Order, and not otherwise.

At its option before the 45th day (or such lesser time acceptable to the Bond Registrar) next preceding any mandatory sinking fund redemption date in connection with Term Bonds the County by furnishing the Bond Registrar and the Paying Agent an appropriate certificate of direction and authorization executed by the Chairman of the Board of Commissioners or County Treasurer may: **(i)** deliver to the Bond Registrar for cancellation Term Bonds in any authorized aggregate principal amount desired; or **(ii)** furnish the Paying agent funds for the purpose of purchasing any of such Term Bonds as arranged by the County; or **(iii)** receive a credit (not previously given) with respect to the mandatory sinking fund redemption obligation for such Term Bonds which prior to such date have been redeemed and cancelled. Each such Bond so delivered, previously purchased or redeemed shall be credited at 100% of the principal amount thereof, and any excess shall be credited with regard to future mandatory sinking fund redemption obligations for such Bonds in the principal amount from specified due dates (but in chronological order if there is no specification), and the principal amount of Bonds to be so redeemed as provided shall be accordingly reduced. In the event Bonds being so redeemed are in a denomination greater than $5,000 a portion of such Bonds may be so redeemed, but such portion shall be in the principal amount of $5,000 each or any authorized integral multiple thereof.

(g) **Redemption Procedure.** If less than all the Bonds are called for redemption and prepayment, they shall be called in inverse order of maturity and by lot within each maturity, with each $5,000 principal amount of face value being subject to call as a separate unit, in such manner as the Bond Registrar shall determine. With notice to the Bond Registrar by the County 45 days before the applicable redemption date (which shall not be required for Term Bond redemptions), or such lesser notice acceptable to the Bond Registrar, written notice of the County's exercise of its option to redeem and prepay any or all of the Bonds shall be given by the Bond Registrar by first class mail to the registered owner of each Bond to be redeemed at such registered owner's address appearing on the registration books of the County with respect thereto. The date of the mailing of such notice shall be not more than sixty (60) and not less than thirty (30) days prior to the date of redemption, and any such notice shall designate the date and place of redemption of the Bonds, which shall be the principal corporate trust office of the Paying Agent, in LaSalle, Illinois, shall designate the numbers of the Bonds or portions thereof to be redeemed and the aggregate principal amount of Bonds to be redeemed, and shall indicate that on the designated date of redemption such Bonds will be redeemed by payment of the principal thereof, premium, if any, and accrued interest thereon, and that from and after the designated redemption date interest in respect of the Bonds so called for redemption shall cease to accrue, provided that funds are then available for their payment.

In addition to the foregoing notice set forth above, further notice shall be given by the Bond Registrar on behalf of the County as set out below, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further

notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus **(a)** the CUSIP numbers of all Bonds being redeemed; **(b)** the date of issue of the Bonds as originally issued; **(c)** the rate of interest borne by each Bond being redeemed; **(d)** the maturity date of each Bond being redeemed; and **(e)** any other descriptive information needed to identify accurately the Bonds being redeemed.

Each further notice of redemption shall be sent at least thirty (30) days before the redemption date to all registered securities depositories then holding any Bonds and in the sole discretion of the Bond Registrar to one or more national information services that disseminate notice of redemption of obligations such as the Bonds.

Upon payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall identify the Bond or Bonds, or portion thereof, being redeemed with the proceeds of such check or other transfer.

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

(h) **Bond Order**. The Bonds shall bear interest at such rates, and interest shall be payable on the dates, mature in the principal amount in each year, but not exceeding the authorized aggregate principal amount of the Bonds, if different than as set forth above, and have such other terms and provisions different than or supplemental to those provided herein, and have such other related and incidental terms and provisions, as set forth in a Bond Order, and not otherwise,. For purposes of the foregoing and otherwise in this ordinance, the term **"Bond Order"** shall mean one or more certificates signed by the Chairman of the Board of Commissioners or the County Treasurer, and attested by the County Clerk and under the seal of the County, setting forth and specifying details of the Bonds, including, but not limited to, selection of 2006 Bonds subject to Refunding and provisions with respect to principal amount, series designation, tax-exempt or taxable status, denominations, payment dates, wire or other electronic interest payment, final interest rates, Levied Taxes, tax escrow or intercept agreements, issue price, reoffering premiums, original issue discount (**"OID"**) optional and/or mandatory redemption provisions, conditional call provisions, status as or not as **"qualified tax-exempt obligations"**, bond insurance provisions and the designation of a bond insurer (as applicable, an **"Insurer"**) and a bond insurance policy or other credit facility (as applicable, a **"Policy"**), the designation of a Bond Registrar and Paying Agent, Refunding Agent and other fiscal agents, and the final maturity schedule, pursuant to this ordinance.

(i) **Limited Bonds**. The Bonds are to constitute general obligation **"limited bonds"**, which are to be paid when due from a levy of taxes unlimited as to rate, but limited as to amount under the Local Government Debt Reform Act (such levy of taxes, **"Levied Taxes"**) to the debt service extension base (the **"Base"**) under the Property Tax Extension Limitation Law.

(j) **Qualified Tax-Exempt Obligations**. The County hereby designates the Bonds as **"qualified tax-exempt obligations"** under Section 265(b)(3) of the Internal Revenue Code of 1986, a amended (the **"code"**).

Section 2. Payment. Interest on the Bonds shall be payable by check or draft of the Paying Agent on County funds to the order of the registered owners thereof named on the registration books of the County maintained by the Bond Registrar at the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the applicable interest payment date, and mailed to such registered owners at their addresses appearing on such registration books. Payment of the principal of any Bond shall be made by check or draft of the Paying Agent only upon presentation and surrender thereof to the Paying Agent.

Section 3. Transfer, Exchange and Registration. The County shall cause books for the registration and for the transfer of the Bonds as provided in this ordinance to be kept at the designated corporate trust office of the Bond Registrar, which is hereby constituted and appointed the Bond Registrar of the County for such purposes. Subsection (a) below is subject to subsection (b).

(a) General. The County is authorized to prepare, and the Bond Registrar shall keep custody of, multiple Bond blanks executed by the County for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the designated principal corporate trust office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such registered owner's attorney duly authorized in writing, the County shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds bearing interest at the same interest rate and of the same maturity of authorized denominations for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at the designated corporate trust office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity of other authorized denominations and bearing interest at the same interest rate. The execution by the County of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby by authorized to authenticate, date and deliver such Bond; provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not at any one time exceed the authorized principal amount of Bonds for such maturity less the amount of such Bonds which have been paid.

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

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

sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the County or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

(b) Book-Entry-Only Provisions. Unless otherwise set forth a Bond Order, as the case may be, Bonds shall be issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond may be registered in the Bond Register therefor in a street name of the Depository or any successor thereto, as nominee of the Depository. The outstanding Bonds from time to time may be registered in the Bond Register in a **"nominee's"** name (initially **"Cede & Co."** for DTC), as nominee of the securities depository therefor (the **"Depository"**, initially The Depository Trust Company, New York, New York (**"DTC"**)). If not already done, the Chairman of the Board of Commissioners or County Treasurer is authorized to execute and deliver on behalf of the County such letters to or agreements with the Depository as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the **"Representation Letter"**). Without limiting the generality of the authority given to the Chairman of the Board of Commissioners or County Treasurer with respect to entering into such Representation Letter, it may contain provisions relating to **(a)** payment procedures, **(b)** transfers of the Bonds or of beneficial interest therein, **(c)** redemption notices and procedures unique to the Depository, **(d)** additional notices or communications, and **(e)** amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices.

With respect to Bonds registered in the Bond Register in the name of a nominee of the Depository, the County and the Bond Registrar or Paying Agent shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a **"Depository Participant"**) or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds (i.e., **"indirect participants"** and or **"beneficial owners").** Without limiting the meaning of the foregoing, the County and the Bond Registrar shall have no responsibility or obligation with respect to **(a)** the accuracy of the records of the Depository, the nominee, or any Depository Participant with respect to any ownership interest in the Bonds, **(b)** the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or **(c)** the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds.

As long as the Bonds are held in a book-entry-only system, no person other than the nominee of the Depository, or any successor thereto, as nominee for the Depository, shall receive a Bond certificate with respect to any Bonds. Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in place of the prior nominee, and subject to the provisions hereof with respect to

the payment of interest to the registered owners of Bonds as of the close of business on the fifteenth (15th) day of the calendar month next preceding the applicable interest payment date, the reference herein to nominee in this ordinance shall refer to such new nominee of the Depository.

In the event that **(a)** the County determines that the Depository is incapable of discharging its responsibilities described herein and in the Representation Letter, **(b)** the agreement between the County and the Depository evidenced by the Representation Letter shall be terminated for any reason or **(c)** the County determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the County shall notify the Depository and the Depository Participants of the availability of Bond certificates, and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of a nominee of the Depository. At that time, the County may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a book-entry system, as may be acceptable to the County, or such depository's agent or designee, and if the County does not select such alternate book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof. Notwithstanding any other provision of this ordinance to the contrary, so long as any Bond is registered in the name of a nominee of the Depository, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

Section 4. Temporary Bonds. Prior to the preparation of Bonds in definitive form, and while the Bonds are held in a global book-entry system, the County may issue temporary Bonds in registered form and in such denominations as the Board of Commissioners may determine, but otherwise in substantially the form hereinafter set forth in Section 9, with appropriate variations, omissions and insertions. If Bonds are initially delivered in temporary form, the County shall promptly prepare and execute Bonds in definitive form and deliver them to the Bond Registrar before the first interest payment date, and upon presentation and surrender of Bonds in temporary form, the Bond Registrar shall authenticate and deliver in exchange therefor Bonds in definitive form of the same maturity for the same aggregate principal amount of Bonds in temporary form.

Section 5. Mutilated or Lost Bonds. In the event any Bond become mutilated or be lost or destroyed, the County shall cause to be executed, and the Bond Registrar shall authenticate and deliver, a new Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Bond or in lieu of and in substitution for such lost or destroyed Bond; provided, however, that the County and the Bond Registrar shall so execute, authenticate and deliver only if the registered owner thereof has paid the reasonable expenses and charges of the County and the Bond Registrar in connection therewith and, in the case of a lost or destroyed Bond: **(a)** has filed with the Bond Registrar evidence satisfactory to it that such Bond was lost or destroyed and that such registered owner was the owner thereof; and **(b)** has furnished to the County and the Bond Registrar indemnity satisfactory to them. No security bond in connection with the foregoing shall be required of any registered owner which shall be a bank or other financial institution. The Bond Replacement Act shall apply in the case of lost, destroyed or defaced Bonds. If any such Bond shall have matured, instead of issuing a new

Bond, the Paying Agent, at the Bond Registrar's direction, may pay the same without surrender thereof.

Section 6. Disposition of Paid Bonds. All Bonds which have been paid shall not be reissued, and the Bond Registrar shall, unless otherwise directed by the Board of Commissioners, cremate, shred or otherwise dispose of such Bonds. The Bond Registrar shall deliver to the Board of Commissioners a certificate of any such cremation, shredding or other disposition of any Bond.

Section 7. Execution of Bonds. The Bonds shall be signed by the manual or facsimile signature of the Chairman of the Board of Commissioners, and the seal of the County shall be affixed thereto or a facsimile thereof printed thereon and attested by the manual or facsimile signature of the County Clerk. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be such officer before the delivery of the Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. Any Bond may bear the facsimile signature of or may be signed by such persons as at the actual time of the execution thereof shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

Section 8. Authentication of Bonds. The Bonds shall bear a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Bond Registrar. The Bond Registrar shall authenticate each Bond with the signature of any authorized officer or employee of the Bond Registrar but it shall not be necessary for the same person to authenticate all of the Bonds. Only such authenticated Bonds shall be entitled to any right or benefit under this ordinance, and such certificate on any Bond issued hereunder shall be conclusive evidence that the Bond has been duly issued and is secured by the provisions hereof,

Section 9. Form of Bonds. Each Bond and the Certificate of Authentication appearing thereon shall be in substantially the form, with appropriate insertions, deletions and other modifications, including in connection with printing on the face and obverse side thereof, as follows:

[The remainder of this page is intentionally left blank.]

REGISTERED
Number _____

REGISTERED
$_____

:See Reverse Side for :
:Additional Provisions:

UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF UNION

GENERAL OBLIGATION REFUNDING LIMITED BOND
SERIES 2014

Interest Rate: **Maturity Date:** **Dated Date:** **CUSIP:**

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THE COUNTY OF UNION, ILLINOIS (the **"County"),** acknowledges itself indebted and, for value received, hereby promises to pay to the registered owner identified above or registered assigns, the Principal Amount set forth above on the Maturity Date set forth above, together with interest thereon from the later of the Dated Date set forth above or the most recent payment date to which interest has been paid, as the case may be, at the Interest Rate per annum set forth above, computed on the basis of a 360-day year of twelve 30-day months, payable semi-annually on each June 1 and December 1, commencing _____, 201__, until this Bond shall have been fully paid.

Both principal of and interest on this Bond are payable by check or draft on County funds in lawful money of the United States of America by Hometown National Bank, through its designated payment office in the LaSalle, Illinois (including its successors, the **"Paying Agent"),** and, for the prompt payment of this Bond and the interest hereon, the full faith, credit and resources of the County, including the levy of taxes without limit as to rate but limited as to amount as **"limited bonds"** under the Local Government Debt Reform Act, are hereby irrevocably pledged. Interest on this Bond shall be payable by check or draft of the Paying Agent to the order of the registered owner hereof named on the registration books of the County maintained by Hometown National Bank, through its designated corporate trust office in LaSalle, Illinois (including its successors, the **"Bond Registrar"),** at the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the applicable interest payment date, and mailed to such registered owner at such registered owner's address as it appears on such registration books. Payment of the principal hereof shall be made only upon presentation and surrender of this Bond to the Paying Agent. [Adapt and insert, as applicable: Interest on each Bond also may be payable by wire or electronic transfer to (and at the expense of) any registered owner of a Bond or Bonds (as of the applicable record date) holding an aggregate principal amount of $500,000 or more when such registered owner shall have requested such wire or electronic transfer payment to a bank in the continental United States by written instruction (with sufficient directions, including bank address and routing and account numbers) to the Paying Agent at least fifteen (15) days prior to an interest payment date.]

[Insert and adapt, as applicable: Bonds of this series maturing on December 1, 20___ and 20___ are Term Bonds (the **"Term Bonds"**), subject to mandatory sinking fund redemption in the principal amount on December 1 of each of the years, as follows:

Dec. 1, 20___ Term Bonds		Dec. 1, 20___ Term Bonds	
Year	**Principal Amount($)**	**Year**	**Principal Amount($)**

*To be paid at maturity unless previously retired.]

[Insert and adapt, as applicable: Bonds maturing on and after December 1, 20___ are subject to redemption and prepayment prior to in the principal amount from such maturities or in any order of maturity designated by the County (but in inverse order if there is no designation) at the option of the County, in whole at any time or in part (if in part, in integral multiples of $5,000) on any date on and after December 1, 20___, at a redemption price equal to the principal amount of Bonds being redeemed together with accrued interest to the date fixed for redemption. Or: The Bonds are not subject to call for optional redemption.]

[If less than all the Bonds are called for redemption and prepayment at any time, they shall be called in inverse order of maturity and selected by lot within each maturity, with each $5,000 principal amount of face value being subject to call as a separate unit, in such manner as the Bond Registrar shall determine. Written notice of the County's exercise of its option to redeem and prepay any or all of the Bonds shall be given by first class mail to the registered owner of each Bond to be redeemed not more than sixty (60) days nor less than thirty (30) days prior to the date fixed for redemption at such registered owner's address as it appears on registration books of the County maintained by the Bond Registrar. Interest shall cease on any Bond called for prepayment from and after the date fixed for its redemption, provided that funds are then available for its payment.]

This Bond is one of an authorized series of Bonds of the County, all of like tenor and effect, except as to date of maturity, rate of interest and rights of redemption, issuable in fully registered form aggregating the principal amount of $_____, issued for the purpose of providing funds to refund certain prior self-insurance bonds under the Local Government Debt Reform Act, the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 1011-101 et seq.), the Counties Code (55 ILCS 5/1-1 *et* seq.), the Intergovernmental Cooperation Act (5 ILCS 22011 et seq.), and Section 10 (Intergovernmental Cooperation) of Article VII (Local Government) of the Constitution of the State of Illinois (as supplemented and amended, collectively, the **"Acts").**

This Bond is transferable by the registered owner hereof or by such registered owner's attorney duly authorized in writing at the designated corporate trust office of the Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the ordinance authorizing this Bond and the series of which it is a part, and upon surrender and cancellation hereof. Upon such transfer, a new registered Bond or Bonds of the same maturity, of authorized denomination or denominations and for the same aggregate

principal amount will be issued to the transferee in exchange therefor. The County and the Bond Registrar may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes, and neither the County nor the Bond Registrar or the Paying Agent shall be affected by any notice to the contrary.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the fifteenth (15th) day of the calendar month next preceding the interest payment date on such Bond and ending on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (1 5) days next preceding mailing of a notice of redemption of any Bonds.

The Bonds have been designated as **"qualified tax-exempt obligations"** under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be valid or binding on the County until it shall have been authenticated by the execution by the Bond Registrar of the Certificate of Authentication appearing hereon.

This Bond, and each Bond of the series of which it forms a part, is issued under authority of the Constitution and laws of the State of Illinois, including the Acts, and under the further authority of an ordinance duly adopted and proceedings duly had by the Board of Commissioners of the County.

It is hereby certified, recited, and declared that all acts, conditions, and things required to be done, happen, and be performed precedent to and in the issuance of this Bond, in order to make the same a valid and binding general obligation of the County, have been done, have happened, and have been performed in regular and due form, time and manner, as required by law; that provision has been made for the collection of a direct annual tax sufficient to pay the principal of and interest on this Bond and the issue of which it is one as the same shall mature and come due; and the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the County, does not exceed or violate any constitutional or statutory limitation or provision.

IN WITNESS WHEREOF, The County of Union, Illinois, has executed this Bond by causing it to be signed with the manual or facsimile signature of the Chairman of the Board of Commissioners, under the seal of the County and attested by the manual or facsimile signature of the County Clerk, all as of the Dated Date set forth above.

(SEAL) **THE COUNTY OF UNION, ILLINOIS**

Attest:

_____ By: _____

County Clerk Chairman

CERTIFICATE OF AUTHENTIACTION

This is one of the General Obligation Refunding Limited Bonds, Series 2014, described in the within-mentioned ordinance.

Registration Date: _____

HOMETOWN NATIONAL BANK,
LaSalle, Illinois

Bond Registrar: Hometown National Bank
and Paying Agent: LaSalle, Illinois

By: _____
Authorized Signer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto ____

_____

(Name, Address and Tax Identification of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

_____

as attorney to transfer the within Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____ _____

Signature guaranteed:

_____ _____

(Name of Eligible Guarantor Institution as defined
by SEC Rule 17 Ad-15 (17 CFR 240.1 Ad-15))

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 10. Levy and Extension of Taxes. In order to provide for the payment when due of the interest on the Bonds, and also to pay and discharge the principal thereof at maturity, there shall be and there is hereby levied upon all the taxable property within the County a direct annual tax for each of the years while the Bonds or any of them are outstanding, amounts sufficient for that purpose, and for such purposes that there shall be and there is hereby levied upon all of the taxable property in the County in and for each of the years, commencing not before levy year 2013 and ending not later than levy year 2025, direct annual taxes in the amount for each levy year, as shall be specified in a Bond Order (such direct annual taxes, as applicable to the of Bonds, the **"Levied Taxes"**), subject to the applicable limitation as **"limited bonds"**. Receipts of Levied Taxes shall be subject to the terms and provisions of an applicable Tax Escrow Agreement.

Principal or interest maturing or coming due at any time when there are not sufficient funds on hand from the foregoing tax levy to pay the same shall be paid from general funds of the County, and the fund from which such payment was made shall be reimbursed, as more specifically herein provided, out of the taxes hereby levied when such taxes shall have been collected and received by the County.

The County covenants and agrees with the owners of the Bonds that so long as any of the Bonds remain outstanding the County will take no action or fail to take any action which in any way would adversely affect the ability of the County to levy, extend and collect Levied Taxes, and the County and its officers will comply with all present and future applicable laws in order to assure that the foregoing Levied Taxes will be levied, extended and collected as provided herein and deposited in or credited to the fund established to pay the principal of and interest on the Bonds (the **"Debt Service Fund"**, to be established by the County under this ordinance); provided, however, that whenever other funds (including the proceeds of bonds issued to refund the Bonds or money held in a separate account or subaccount established under the Trust Agreement for the sole purpose of paying principal and interest on the Bonds (including the **"Union County Levy Abatement Subaccount"**)) are made available for the purpose of paying any principal of or interest on the Bonds so as to enable the abatement of taxes levied therefor, the Board of Commissioners shall, by ordinance or resolution, direct the deposit of such funds into the Debt Service Fund hereinafter created, established and defined pursuant to Section 19 (except for money held in the Union County Levy Abatement Subaccount which shall be paid directly to the Paying Agent immediately prior to an interest or principal payment date on the Bonds). In and by such ordinance or resolution or other appropriate certification, the County shall direct the abatement of the taxes, if at all, by an amount not to exceed the aggregate amount then on deposit in the Union County Levy Abatement Subaccount and the Debt Service Fund, established and defined pursuant to Section 19 and proper notification of such abatement shall be filed with the County Clerk of the County in a timely manner to effect such abatement. The County may abate taxes pursuant to this procedure at such other times as it deems appropriate, not inconsistent with this ordinance.

Levied Taxes to pay Bonds, and any other funds to pay Bonds shall be paid over by the County to the Paying Agent no later than the last to occur of: **(i)** the County's business day next following receipt; or **(ii)** 30 days before the interest and/or applicable principal payment date preceding the next occurring June 1 or December 1; and upon such payment over to the Paying Agent the County shall report such payment to the Underwriter.

Section 11. File Ordinance With County Clerk. After the adoption of this ordinance and prior to or concurrently with the issuance of any Bonds, a certified copy of this ordinance shall be filed with the records of the County in the office of the County Clerk, and it shall be the duty of the County Clerk annually in and for each of the years authorized in Section 10, and specified in a Bond Order, subject to the limitation applicable to limited bonds, to ascertain the rate necessary to produce the Levied Taxes herein authorized to be levied and extend the same for collection on the tax books against all of the taxable property within the County in connection with other taxes levied in each of such years for general corporate purposes in order to raise the respective amounts aforesaid. In each of such years such annual taxes shall be computed, extended and collected in the same manner as now or hereafter provided by law for the computation, extension and collection of taxes for general corporate purposes of the County, and when collected the Levied Taxes hereby levied shall be placed to the credit of the Debt Service Fund, as more specifically as provided in Section 19 of this ordinance, which funds are hereby irrevocably pledged to and shall be used only for the purpose of paying the principal of and interest on the Bonds.

Section 12. Remittance to Paying Agent. The County Treasurer is hereby authorized and directed to timely remit or cause to be remitted to the Paying Agent sums sufficient to pay interest and principal on the Bonds as the same become due. Such remittance shall be made: **first**, from the Union County Levy Abatement Subaccount; **second**, from monies deposited in the Debt Service Fund; **third,** from any monies deposited in the Surplus Fund; **fourth**, from Bond proceeds; and **fifth**, from any other available funds of the County. The County Treasurer shall also pay from other funds of the County, along with each such remittance, the usual and customary fees of the Paying Agent and/or Bond Registrar for their respective services under this ordinance.

Section 13. Discharge of Liability. If any Bond shall not be presented for payment when the principal thereof becomes due (whether at maturity or call for redemption or otherwise), liability of the County to the registered owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged if funds sufficient to pay such Bond and interest due thereon shall be held by the Paying Agent for the benefit of the owner, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the registered owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on the part of such registered owner under this ordinance or otherwise on or with respect to such Bond; provided, that at the expiration of five (5) years from the maturity date of such Bond, any funds remaining on deposit with the Paying Agent for payment thereof shall be paid to the County.

The Bonds may be discharged, payment provided for, and the County's liability terminated, in whole or in part, as follows:

(a) **Discharge of Indebtedness.** If **(i)** the County shall pay or cause to be paid to the registered owners of the Bonds the principal, premium, if any, and interest to become due thereon at the times and in the manner stipulated therein and herein, **(ii)** all fees and expenses of the Bond Registrar and Paying Agent shall have been paid, and **(iii)** the County shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this ordinance expressed as to be kept, performed and observed by it or on its part, then these

presents and the rights hereby granted shall cease, determine and be void. If the County shall pay or cause to be paid to the registered owners of all outstanding Bonds of a particular series, or of a particular maturity within a series, in such a manner that would not adversely affect the tax-exempt status of the Bonds, the principal, premium, if any, and interest to become due thereon at the times and in the manner stipulated therein and herein, such Bonds shall cease to be entitled to any lien, benefit or security under this ordinance, and all covenants, agreements and obligations of the County to the registered owners of such Bonds shall thereupon cease, terminate and become void and discharged and satisfied.

(b) **Provision for Payment.** Bonds for the payment or redemption of which sufficient monies or sufficient Government Securities shall have been deposited with the Paying Agent (whether upon or prior to the maturity or the redemption date of such Bonds) shall be deemed to be paid within the meaning of this ordinance and no longer outstanding under this ordinance; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given as provided in this ordinance or arrangements satisfactory to the Bond Registrar (including certified public accountant verifications and opinions of Bond Counsel) shall have been made for the giving thereof. Government Securities shall be considered sufficient only if such investments are not redeemable prior to maturity at the option of the County thereof and mature and bear interest in such amounts and at such times as will assure sufficient cash to pay currently maturing interest and to pay principal and redemption premiums if any when due on the Bonds without rendering the interest on any tax-exempt Bonds taxable under the Code. The County may at any time surrender to the Bond Registrar for cancellation by it any Bonds previously authenticated and delivered hereunder, which the County may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

(c) **Termination of County's Liability.** Upon the discharge of indebtedness under paragraph (a) hereof, or upon the deposit with the Paying Agent or another appropriate escrow agent of sufficient money and Government Securities (such sufficiency being determined as provided in paragraph (b) hereof) for the retirement of any particular Bond or Bonds, all liability of the County in respect of such Bond or Bonds shall cease, determine and be completely discharged and the registered owners thereof shall thereafter be entitled only to payment out of the money and the proceeds of the Government Securities deposited as herein described for their payment.

Section 14. Duties of Bond Registrar. The Bond Registrar shall keep on file a list of names, addresses and tax identification numbers of the registered owners of all Bonds, together with the principal amount and numbers of such Bonds. At reasonable times and under reasonable regulations established by the Bond Registrar, and not inconsistent with applicable law, such list may be inspected and copied by the County and by designated representatives of the registered owners of not less than **25%** (or such lesser percentage as required by applicable law, as the case may be) in aggregate principal amount of Bonds then outstanding, such ownership and the authority of such designated representative to be evidenced to the reasonable satisfaction of the Bond Registrar. The Bond Registrar shall mail any notices which it is required to furnish registered owners of the Bonds pursuant to the terms of this ordinance to all names and addresses on such list.

Section 15. Ordinance a Contract; Amendments. The provisions of this ordinance shall constitute a contract between the County and the owners of the Bonds herein authorized to be issued, and after the issuance of the Bonds, no changes, additions, or alterations of any kind shall be made hereto in any manner until such time as the Bonds authorized hereby and the interest thereon shall be paid in full, or unless and until adequate provision is made for the payment of the Bonds and interest thereon by depositing with the Paying Agent monies or, to the extent permitted by law, direct obligations of the United States of America, or obligations the timely payment of the principal of and interest on which is fully guaranteed by the United States of America, or certificates of deposit secured by direct obligations of the United States of America, the principal of and interest on which shall, in the opinion of, as applicable, the Paying Agent or other escrow or fiscal agent, be sufficient to pay the principal of, premium, if any, and interest on the Bonds, whether at the maturity thereof or otherwise, at such time or times as the same shall become due and payable. From and after the issuance of any Bonds under this ordinance, this ordinance shall not be amended except for such changes, additions or alterations as may be necessary or appropriate: **(a)** to cure any ambiguity or formal defect or omission in this ordinance, or **(b)** upon the consent of the registered owners of not less than seventy-five percent (75%) in principal amount of all such Bonds then outstanding, such consent to be evidenced by an instrument or instruments of such registered owners duly acknowledged in the manner provided in Section 16 and filed with the County Clerk; provided, however, that no such modification or alteration shall extend the maturity of or reduce the interest rate of or otherwise alter or impair the obligation to pay the principal of or the interest on any Bond at the time and place and at the rate and in the currency as provided therein, without the express consent of the registered owner of such Bond, nor reduce the percentage of Bonds required for the affirmative vote or written consent to a modification or alteration.

Section 16. Consents and Approvals. Any consent, request, direction, approval, objection or other instrument required by this ordinance to be signed and executed by the registered owners of the Bonds may be in any number of concurrent writings of similar tenor and may be signed or executed by such registered owners in person or by agent appointed in writing. The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgements within such jurisdiction that the person signing such writing acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent, if made in the manner set forth above, shall be sufficient for any of the purposes of this ordinance, and shall be conclusive in favor of the Paying Agent, the Bond Registrar and the County with regard to any action taken under such request or other instrument.

Section 17. Related Agreements and Official Statement. The County hereby authorizes, ratifies, confirms and approves the execution, delivery and performance, as the case may be, by or on behalf of the County of, as applicable, the **(i)** Official Statement, **(ii)** Bond Purchase Agreement, **(iii)** Disclosure Agreement, **(iv)** Tax Escrow Agreement; **(v)** Trust Agreement, **(vi)** Refunding Agreement, and **(vii)** related and incidental documents, instruments and agreements (collectively, (i) -(vii) as applicable, the **"Related Agreements")** as prepared or in substantially forms thereof presented before this meeting with changes therein as the officers executing them shall approve. The County authorizes, ratifies and confirms the use by the Underwriter of the Official Statement, in preliminary and final form, in connection with the issuance and sale of the Bonds.

Pursuant to paragraphs (b)(5) and (g) of Rule 15c2-12 of the Securities and Exchange Commission, the County hereby represents that it has outstanding now, and as of the date of issuance of the Bonds will have outstanding less than $10,000,000 obligations to be taken into account thereunder. The County will reasonably cooperate with the Underwriter in connection with compliance by the Underwriter with such Rule 15c2-12. In addition, the County covenants and agrees that upon request and with a cost of copy plus postage the County will provide a copy of its most recent audit to the Underwriter and to the registered owners or beneficial owners of any of the Bonds.

The officers of the County are hereby authorized to execute, acknowledge, deliver and accept, as appropriate, all documents and instruments supplemental hereto, including desirable or necessary modifications to the Related Agreements and the to Official Statement, desirable or necessary to effect the approval, acceptance, execution, delivery or performance, as appropriate, in connection with this ordinance and the Related Agreements and the Official Statement. The Chairman, Vice Chairman, County Clerk, County Treasurer, State's Attorney and other officials and employees of the County are hereby authorized and directed on behalf of the County to do all such other and further things as may be necessary or desirable to carry out the transactions contemplated by this ordinance and the Related Agreements, without further act or deed on the part of the Board of Commissioners.

Section 18. Registrar, Paying Agent and Refunding Agent. Hometown National Bank shall be and hereby is designated and appointed as Paying Agent, Bond Registrar and refunding Agent for the County, who shall act as paying agent, transfer agent and the office or agency of the County where the registration books relating to the Bonds shall be maintained. The acceptance by Hometown National Bank of the duties of Paying Agent and Bond Registrar imposed by this ordinance shall be evidenced by its execution of a certificate of acceptance. The Paying Agent, Bond Registrar and Refunding Agent shall be entitled to payment of and reimbursement for its or their reasonable fees for its or their services and all out-of-pocket expenses reasonably incurred hereunder and as Bond Registrar and Paying Agent for the Bonds or otherwise hereunder, including the reasonable fees of its counsel. In case the Paying Agent or Bond Registrar shall resign, be removed, be dissolved, or otherwise become incapable of acting hereunder, a successor shall be appointed by the Board of Commissioners, which successor in each case shall be a bank or trust company authorized to accept trusts and to act as Paying Agent and/or Bond Registrar and/or Refunding Agent in the State of Illinois.

Section 19. Debt Service Fund. All of the revenues collected on account of the Levied Taxes herein provided for and all other funds made available pursuant to Section 10 of this ordinance for the payment of the principal of or interest on the Bonds, except for the amount on deposit in the Union County Levy Abatement Subaccount, shall be deposited in one of two separate funds to be known as the **"Debt Service Fund"** (which shall be held by the Paying Agent) and the **"Surplus Fund"** (which shall be held by the County). Such revenues deposited into the Debt Service Fund are hereby allocated and set aside for the sole purpose of paying the principal of and interest on the Bonds authorized hereby as and when the same shall mature and come due. The County Treasurer shall deposit first into the Debt Service Fund, **first**, monies on deposit therefor in the Union County Levy Abatement Subaccount, up to the amounts in (a) below, and **second**, all revenues received for the payment of the principal of or interest on the

Bonds on account of the Levied Taxes herein levied. Amounts deposited with the Paying Agent (including Bond proceeds, if any are required, to pay accrued and capitalized interest) shall be invested at the direction of the County Treasurer in investment authorized by applicable law (subject to Section 21 below, **"Qualified Investments"**). To the extent the amount to be deposited in or credited to the Debt Service Fund together with the amount on deposit in the Union County Levy Abatement Subaccount (to be transferred to and deposited in or credited to the Debt Service Fund) would cause the balance in the Debt Service Fund to exceed the amount of principal and interest on the Bonds becoming due during at least the next 12 months, the County Treasurer shall next deposit to the Surplus Fund the revenues received for the payment of the principal of or interest on the Bonds on account of the Levied Taxes, or otherwise.

In the event that the County shall be required to transfer monies from other funds held by the County to pay principal and interest on the Bonds as required by Section 10 of this ordinance, then the County Treasurer shall reimburse the County for such amounts prior to transferring any of the revenues received from the taxes levied herein to the Debt Service Fund or the Surplus Fund.

Section 20. **Sale of Bonds/Deposit of Funds**. (**a**) The Bonds hereby authorized shall be sold and executed as in this ordinance provided as soon after the passage hereof as may be, and the proceeds from such sale, to the extent not directly applied to fund the premium for an Insurer's Policy, or other costs of issuance (including as arranged by the Underwriter) of the Bonds at the time the Bonds are issued, which application upon presentation of statements therefor is expressly authorized, and for which the Underwriter shall receive a credit against the purchase price for the Bonds shall thereupon be delivered to or at the direction of the Underwriter in accordance with the terms and provisions of the Bond Purchase Agreement, upon receipt of the purchase price therefor, the same being the purchase price set forth in the Bond Purchase Agreement (plus accrued interest, if any, to date of delivery). An Official Statement, Bond Purchase Agreement, Refunding Agreement and the Disclosure Agreement are in all respects ratified, approved and confirmed, it being hereby found and determined that such Bond Purchase Agreement, Refunding Agreement and Disclosure Agreement are in the best interest of the Issuer and that no person holding an office of the County either by election or appointment, is in any manner interested, either directly or indirectly, in his or her own name or in the name of any other person, association, trust or corporation, in the Bond Purchase Agreement, Refunding Agreement or Program. The County hereby authorizes and approves the Official Statement to be used in the offering and sale of the Bonds. The County hereby deems the Official Statement to be final as of the date of this ordinance, as provided in and subject to appropriate supplements under Rule 15c2-12 of the Securities and Exchange Commission. The County will cooperate with the Underwriter in connection with the compliance by the Underwriter with requirements of such Rule 15c2-12 and applicable rules of the Municipal Securities Rulemaking Board.

(**b**) Any net proceeds received upon sale and delivery of the Bonds (including accrued interest thereon and, as applicable, capitalized interest to pay certain initial debt service), shall immediately upon receipt thereof, be set aside in a separate fund established with the Depositary appointed pursuant to the Trust Agreement to be known as the Union County Bond Proceeds Fund and shall be used and applied as follows:

(i) an amount equal to the accrued interest or capitalized interest on the Bonds shall be transferred to the Union County Levy Abatement Subaccount;

(ii) unless or to the extent that issuance costs are paid directly by the Underwriter under (a) above, which is hereby authorized, an amount sufficient therefor shall be deposited to a separate account designated as the Issuance Account of the Union County Bond Proceeds Fund and used to pay the costs of issuance of the Bonds; and

(iii) any balance of the proceeds of the Bonds shall be deposited to a separate subaccount the Principal Account of the County's Initial Contribution Fund established under the Trust Agreement.

Section 21. **Investment Restrictions**. Not less than 95% of the net proceeds of the Bonds, which under this ordinance are required to be on deposit in the Issuance Account and in the Contribution Account, shall be invested, if at all, solely and only in investments (**"Qualified Tax-Exempt Investments"**) --

(i) the interest on which is not includible in gross income under Section 103 of the Code, and

(ii) which are not specified private activity bonds (as defined in Section 57(a)(5)(C) of the Code, i.e., **"non-AMT"** bonds).

Amounts in the Debt Service Fund with respect to the Bonds shall be invested only in obligations described in (i) and (ii) above. The foregoing investment restrictions need not be followed to the extent that the County requests and receives an approving written opinion of counsel with recognized expertise in public and municipal finance and the issuance of tax-exempt State local governmental obligations (**"Bond Counsel"**).

Section 22. **Non-Arbitrage and Rebate**. The County recognizes that the owners of the Bonds will have accepted them on, and paid therefor a price which reflects, the understanding that interest thereon is not includable in gross income for federal income tax purposes under laws in force at the time the Bonds shall have been delivered. In this connection the County agrees that it will not take any action or fail to take any action if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended (the **"Code"**). The County will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the County, or take or omit to take any action, that would cause the Bonds to be **"private activity bonds"** or **"arbitrage bonds"** or **"hedge bonds"** within the meaning of Sections 141 or 148 or 149(g) of the Code. To that end, the County will comply with all requirements of Sections 141, 148 and 149(g) of the Code to the extent applicable to the Bonds. The County shall not permit or authorize the Trustees or the Depositary (as such terms are defined in the Trust Agreement) to invest any of the proceeds of the Bonds deposited to any fund or account or subaccount established under and pursuant to this ordinance or the Trust Agreement other than in compliance with Sections 148 and 149(g) of the Code. Investments

may be made to the extent the County shall have received the unqualified written opinion of Bond Counsel that any such investment will not adversely affect the tax-exempt status of the interest on the Bonds.

Without limiting the generality of the foregoing, the County agrees that it shall pay from time to time all amounts (if any) required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Bonds from time to time. This covenant shall survive payment in full or defeasance of the Bonds. In connection with such rebate, there is hereby authorized to be then created a separate and special fund known as the **"Rebate Fund"**, into which there shall be deposited as necessary investment earnings in all funds and accounts under and in respect of this ordinance to the extent required so as to maintain the tax-exempt status of interest on Bonds. All rebates, yield reduction payments, special impositions or taxes for such purpose payable to the United States of America (Internal Revenue Service) under Section 148(f) of the Code shall be payable from the Rebate Fund.

Notwithstanding any provision of this Section 22, if the County shall obtain an opinion of Bond Counsel to the effect that any action required under this Section is no longer required or to the effect that some further action is required to maintain the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, the County may rely conclusively on such opinion in complying with the provisions hereof. The County does not expect to pay any rebate under Section 148(f) of the Code although it does not qualify for Section 148(f)(4)(D)'s small issuer exception, and investment are limited to non-AMT bonds.

Section 23. **Supplemental Actions**. The Board of Commissioners hereby authorizes the officials of the County responsible for issuing the Bonds, the same being the Chairman, County Clerk and County Treasurer, to make such further filings, covenants, certifications and supplemental certificates and agreements as may be desirable or necessary to assure that the implementations of the Program and the investment of Bond proceeds and other proceeds will not cause the Bonds to be **"arbitrage bonds"** or **"private activity bonds"** or **"hedge bonds"** and to assure that the interest in the Bonds will be excluded from gross income for federal income tax purposes. In connection therewith, the County further agrees: **(a)** through the officers of the County, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; **(b)** to consult with Bond Counsel approving the Bonds and to comply with such advice as may be given; **(c)** to pay to the United States, as necessary, yield reduction payments and such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; **(d)** to file such forms, statements, and supporting documents as may be required and in a timely manner, and **(e)** if deemed necessary or advisable, to consult, employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the County in such compliance. The County acknowledges that the essence of maintaining the tax-exempt status of the Bonds is compliance with the investment restrictions of Sections 21 and 22 of this ordinance. Ordinance No. 2013-12, adopted August 23, 2013 is hereby repealed.

Section 24. Policy of Insurer. The designation of an Insurer, if any, is hereby ratified, confirmed and approved. The provisions of a Policy and the Insurer's commitment and standard package, if any, are incorporated into this ordinance by reference, including without

limitation that any investment restrictions and limitations in the commitment, the standard package and otherwise related to the Policy shall be deemed to be applicable restrictions and limitations on the investments authorized by this ordinance. In the event there is no Policy or Insurer specified in the Bond Purchase Agreement, reference to the Insurer and Policy in this ordinance shall be given no effect. The Insurer's standard package is incorporated by this reference into this ordinance and is to be attached to this ordinance, provided that any failure to so attach does not abrogate, diminish or impair the effect thereof.

Section 25. Effective/Repeal. This ordinance shall be in effect immediately upon adoption. Ordinance No. 2014-1, adopted January 10, 2014 is hereby repealed.

Upon motion by Max Miller, seconded by Richard Cunningham adopted this 24th day of January, 2014, by roll call vote, as follows:

Voting "For" (names): Don Denny, Richard Cunningham, Dale Russell Max Miller, Danny Hartline

Voting "Against" (names): _____

Absent, Etc. (names): _____

(SEAL)

County Clerk as *ex-officio* Clerk
to the Board of Commissioners

Chairman

County of Union, Illinois

UNION COUNTY BOARD OF COMMISSIONERS AGENDA FOR JANUARY 24, 2014

Categories: Board Meeting Agenda

by webmaster

January 21, 2014

UNION COUNTY BOARD OF COMMISSIONERS
AGENDA FOR
January 24, 2014 @ 8:30 am
Union County Courthouse Community Room

I. CALL MEETING TO ORDER

II. ROLLCALL

III. APPROVAL OF MINUTES

IV. BUILDING PERMITS

V. COUNTY FINANCES DISTRIBUTION

VI. OLD BUSINESS

A. Executive Session: Pursuant to Open Meetings Act Sec. 2(c)(11)-pending litigation; 2(c)(2)-collective negotiating matters; 2(c)(1)-employees; 2(c)(5) and 2(c)(6)-real estate; 2(c)(7)-sale of securities

B. Appointment of County Representative for Southernmost Tourism Board

C. Tourism/Economic Development Fund

D. ADOPTION OF AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF UNION, ILLINOIS, OF GENERAL OBLIGATION REFUNDING LIMITED BONDS, SERIES 2014, TO REFINANCE THE COUNTY'S COSTS OF FUNDING A SELF-INSURANCE PROGRAM; FIXING THE DETAILS OF SUCH BONDS AND LEVYING A DIRECT ANNUAL TAX TO PAY THE INTEREST ON AND PRINCIPAL OF SUCH BONDS; AND RELATED MATTERS

VII. NEW BUSINESS

A. Request for Tourism Funds – Anna Arts Center/PAST Organization

B. Approval of Plans for Carport Storage Project for Sheriff's Office and Ambulance Service

C. Approval for Authority to Hire a Professional Photographer for Quadrennial Courthouse Photographs

D. Surplus Property

VIII. NEW COURTHOUSE UPDATE

IX. COMMITTEE REPORTS

Don Denny – Union County Economic Development, Shawnee Development Council

Dale Russell – Southern Seven Health Dept., Southern Five Regional Planning

Danny Hartline – Animal Control

Max Miller – Animal Control

Richard Cunningham – Union County Economic Development, 911

X. OTHER BUSINESS

XI. PUBLIC COMMENTS

XII. ADJOURNMENT

Meeting dates are the second and fourth Friday of each month, unless noted.
Agenda items shall be received in the Union County Clerk's office by Tuesday, before Friday's meeting.

This post has no tag

Permanent link to this article: http://blog.unioncountyil.gov/?p=1071

Closing Item No. 1.02

ESCROW AGREEMENT

BY AND BETWEEN THE

THE COUNTY OF UNION, ILLINOIS

AND

HOMETOWN NATIONAL BANK
LaSALLE, ILLINOIS,
AS ESCROW AGENT

Dated as of February 1, 2014

ESCROW AGREEMENT

This Escrow Agreement (this "**Agreement**") dated as of February 1, 2014 and delivered this 20th day of February, 2014, by and between The County of Union, Illinois (the "**County**"), and Hometown National Bank (the "**Escrow Agent**"), through its offices located in LaSalle, Illinois, not individually but in the capacity as hereinafter described, for and in consideration of Ten Dollars ($10.00) duly paid by such County to such Escrow Agent, the receipt whereof is hereby acknowledged:

WITNESSETH

ARTICLE I. DEFINITIONS

Certain words and terms used in this Agreement shall have the meanings set forth in this Article I unless the context or use clearly indicates another or different meaning.

Section 1.01. "**Agreement**" or "**Escrow Agreement**" means this Escrow Agreement dated as of February 1, 2014.

Section 1.02. "**Corporate Authorities**" means the County Board.

Section 1.03. "**Defeasance Report**" means the attached report of Bernardi Securities, Inc., Chicago, Illinois, prepared for the County, as an exhibit hereto, [as verified by Dunbar, Breitweiser & Company, LLP, Bloomington, Illinois,] to the effect that the Escrow Account held hereunder will be sufficient at all times to pay all principal of, premium, if any, and interest on the General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 maturing on and after December 1, 2017 to and at redemption on December 1, 2016 (the "**Redemption Date**").

Section 1.04. "**Escrow Account**" means the trust fund account created and established for the Outstanding Bonds under the terms of this Agreement with the Escrow Agent and comprised of the Escrow Account Deposit as more fully described in Section 2.02 hereof.

Section 1.05. "**Escrow Agent**" means Hometown National Bank, through its designated office located in LaSalle, Illinois, not individually but in the capacity for the uses and purposes hereinafter mentioned, or any successor thereto.

Section 1.06. "**Investment Securities**" means the direct full faith and credit non-callable obligations of the United States of America, including but not limited to the State and Local Government Series, non-callable obligations the principal of and interest on is fully guaranteed by the United States of America.

Section 1.07. "**County**" means The County of Union, Illinois.

Section 1.08. "**Paying Agent**" and "**Registrar**" means for the Outstanding Bonds (**for the 2006 Bonds**) - - Hometown National Bank (as successor to Union Bank), 260 Bucklin Street, LaSalle, Illinois 61301.

Section 1.09. "Outstanding Bonds" or **"2006 Bonds"** each means, the outstanding principal balance of the following issue, outstanding in the principal amounts and due on the dates of each of the years and in the principal amounts in each year and bearing interest at the rates percent per annum, as follows:

Dec. 1 of the Year	Principal Amount($)	Interest Rate (%)
2014	100,000	4.00
2015	105,000	4.05
2016	280,000	4.10
2017	300,000	4.20
2018	305,000	4.25
****	*********	*****
2020	650,000	5.75

The 2006 Bonds maturing on December 1, 2020 are Term Bonds (the **"Term Bonds"**), subject to mandatory sinking fund redemption in the principal amount on December 1 of each of the years, as follows:

Term Bonds/December 1, 2020	
Year	Principal Amount($)
2019	315,000
2020	335,000*

*To be paid a maturity unless previously retired.

Section 1.10. "Redemption Date" means December 1, 2016, as set forth above.

Section 1.11. "Refunding Deposit" means $1,951,245.98 for the 2006 Bonds, derived from proceeds of the 2014 Bonds.

Section 1.12. "2014 Bonds" means the County's General Obligation Refunding Limited Bonds, Series 2014, dated February 20, 2014, bearing interest and maturing in the principal amount on December 1 in each year, as follows:

Year	Principal Amount($)	Interest Rate(%)
2014	120,000	2.00
2015	140,000	2.00
2016	145,000	2.00
2016	145,000	2.00
2018	150,000	2.50
2019	155,000	2.50
2020	160,000	3.50
2021	165,000	3.50
2022	170,000	3.60
2023	175,000	3.85
2024	185,000	4.00
2025	190,000	4.10
2026	140,000	4.20

Section 1.13. **"Treasurer"** means the County Treasurer.

ARTICLE II. CREATION OF ESCROW

Section 2.01. No interest on the 2014 Bonds is to be paid from the Escrow Account. The refunded 2006 Bonds are hereby defeased by the deposit with the Escrow Agent of the Refunding Deposit shown in the verified Defeasance Report attached as an exhibit hereto. Such will provide all moneys necessary to pay all principal of, interest on to and the redemption price (100% of par) on the refunded 2006 Bonds up to and including the Redemption Date. The Escrow Agent, as the 2006 Bonds Bond Registrar and Paying Agent will timely give the call notices for the 2006 Bonds in connection therewith.

Section 2.02. The County has deposited with the Escrow Agent the Refunding Deposit, which shall be held uninvested by the Escrow Agent to be applied on the Redemption Date to the retirement of Outstanding Bonds, the schedule of Investment Securities attached hereto and incorporated in this Section 2.02 as though set out in full by this reference thereto. There is expected to be no reinvestment of the Refunding received by the Escrow Agent as set forth in the Defeasance Report.

Section 2.03. The Escrow Agent and the County have each received the Defeasance Report.

ARTICLE III. COVENANTS OF ESCROW AGENT

The Escrow Agent covenants and agrees with the County, as follows:

Section 3.01. The Escrow Agent will hold the Refunding Deposit in the Escrow Account for the sole and exclusive benefit of the County to the purposes for which escrowed under this Agreement.

Section 3.02. The Escrow Agent acknowledges that no continuing reinvestments are required.

Section 3.03. The Escrow Agent shall hold the Refunding Deposit on deposit in the Escrow Account on demand and in trust for the purposes hereof and shall secure same in accordance with applicable Illinois law for the securing of public funds.

Section 3.04. The Escrow Agent will promptly apply the Refunding Deposit solely and only hereunder for the payment of debt service the 2006 Bonds on each June 1 and December 1, commencing June 1, 2014 to, and of the redemption price on the Redemption Date, for the 2006 Bonds to be refunded.

Section 3.05. The Escrow Agent will remit the Refunding Deposit to the 2006 Bonds Paying Agent by wire transfer or otherwise immediately available funds on each such June 1 and December 1 in Section 3.04 and on the Redemption Date for the 2006 Bonds, moneys sufficient to pay such redemption prices as will meet the requirements for the timely payment of such Outstanding Bonds as set out in the Defeasance Report, and such remittance shall fully release and discharge the Escrow Agent from any further duty or obligation in that connection under this Agreement.

Section 3.06. The Escrow Agent will make no payment of fees, due or to become due, of the 2006 Bonds Paying Agent or Registrar, and the County covenants and agrees to pay the same as they become due.

Section 3.07. The general costs and expenses of the Escrow Agent have been paid. All charges, fees or expenses of the Escrow Agent in carrying out any of the duties, terms or provisions of this Agreement shall be paid as statements therefor are submitted by the Escrow Agent to the County. The Escrow Agent shall charge such fees for its services, if any, as rendered under such Section 3.08, which are reasonable and usual for like services rendered by similar institutions.

Section 3.08. The Escrow Agent has all the powers and duties herein set forth with no liability in connection with any act or omission to act hereunder, except for its own negligence or willful breach of trust, and shall be under no obligation to institute any suit or action or other proceeding under this Agreement or to enter any appearance in any suit, action or proceeding in which it may be defendant or to take any steps in the enforcement of its, or any other's, rights and powers hereunder, nor shall be deemed to have failed to take any such action, unless and until it shall have been indemnified by the County to its satisfaction against any and all costs and expenses, outlays, counsel fees and other disbursements, including its own reasonable fees, and if any judgment, decree or recovery be obtained by the Escrow Agent, payment of all sums due it, as aforesaid, shall be a first charge against the amount of any such judgment, decree or recovery.

Section 3.09. The Escrow Agent may in good faith buy, sell or hold and deal in any of the Outstanding Bonds.

Section 3.10. The Escrow Agent will submit to the Treasurer and to Bernardi Securities, Inc., Chicago, Illinois, a statement within forty (40) days after each June 1 and December 1 itemizing all moneys received by it and all payments made by it under the provisions of this Agreement, and also listing the Investment Securities and the securities derived from reinvestments (if any, and identified as such) on deposit and all moneys held by it on demand as of the date of the report.

Section 3.11. If at any time it shall appear to the Escrow Agent that the available proceeds of the Investment Securities and deposits on demand in the Escrow Account will not be sufficient to make any payment due to the holders of any of the Outstanding Bonds, the Escrow Agent shall notify the County not less than five (5) days prior to such date, and the County agrees that from any funds lawfully available for such purpose it will make up the anticipated deficit so that no default in the making of any such payment will occur.

Section 3.12. Notwithstanding any provision contained herein to the contrary, the Escrow Agent, including its officers, directors, employees and agents, shall:

(a) be protected in acting and relying upon any notice, order, requisition, request, consent certificate, order, opinion (including an opinion of independent counsel), affidavit, letter, telegram or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper person or persons;

(b) be indemnified and saved harmless by the County, to the extent lawful, and not otherwise, from all losses. Liabilities, costs and expenses, including attorney fees and expenses, which may be incurred by it as a result of its acceptance or the performance of its duties hereunder,

unless such losses, liabilities, costs and expenses shall have been finally adjudicated to have resulted from the willful misconduct or negligence of the Escrow Agent, and such indemnification shall survive its resignation or removal, or the termination of this Agreement.

(c) not be required to risk, use or advance its own funds or otherwise incur financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder;

(d) have the right, but not the obligation, to consult with counsel of choice and shall not be liable for action taken or omitted to be taken by Escrow Agent either in accordance with the written advice of such counsel in accordance with any opinion of counsel to the Issuer addressed and delivered to the Escrow Agent; and

(e) have the right to perform any of its duties hereunder through agents, attorneys, custodians or nominees, and shall not be responsible for the misconduct or negligence or such agents, attorneys, custodians and nominees appointed by it with due care.

Any banking association or corporation into which the Escrow Agent may be merged, converted or with which the Escrow Agent may be consolidation to which the Escrow Agent shall be a party, or any banking association or corporation to which all of substantially all of the corporate trust business of the Escrow Agent shall be transferred, shall succeed to all the Escrow Agent's rights, obligation and immunities hereunder without execution of filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

The Escrow Agent shall have the right to accept and act upon instructions or directions pursuant to this Agreement by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the instructions or directions shall be signed by a person as may be designated and authorized to sign, as applicable, for the Issuer by a County representative, who shall provide to the Escrow Agent an incumbency certificate listing such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent's understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

ARTICLE IV. COVENANTS OF COUNTY

The County covenants and agrees with the Escrow Agent, as follows:

Section 4.01. The Escrow Agent shall have no responsibility or liability whatsoever for: **(a)** any of the recitals of the County herein, **(b)** the performance of or compliance with any covenant, condition, term or provision of the ordinances authorizing the Outstanding Bonds, and **(c)** any undertaking or statement of the County hereunder or under the ordinances authorizing the Outstanding Bonds.

Section 4.02. The County will promptly and without delay remit to the Escrow Agent, within five (5) days after receipt of its written request, such sum or sums of money as are due to fully pay and discharge any obligation or obligations or charges, fees or expenses, if any, incurred by the Escrow Agent in carrying out any of the duties, terms or provisions of this Agreement that are in excess of the sums expressly deposited hereunder. The County will promptly pay all Paying Agent's and Registrar's fees as submitted.

Section 4.03. All payments to be made by, and all acts and things required to be done by, the Escrow Agent under the terms and provisions hereof shall be made and done by the Escrow Agent without any further direction or authority of the County or Treasurer.

ARTICLE IV. AMENDMENTS, REINVESTMENT OF FUNDS, IRREVOCABILITY OF AGREEMENT

Section 5.01. This Agreement may be amended or supplemented, the Investment Securities or any portion thereof sold or redeemed, and moneys derived therefrom invested, reinvested or disbursed in any manner provided (any such amendment, supplement, direction to sell or redeem or invest, reinvest or disburse to be referred to as a **"Subsequent Action"**), upon submission to the Escrow Agent of each of the following:

(1) Certified copies of proceedings of the Corporate Authorities of the County authorizing the Subsequent Action and a copy of the document effecting the Subsequent Action signed by duly designated officers of the County.

(2) An opinion of Evans, Froehlich, Beth & Chamley, Champaign, Illinois, or other nationally recognized bond counsel or tax counsel nationally recognized as having an expertise in the area of tax-exempt municipal obligations that the Subsequent Action will not cause the Outstanding Bonds or the 2014 Bonds issued to retire such Outstanding Bonds to lose their tax-exempt status under the laws of the United States of America providing for taxation of income nor violate the covenants of the County not to cause the Outstanding Bonds to become **"arbitrage bonds"** under Section 148 of the Internal Revenue Code of 1986, amended, and that the Subsequent Action does not materially adversely affect the legal rights of the registered owners of the Outstanding Bonds.

Section 5.02. The County and the Escrow Agent may amend or add to the terms of this Agreement to correct errors, clarify ambiguities or insert inadvertently omitted material.

Section 5.03. Except as provided in Sections 5.01 and 5.02 hereof, all of the rights, powers, duties and obligations of the Escrow Agent hereunder shall be irrevocable and shall not be subject to amendment by the Escrow Agent and shall be binding on any successor to the Escrow Agent during the term of this Agreement.

Section 5.04. Except as provided in Sections 5.01 and 5.02 hereof, all of the rights, powers, duties and obligations of the County hereunder shall be irrevocable and shall not be subject to amendment by the County and shall be binding on any successor to the officials now comprising the Corporate Authorities of the County during the term of this Agreement.

Section 5.05. Except as provided in Sections 5.01 and 5.02 hereof, all of the rights, powers, duties and obligations of the Treasurer hereunder shall be irrevocable and shall not be subject to amendment by the Treasurer and shall be binding on any successor to such official now in office during the term of this Agreement.

ARTICLE VI. NOTICES TO THE COUNTY, THE TREASURER AND THE ESCROW AGENT

Section 6.01. All notices and communications to the County and the Corporate Authorities shall be addressed in writing to:

The County of Union
309 West Market Street
Jonesboro, Illinois 62952
Attention: County Treasurer
tel: (618) 833-8276
fax: (618) 833-8712

or at such other address as is furnished from time to time by the County.

Section 6.02. All notices and communications to the Escrow Agent shall be addressed in writing to:

Hometown National Bank
260 Bucklin Street
LaSalle, Illinois 61301
Attention: Beth Beck
tel: (618) 833-8276
fax: (618) 833-8712

or at such other address as is furnished from time to time by the Escrow Agent.

Section 6.03. All notices and communications to the Treasurer/Finance Director shall be addressed in writing to:

County Treasurer
309 West Market Street
Jonesboro, Illinois 62952
tel: (815) 883-3389
fax: (815) 883-9858

or at such other address as is furnished from time to time by the Treasurer.

ARTICLE VII. RESIGNATION OF ESCROW AGENT

The Escrow Agent may at any time resign as Escrow Agent under this Agreement by giving thirty (30) days written notice to the County, and such resignation shall take effect upon the appointment of a successor Escrow Agent by the County and the prorata (based upon time elapsed) repayment to the County of any fees of the Escrow Agent prepaid by the County. The County may select as successor Escrow Agent any financial institution with capital, surplus and undivided profits of at least $5,000,000, and which is authorized to maintain trust accounts under federal or State law of the type represented by this Agreement.

ARTICLE VIII. TERMINATION OF AGREEMENT

Upon the retirement of the Outstanding Bonds as hereinabove provided for, the Escrow Agent will transfer any balance remaining in the Escrow Account to the Treasurer with notice thereof mailed to the County, and thereupon this Agreement shall terminate.

IN WITNESS WHEREOF, The County of Union, Illinois, has caused this Agreement to be signed in its name by its Chairman, to be attested by its County Clerk under its municipal seal hereunto affixed; and Hometown National Bank, not individually, but in the capacity as hereinabove described, has caused this Agreement to be signed in its corporate name by one of its duly authorized officers and to be attested by a duly authorized officer under its corporate seal hereunto affixed.

THE COUNTY OF UNION, ILLINOIS

(SEAL)

Attest:

County Clerk

By: _____
Chairman

Accepted:

HOMETOWN NATIONAL BANK,
LaSalle, Illinois

(SEAL)

By: _____
Its Sr VP & Trust Officer

Attest:

_____
Its VP & Trust Officer

EXHIBITS TO BE ATTACHED:

Notice Form of Call for Redemption

Defeasance Report

2006 Bonds: Notice of Call for Redemption **

NOTICE OF CALL FOR REDEMPTION: Notice is hereby given that **THE COUNTY OF UNION, ILLINOIS** hereby calls for redemption prior to maturity the 2017 through 202__ maturities of the County's outstanding and unpaid General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006, issued October 31, 2006 (the **"Bonds"**) (CUSIPs:_____). The Bonds were issued in the initial aggregate principal amount of $1,740,000. Redemption shall be upon presentation and surrender of such Bonds on December 1, 2016 (the **"Redemption Date"**), at Hometown National Bank (as successor to Union Bank), 260 Bucklin Street, LaSalle, Illinois, 61301, the paying agent therefor, at a price of 100% of par plus accrued interest. On the redemption date the redemption price will become due and payable, and after such redemption date interest on the Bonds shall cease to accrue. To avoid __*__% withholding required by federal tax law, you must submit a properly completed IRS Form W-9 with your bonds, unless such form has been previously provided. Transmittal of Bonds by registered mail or other secure means is suggested.

- Presently 31%

HOMETOWN NATIONAL BANK
LaSalle, Illinois

By: _____
Its: _____

** Subject to change as the Paying Agent/Registrar determines.

A REPORT TO

THE COUNTY OF UNION, ILLINOIS

RELATED TO

PROPOSED ADVANCE REFUNDING

FEBRUARY 20, 2014

Dunbar, Breitweiser
& COMPANY, LLP

CERTIFIED PUBLIC
ACCOUNTANTS
202 North Center Street
Bloomington, Illinois 61701-3995
Phone 309-827-0348
Fax 309-827-7858

Dunbar, Breitweiser
& COMPANY, LLP

February 20, 2014

The County of Union, Illinois

Bernardi Securities, Inc.
Chicago, Illinois

Evans, Froehlich, Beth & Chamley
Champaign, Illinois

We have examined the arithmetical accuracy of the computations (attached in Exhibits I and II) prepared by Bernardi Securities, Inc. (the "Underwriter") of the debt service requirements and proposed escrow fund transactions designed to refund the presently outstanding General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (the "Refunded Bonds"), which are set forth in Exhibits I and II for The County of Union, Illinois, and the computations of yield (attached in Exhibits III and IV). Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants.

In connection with this examination, we have read the applicable portions of the official statement relating to the Refunded Bonds, insofar as the obligations are described with respect to principal outstanding, interest rates, payment dates, maturity dates and redemption provisions. Based upon information provided by the Underwriter, it is our understanding that none of the bonds to be refunded have been previously redeemed or cancelled in advance of scheduled maturity.

In our opinion, based upon the information referred to in the previous paragraph and assuming all scheduled payments will have been made through February 20, 2014, the computations relating to the Refunded Bonds as described above are as presented in the accompanying schedule of debt service payments (Exhibit I).

The Underwriter has proposed that the debt service payments on the Refunded Bonds (Exhibit I) will be satisfied through the purchase of certain U.S. Treasury securities (State and Local Government Series) (the "SLGS") which, together with a certain sum of cash, are to be placed in an irrevocable escrow account. We have examined and tested the computations as to transactions in the proposed escrow account (Exhibit II) and it is our opinion that, based upon the assumptions provided as to principal amount of the SLGS, interest rates and maturity and payment dates, they are as presented in the accompanying schedules of proposed escrow fund transactions (Exhibit II).

Based upon the summary data presented in Exhibit II and the assumption that the principal and interest payments on the SLGS are deposited in the escrow account when due, in our opinion, the proceeds from these SLGS, plus $0.98 to be deposited in the escrow account on February 20, 2014, will be sufficient for the timely payment of the principal and related interest due on the Refunded Bonds, assuming that the Refunded Bonds which mature on and after December 1, 2017 are redeemed on December 1, 2016 at 100% of the par amount, as set forth in Exhibit I.

In the course of our engagement, we were furnished a copy of the subscription for purchase of the SLGS (the "Subscription"). We compared the information contained in the Subscription with respect to principal amounts, maturity dates, interest rates and payment dates and found that the information contained in the Subscription was in agreement with the information provided by the Underwriter set forth in Exhibit II. We also compared the interest rates contained in the Subscription set forth in Exhibit II to the time deposit rates set forth in the Department of the Treasury SLGS Table for Use on February 5, 2014 (the "Table"), which was the date that the Subscription was filed. We found that the interest rates contained in the Subscription were not greater than the applicable rates set forth in the Table.

We have read the applicable portions of the official statement relating to the General Obligation Refunding Limited Bonds, Series 2014, (the "Bonds") insofar as the obligations are described with respect to payment and maturity dates and redemption provisions. All other information presented in Exhibit III was provided by the Underwriter.

Based upon the assumptions referred to in the preceding paragraphs and the related information provided by the Underwriter, in our opinion, the projected yield computations are as presented in the accompanying Exhibits III and IV and summarized below:

1. The yield on the Bonds is 3.53548248% (Exhibit III).

2. The yield on the SLGS is 0.50570188% (Exhibit IV).

The above yields were computed using the discount rate which, when used in computing the present worth of all payments of principal and interest on an obligation, produces an amount equal to the purchase price of the obligation assuming a semiannual compounding frequency and a 360-day year.

We have not been requested to express an opinion on the tax status of the Bonds and, accordingly, do not express such an opinion.

Because the cash flow projections (Exhibits I through IV) are based on assumptions, the achievement of which is dependent upon future events and transactions, as independent accountants, we do not express an opinion on the attainability of the assumptions and the resultant projections.

Dunbar, Breitweiser & Company, LLP

Dunbar, Breitweiser & Company, LLP
Certified Public Accountants

The County of Union, Illinois
General Obligation Self-Insurance Bonds (Alternate Revenue Source)
Series 2006

Debt Service Schedule To Call Date (1)

Date	Principal	Rate	Interest	Premium	Total Debt Service	Fiscal Debt Service
06/01/14			41,335.00		41,335.00	
12/01/14	100,000.00	4.000	41,335.00		141,335.00	182,670.00
06/01/15			39,335.00		39,335.00	
12/01/15	105,000.00	4.050	39,335.00		144,335.00	183,670.00
06/01/16			37,208.75		37,208.75	
12/01/16	1,535,000.00	Various	37,208.75		1,572,208.75	1,609,417.50
Total	1,740,000.00		235,757.50	0.00	1,975,757.50	

(1) The Bonds to be refunded which mature on and after 12/01/17 are to be redeemed on 12/01/16 at 100% of the par amount.

The County of Union, Illinois
General Obligation Self-Insurance Bonds (Alternate Revenue Source)
Series 2006

Debt Service Schedule to Maturity

Date	Principal	Rate	Interest	Total Debt Service	Fiscal Debt Service
06/01/14			41,335.00	41,335.00	
12/01/14	100,000.00	4.000	41,335.00	141,335.00	182,670.00
06/01/15			39,335.00	39,335.00	
12/01/15	105,000.00	4.050	39,335.00	144,335.00	183,670.00
06/01/16			37,208.75	37,208.75	
12/01/16	280,000.00	4.100	37,208.75	317,208.75	354,417.50
06/01/17			31,468.75	31,468.75	
12/01/17	300,000.00	4.200	31,468.75	331,468.75	362,937.50
06/01/18			25,168.75	25,168.75	
12/01/18	305,000.00	4.250	25,168.75	330,168.75	355,337.50
06/01/19			18,687.50	18,687.50	
12/01/19	315,000.00(1)	5.750	18,687.50	333,687.50	352,375.00
06/01/20			9,631.25	9,631.25	
12/01/20	335,000.00(1)	5.750	9,631.25	344,631.25	354,262.50
Total	1,740,000.00		405,670.00	2,145,670.00	

(1) Mandatory redemption amounts for the term bond maturing on 12/01/20.

The County of Union, Illinois
General Obligation Self-Insurance Bonds (Alternate Revenue Source)
Series 2006

Summary of Escrow Fund Transactions

Disbursement Date	SLGS Receipts(1)	Purchase Receipts	Total Disbursements	Cash Balance
02/20/14				0.98
06/01/14	41,334.44		41,335.00	0.42
12/01/14	141,335.18		141,335.00	0.60
06/01/15	39,335.04		39,335.00	0.64
12/01/15	144,334.64		144,335.00	0.28
06/01/16	37,208.78		37,208.75	0.31
12/01/16	1,572,208.53		1,572,208.75	0.09
Totals	1,975,756.61		1,975,757.50	

(1) U.S. Treasury securities (State and Local Government Series).

The County of Union, Illinois
General Obligation Self-Insurance Bonds (Alternate Revenue Source)
Series 2006

SLGS Receipts

Receipt Date	CERT 06/01/14 38,844 0.0500%	CERT 12/01/14 136,772 0.0800%	NOTE 06/01/15 34,857 0.1400%	NOTE 12/01/15 139,881 0.2300%	NOTE 06/01/16 32,916 0.3600%	NOTE 12/01/16 1,567,975 0.5400%	Total
06/01/14	38,849.37		13.54	89.27	32.88	2,349.38	41,334.44
12/01/14		136,857.14	24.40	160.86	59.25	4,233.53	141,335.18
06/01/15			34,881.40	160.86	59.25	4,233.53	39,335.04
12/01/15				140,041.86	59.25	4,233.53	144,334.64
06/01/16					32,975.25	4,233.53	37,208.78
12/01/16						1,572,208.53	1,572,208.53
	38,849.37	136,857.14	34,919.34	140,452.85	33,185.88	1,591,492.03	1,975,756.61

The County of Union, Illinois
General Obligation Self-Insurance Bonds (Alternate Revenue Source)
Series 2006

Cost of Escrow

Delivery Date: 02/20/14

Type	Maturity Date	Par Amount	Coupon Rate	Price (100)	Yield	Cost	Accrued Interest	Total Cost	Price (32)
SLGS Candidates:									
CERT	06/01/14	38,844.00	0.0500	100.000		38,844.00		38,844.00	
CERT	12/01/14	136,772.00	0.0800	100.000		136,772.00		136,772.00	
NOTE	06/01/15	34,857.00	0.1400	100.000		34,857.00		34,857.00	
NOTE	12/01/15	139,881.00	0.2300	100.000		139,881.00		139,881.00	
NOTE	06/01/16	32,916.00	0.3600	100.000		32,916.00		32,916.00	
NOTE	12/01/16	1,567,975.00	0.5400	100.000		1,567,975.00		1,567,975.00	
	Total	1,951,245.00				1,951,245.00		1,951,245.00	

Beginning Cash	0.98
Cost of Securities	1,951,245.00
Total Cost of Escrow	1,951,245.98

The County of Union, Illinois
General Obligation Refunding Limited Bonds, Series 2014

Bond Yield and Escrow Yield Limitation

Present Value Date: 02/20/14
Actuarial Yield: 3.53548248%

Date	Amount	PV Factor	PV Amount
12/01/14	169,898.97	0.9730154430	165,314.32
06/01/15	30,763.75	0.9561138247	29,413.65
12/01/15	170,763.75	0.9395057933	160,433.53
06/01/16	29,363.75	0.9231862493	27,108.21
12/01/16	174,363.75	0.9071501814	158,174.11
06/01/17	27,913.75	0.8913926657	24,882.11
12/01/17	172,913.75	0.8759088635	151,456.69
06/01/18	26,463.75	0.8606940203	22,777.19
12/01/18	176,463.75	0.8457434644	149,243.06
06/01/19	24,588.75	0.8310526047	20,434.54
12/01/19	179,588.75	0.8166169305	146,655.21
06/01/20	22,651.25	0.8024320090	18,176.09
12/01/20	182,651.25	0.7884934845	144,019.32
06/01/21	19,851.25	0.7747970770	15,380.69
12/01/21	184,851.25	0.7613385810	140,734.39
06/01/22	16,963.75	0.7481138637	12,690.82
12/01/22	186,963.75	0.7351188644	137,440.58
06/01/23	13,903.75	0.7223495927	10,043.37
12/01/23	188,903.75	0.7098021278	134,084.28
06/01/24	10,535.00	0.6974726167	7,347.87
12/01/24	195,535.00	0.6853572736	134,011.33
06/01/25	6,835.00	0.6734523781	4,603.05
12/01/25	196,835.00	0.6617542749	130,256.40
06/01/26	2,940.00	0.6502593719	1,911.76
12/01/26	142,940.00	0.6389641393	91,333.53
Total	2,555,446.47		2,037,926.12

Par	2,040,000.00
Net Reoffering Premium	27,313.75
Bond Insurance	-29,387.63
PV Amount	2,037,926.12

The County of Union, Illinois
General Obligation Refunding Limited Bonds, Series 2014

Debt Service Schedule

Dated Date: 02/20/14
Delivery Date: 02/20/14

Date	Principal	Rate	Interest	Total Debt Service	Fiscal Debt Service
12/01/14	120,000.00	2.000	49,898.97	169,898.97	169,898.97
06/01/15			30,763.75	30,763.75	
12/01/15	140,000.00	2.000	30,763.75	170,763.75	201,527.50
06/01/16			29,363.75	29,363.75	
12/01/16	145,000.00	2.000	29,363.75	174,363.75	203,727.50
06/01/17			27,913.75	27,913.75	
12/01/17	145,000.00	2.000	27,913.75	172,913.75	200,827.50
06/01/18			26,463.75	26,463.75	
12/01/18	150,000.00	2.500	26,463.75	176,463.75	202,927.50
06/01/19			24,588.75	24,588.75	
12/01/19	155,000.00	2.500	24,588.75	179,588.75	204,177.50
06/01/20			22,651.25	22,651.25	
12/01/20	160,000.00	3.500	22,651.25	182,651.25	205,302.50
06/01/21			19,851.25	19,851.25	
12/01/21	165,000.00	3.500	19,851.25	184,851.25	204,702.50
06/01/22			16,963.75	16,963.75	
12/01/22	170,000.00	3.600	16,963.75	186,963.75	203,927.50
06/01/23			13,903.75	13,903.75	
12/01/23	175,000.00	3.850	13,903.75	188,903.75	202,807.50
06/01/24			10,535.00	10,535.00	
12/01/24	185,000.00	4.000	10,535.00	195,535.00	206,070.00
06/01/25			6,835.00	6,835.00	
12/01/25	190,000.00	4.100	6,835.00	196,835.00	203,670.00
06/01/26			2,940.00	2,940.00	
12/01/26	140,000.00	4.200	2,940.00	142,940.00	145,880.00
Total	2,040,000.00		515,446.47	2,555,446.47	

The County of Union, Illinois
General Obligation Refunding Limited Bonds, Series 2014

Price Report

Dated Date: 02/20/14 Delivery Date: 02/20/14

Maturity Date	Principal	Coupon	Yield	Price To Issuer	Reoffering Price	Call Date
12/01/14	120,000.00	2.000	0.850	100.000	100.892	.....
12/01/15	140,000.00	2.000	1.000	100.000	101.759	.....
12/01/16	145,000.00	2.000	1.150	100.000	102.318	.....
12/01/17	145,000.00	2.000	1.450	100.000	102.015	.....
12/01/18	150,000.00	2.500	1.850	100.000	102.959	.....
12/01/19	155,000.00	2.500	2.300	100.000	101.075	.....
12/01/20	160,000.00	3.500	2.800	100.000	104.292	.....
12/01/21	165,000.00	3.500	3.100	100.000	102.743	.....
12/01/22	170,000.00	3.600	3.600	100.000	100.000	.....
12/01/23	175,000.00	3.850	3.850	100.000	100.000	.....
12/01/24	185,000.00	4.000	4.000	100.000	100.000	.....
12/01/25	190,000.00	4.100	4.100	100.000	100.000	.....
12/01/26	140,000.00	4.200	4.200	100.000	100.000	.....
Averages		3.554			101.339	

Par	2,040,000.00
Net Reoffering Premium	27,313.75
Net Reoffering Price	2,067,313.75

Exhibit IV

The County of Union, Illinois
General Obligation Self-Insurance Bonds (Alternate Revenue Source)
Series 2006

Yield on SLGS

Present Value Date: 02/20/14
Actuarial Yield: 0.50570188%

Date	Amount	PV Factor	PV Amount
06/01/14	41,334.44	0.99858402	41,275.91
12/01/14	141,335.18	0.99606546	140,779.09
06/01/15	39,335.04	0.99355325	39,081.46
12/01/15	144,334.64	0.99104738	143,042.47
06/01/16	37,208.78	0.98854782	36,782.66
12/01/16	1,572,208.53	0.98605458	1,550,283.42
	1,975,756.61		1,951,245.00

THE COUNTY OF UNION
309 West Market Street
Jonesboro, Illinois 62952
Tel: (618) 833-8276
Fax: 833-8712

February 5, 2014

The County of Union, Illinois
(the **"Issuer"**)

General Obligation Refunding Limited Bonds, Series 2014
(the **"Refunding Bonds"**)

General Obligation Self-Insurance (Alternate Revenue Source) Bonds, Series 2006
Maturing on and after December 1, 2017
(the **"Refunded Bonds"**)

Redemption Date: December 1, 2016 (the **"Redemption Date"**)

NOTICE / DIRECTION

Paying Agent (the "Paying Agent") for Refunded Bonds	**Registrar (the "Registrar") for Refunded Bonds**
Hometown National Bank (as successor to Union Bank) 260 Bucklin Street LaSalle, Illinois 61301 Fax: 220-2255 (Attn: Beth Beck) E-mail: bbeck@myhtb.com	Hometown National Bank (as successor to Union Bank) 260 Bucklin Street LaSalle, Illinois 61301 Fax: 220-2255 (Attn: Beth Beck) E-mail: bbeck@myhtb.com

The Issuer has issued the Refunding Bonds to refund the Refunded Bonds on the Redemption Date. Notice of such call is hereby given to the Paying Agent and Registrar to expedite proceedings related to the call and to call the Refunded Bonds for redemption on the above Redemption Date. Please take appropriate action, including any calendaring, as may be necessary to assure that the call is timely effected.

Please contact us with any questions or comments.

Very truly yours,

Don Denny, County Board Chairman

cc: Kurt P. Froehlich, Evans, Froehlich, Beth & Chamley (tel: (217)359-6494)

Rachel Bretz

From: Beth Beck [bbeck@myhtnb.com]
Sent: Thursday, February 20, 2014 11:13 AM
To: Kurt Froehlich
Subject: RE: Union County/ Call Letter

Got it. Thanks,
Beth

Beth Beck, Trust Operations Officer
260 Bucklin Street
La Salle, IL 61301
Phone: 815-220-2243
Fax: 815-220-2255
Email: bbeck@myhtnb.com
Web: www.myhtnb.com

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From: Kurt Froehlich [mailto:kfroehlich@efbclaw.com]
Sent: Thursday, February 20, 2014 11:10 AM
To: Beth Beck
Subject: Union County/ Call Letter

Please confirm receipt.

Kurt P. Froehlich
Evans, Froehlich, Beth & Chamley
44 Main Street, Third Floor
Champaign, Illinois 61820
Tel (217) 359-6494
Fax (217) 359-6468
kfroehlich@efbclaw.com

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Circular 230 Disclosure: Pursuant to recently-enacted U.S. Treasury Department regulations, we are now required to advise you that, unless otherwise expressly indicated, any federal tax advice contained in this communication, including attachments and enclosures, is not intended or written to be used, and may not be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

THE COUNTY OF UNION, ILLINOIS
$2,040,000 GENERAL OBLIGATION REFUNDING LIMITED BONDS, SERIES 2014

BOND PURCHASE AGREEMENT

February 6, 2014

The County of Union, Illinois
309 West Market Street
Jonesboro, Illinois 62952

Ladies and Gentlemen:

The undersigned, Bernardi Securities, Inc., Chicago, Illinois (the *"Underwriter"*), offers to purchase from The County of Union, Illinois (the *"Issuer"*), all (but not less than all) of the Issuer's $2,040,000 General Obligation Refunding Limited Bonds, Series 2014 (the *"Bonds"*). This offer is made subject to the Issuer's acceptance of this Bond Purchase Agreement (this *"Agreement"*) on or before 11:59 p.m., Central Daylight or Standard Time, as applicable, on the date hereof. Upon the Issuer's acceptance of this offer, it will be binding upon the Issuer and upon the Underwriter.

1. Upon the terms and conditions and upon the basis of the representations set forth herein, the Underwriter hereby agrees to purchase the Bonds from the Issuer, and the Issuer hereby agrees to sell and deliver the Bonds to the Underwriter. *Exhibit A*, which is incorporated by reference into this Agreement, contain a brief description of the Bonds, including certain related terms and provisions, the manner of their issuance, the purchase price to be paid and the date of delivery and payment therefor (the *"Closing"*).

2. (a) Concurrently with the execution hereof, the Issuer will approve an Official Statement (the *"Official Statement"*) in substantially the form of the Issuer's Preliminary Official Statement, dated February 4, 2014, relating to the Bonds (the *"Preliminary Official Statement"*) with such changes from the Preliminary Official Statement as the Underwriter and the Issuer shall approve, and will deliver a Bond Ordinance adopted by the Issuer's Corporate Authorities on January 10, 2014 (the *"Bond Authorization"*), and a related bond order (the *"Bond Order"*) satisfactory in form and substance to the Underwriter. The Underwriter is authorized by the Issuer to use these documents and the information contained in them in connection with the offering and sale of the Bonds. The Issuer has heretofore deemed, or as applicable, hereby ratifies, the Preliminary Official Statement to be "final" as of its date for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (*"Rule 15c2-12"*). The Issuer hereby agrees to provide to the Underwriter within seven business days of the date hereof sufficient copies of the Official Statement to enable the Underwriter to comply with the requirements of paragraph (b)(4) of Rule 15c2-12 and Rule G-32 of the Municipal Securities Rulemaking Board.

(b) The Issuer hereby covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the *"Undertaking"*) to provide ongoing disclosure about the Issuer, for the benefit of registered owners and beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under paragraph (b)(5) of Rule 15c2-12, as applicable. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed to in writing by the Underwriter. Except as noted in the Official Statement, if at all, the Issuer has complied in all material respects with each and every undertaking previously entered into by it pursuant to Rule 15c2-12. This subparagraph (b) as to continuing disclosure applies only to the extent Rule 15c2-12 concerning continuing disclosure applies with respect to the Bonds or the Official Statement specifies such compliance, and not otherwise.

3. The Issuer represents and covenants to the Underwriter that:

(a) The Issuer has and will have at the Closing the power and authority to enter into and perform this Agreement, and related agreements, certificates and instruments, including but not limited to, as applicable, arbitrage and rebate, fiscal arrangements (including escrows) to be delivered the date of delivery of the Bonds (as applicable, collectively, the *"Related Agreements"*) to adopt the Bond Authorization for the purposes therein specified and to deliver and sell the Bonds to the Underwriter;

(b) this Agreement, the Related Agreements and the Bonds do not and will not conflict with or create a breach or default under any existing law, regulation, order or agreement to which the Issuer is subject or by which it is bound;

(c) no governmental approval or authorization other than the Bond Authorization is required in connection with the sale of the Bonds to the Underwriter;

(d) this Agreement is, and this Agreement, the Related Agreements and the Bonds will be at the time of the Closing, the legal, valid and binding obligation of the Issuer enforceable in accordance with its respective terms, subject only to applicable bankruptcy, insolvency or other similar laws generally affecting creditors' rights and subject to the exercise of judicial discretion;

(e) the information in the Preliminary Official Statement (except as changed by the Official Statement) was, and in the Official Statement is, true and correct in all material respects and did not and does not omit any statement or information required to be stated therein or which is necessary to make the statements and information contained therein not misleading in any material respect;

(f) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer or affecting the corporate existence of the Issuer, the titles of its officers to their respective offices or the boundaries of the Issuer, or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or in any way contesting or affecting the transactions contemplated hereby or the validity or enforceability of the Bonds, the Bond Authorization, the Related Agreements or this

Agreement or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Authorization or the execution and the delivery of this Agreement or the Related Agreements;

(g) the Issuer is not in breach of or in default under any existing law, court or administrative regulation, decree or order, resolution, ordinance, agreement, indenture, mortgage, lease, sublease or other instrument to which the Issuer is a party or by which the Issuer or its property is or may be bound, and no event has occurred or is continuing that, with the passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder, in either case, in any manner or to any extent that could have a material adverse effect on the financial condition of the Issuer, the operations of the Issuer or the transactions contemplated by this Agreement and the Official Statement, or have an adverse effect on the validity or enforceability in accordance with the respective terms of the Bonds, the sources of payment for the Bonds, the Related Agreements or the Bond Authorization or in any way adversely affect the existence or powers of the Issuer or the excludability from gross income for federal income tax purposes of interest on the Bonds;

(h) the Issuer's audited general purpose financial statements as of and for the end of the last completed fiscal year is a fair presentation of the financial position of the Issuer as of the date indicated and the results of its operations and changes in its fund balances for the periods specified. Since the date of the end of the Issuer's last fiscal year, there has been no material adverse change in the condition, financial or otherwise, of the Issuer from that set forth in the audited financial statements as of and for the period as of the end of the last completed fiscal year, except as disclosed in the Official Statement; and the Issuer has not since as of the end of the last completed fiscal year, incurred any material liabilities, directly or indirectly, except in the ordinary course of its operations or as disclosed in the Official Statement;

(i) the Issuer will not take or omit to take any action that will in any way cause the proceeds from the sale of the Bonds to be applied or results in such proceeds being applied in a manner other than as provided in the Bond Authorization, the Related Agreements and the Issuer's related closing certificates and documents;

(j) each representation, warranty or agreement stated in any certificate signed by any officer of the Issuer and delivered to the Underwriter in connection with the transactions contemplated by the Bond Authorization, the Related Agreements and this Agreement, at or before the Closing, shall constitute a representation, warranty or agreement by the Issuer upon which the Underwriter shall be entitled to rely; and

(k) if between the date of this Agreement and 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12) any event shall occur which, in the Issuer's opinion, might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Issuer shall notify the Underwriter, and if, in the opinion of the

Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter; any approval by the Underwriter of such supplement or amendment to the Official Statement prior to the Closing shall not preclude the Underwriter from thereafter terminating this Agreement, and if the Official Statement is amended or supplemented subsequent to the date hereof, the Underwriter may terminate this Agreement by notification to the Issuer at any time prior to the Closing if, in the reasonable judgment of the Underwriter, such amendment or supplement has or will have a material adverse effect on the marketability of the Bonds.

4. At the Closing, the Issuer will deliver or make available to the Underwriter:

(a) The Bonds, in definitive or DTC acceptable form, as applicable, duly executed and bearing proper CUSIP numbers, as applicable;

(b) A certificate executed by authorized officers of the Issuer, in form and substance acceptable to the Underwriter, to the effect that the Official Statement, to the knowledge and belief of such officers, after due review, is accurate and complete in all material respects, and that the representations of the Issuer contained in this Agreement and the Bond Authorization are true and correct when made and as of the Closing;

(c) The approving opinion of Bond Counsel, in a form satisfactory to the Underwriter and described or referenced in the Official Statement, dated the Closing Date, relating to the legality and tax-exempt status of interest on the Bonds;

(d) A certificate indicating that there is no proceeding contesting the legality of the Bonds, the Bond Authorization, the payment source(s) for the Bonds or the proceedings pursuant to which the Bond Authorization was authorized;

(e) A certificate, satisfactory to the Underwriter, of an appropriate officer of the Issuer, dated as of the Closing Date, to the effect that the Issuer has complied in all material respects with each and every undertaking previously entered into by it pursuant to Rule 15c2-12, except as noted in the Official Statement, to the extent required by the Underwriter and described in the Official Statement;

(f) A fully executed copy of the Undertaking, to the extent required by the Underwriter and described in the Official Statement;

(g) Certified copies of the Bond Authorization and, as applicable, fully executed copy of the Bond Order;

(h) Evidence satisfactory to the Underwriter that an applicable bond insurance policy (the *"Insurance Policy"*) with respect to the Bonds, issued by a bond insurer (the *"Bond Insurer"*), if any, as described in the Official Statement, is in full force and effect and all conditions precedent to the issuance thereof have been satisfied and all premiums due and payable thereon on the date of Closing have been paid, and a certificate from the Bond Insurer and an opinion from counsel to the Bond Insurer with respect to the valid issuance and effectiveness of the Insurance Policy and to the accuracy and completeness

of the Official Statement as to the Bond Insurer and the Insurance Policy (If there is to be no Bond Insurer or Insurance Policy, reference herein thereto shall be given no effect.); and

(i) Such additional certificates, instruments and other documents (including, without limitation, those set forth on *Exhibit A* hereto) as the Underwriter may deem necessary with respect to the issuance and sale of the Bonds, all in form and substance satisfactory to the Underwriter, if any, as described in the Official Statement; and

(j) a fully executed copy of each Related Agreement, if any.

5. The fees and disbursements of counsel to the Issuer, the Issuer's Counsel and Bond Counsel, and other applicable counsel, such as disclosure counsel or Underwriter's counsel, the cost of preparing and printing the Bonds, the cost of obtaining any ratings in connection with the issuance of the Bonds, including rating agency fees, the fees of the bond registrar and paying agent for the Bonds, the fees of any other fiscal agent, the cost of printing and mailing the Preliminary Official Statement and the Official Statement and miscellaneous expenses incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the Issuer, which the Underwriter is authorized to pay (but not required to pay) out of proceeds of the Bonds, with a credit against the purchase price for the Bonds for such payment.

The obligation of the Issuer to pay the above-described expenses shall, to the extent lawful, survive the termination of this Agreement or the failure to consummate the transactions described herein.

6. This Agreement is intended to benefit only the parties hereto, and the Issuer's representations and warranties shall survive any investigation made by or for the Underwriter, delivery and payment for the Bonds and the termination of this Agreement.

The rules of the Municipal Securities Rulemaking Board require the Underwriter to inform you that compensation that is contingent on the closing of a transaction or the size of a transaction presents a conflict of interest, because it may cause the Underwriter to recommend a transaction that it is unnecessary or to recommend that the size of the transaction be larger than is necessary.

7. The Issuer acknowledges and agrees that (i) the Underwriter is acting solely as an underwriter for this transaction; (ii) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between the Issuer and the Underwriter with a view to distribute the underwritten securities; (iii) the Underwriter is required by MSRB Rule G-17 to deal fairly at all times with both municipal issuers and investors. Underwriter's duty to purchase securities from the Issuer at fair and reasonable prices will be balanced with the duty to sell securities to investors at fair and reasonable prices; (iv) the Underwriter has reviewed the Issuer's Official Statement for the Issuer's securities in accordance with, and as part of, its responsibilities to investors under federal securities laws, as applied to the facts and circumstances of this transaction; (v) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agent, financial advisor or a fiduciary of the Issuer; (vi) the Underwriter has financial interests and other interests that may differ from the Issuer;

(vii) the Underwriter has not assumed a fiduciary responsibility in favor of the Issuer with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has assisted or is currently assisting the Issuer on other matters) or any other obligation to the Issuer except the obligations expressly set forth in this Agreement, (viii) the Issuer has consulted with its own legal, financial and other advisors to the extent it deemed appropriate in connection with the offering of the Bonds and at all times was and is free to engage the services of a financial advisor (ix) the Issuer will not claim that the Underwriter has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Issuer, in connection with the purchase and sale of the Bonds or the process leading thereto.

The Issuer has not requested and does not request a dedicated retail order period.

8. Issuer's Bonds represent the Issuer's obligation to pay principal and interest and will be an obligation that will require the Issuer to make these payments no matter what budget constraints the Issuer encounters. Furthermore, to the extent that the Issuer agrees in the Bond Ordinance to rate covenants, additional bond tests or other financial covenants, these may constrain the Issuer's ability to operate and to issue additional debt and, if the Issuer does not comply with these covenants, they can result in a failure to perform with respect to the Bonds and the Bond Authorization.

If the Bonds are structured as a tax-exempt obligation, this requires that the Issuer comply with various Internal Revenue Service requirements and restrictions relating to how it uses and invests the proceeds of the Bonds, how it uses any facilities constructed or improved with proceeds of the Bonds and other restrictions throughout the term of the Bonds. These requirements and restrictions may constrain how the Issuer operates the financed facilities and may preclude it from capitalizing on certain opportunities. Further, violation of these requirements and restrictions can result in the Bonds becoming taxable and may cause the Issuer to become liable to the Internal Revenue Service and to the owners of the Bonds. In addition, in the event of an audit of the Bonds by the IRS, obtaining an independent review of IRS positions with which the Issuer legitimately disagree is difficult and may not be practicable.

9. The Underwriter shall have the right to cancel its obligation to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose,

directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution or ordinance passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Bond Authorization is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or other national securities exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(f) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon) or the validity or enforceability of the assessments or the levy of taxes or application of other funds under the Bond Authorization to pay principal of and interest on the Bonds;

(g) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact

required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Issuer;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(j) any fact or event shall exist or have existed that, in the judgment of the Underwriter, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal or negative change in credit watch status by any national rating service to any of the Issuer's obligations or any rating of the Bond Insurer; and

(l) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

10. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Very truly yours,

BERNARDI SECURITIES, INC.

By _____
Its _____

Accepted on behalf of the Issuer,
THE COUNTY OF UNION, ILLINOIS

By _____
Chairman, Board of Commissioners

ATTEST:

By _____
County Clerk

EXHIBIT A

DESCRIPTION OF 2014 BONDS

a. PURCHASE PRICE: $2,016,313.75 (representing the $2,040,000.00 aggregate principal amount of the Bonds, plus net original issue premium of $27,313.75 and less an underwriting discount of $51,000.00, and with a further credit for issuance costs under paragraph 5 of the Bond Purchase Agreement).

b. DETAILS: The Bonds shall be issued in an aggregate principal amount of $2,040,000, shall be dated as specified in the Official Statement, and shall become due and payable serially on December 1 of the years, in the amounts, bearing interest at the rates per annum and reoffered at the yields per annum as follows:

YEAR	AMOUNT	INTEREST RATE	YIELD
2014	$120,000	2.000%	0.850%
2015	140,000	2.000	1.000
2016	145,000	2.000	1.150
2017	145,000	2.000	1.450
2018	150,000	2.500	1.850
2019	155,000	2.500	2.300
2020	160,000	3.500	2.800
2021	165,000	3.500	3.100
2022	170,000	3.600	3.600
2023	175,000	3.850	3.850
2024	185,000	4.000	4.000
2025	190,000	4.100	4.100
2026	140,000	4.200	4.200

The first interest payment date on the Bonds shall be December 1, 2014.

c. FORM: The Bonds shall be delivered in the form of a separate, single, certificated, fully registered Bond for each of the maturities set forth above, and each such Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company (*"DTC"*), all as provided in the Bond Authorization. The Bonds shall be available at such place as is designated by the Underwriter in New York, New York, or such other place as the Underwriter and the Issuer agree upon, for examination and packaging by the Underwriter at least 24 hours

prior to the Closing and at Closing shall be delivered to the Underwriter through the facilities of DTC.

d. REDEMPTION: The Bonds maturing on or after December 1, 2025 are subject to optional redemption prior to maturity at the option of the County, in whole or in part, in such principal amounts and from such maturities as determined by the County, in integral multiples of $5,000, selected by lot by the Bond Registrar, on December 1, 2024 and on any date thereafter, at a redemption price of par plus accrued interest to the redemption date.

e. CLOSING DATE: February 20, 2014, or such other date agreed to by the Issuer and the Underwriter.

f. DELIVERY: Delivery and payment shall be made through the offices of Bond Counsel, or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.

g. ADDITIONAL CLOSING AND OTHER DOCUMENTS:

1. A copy of the executed Information Return for Tax-Exempt Governmental Obligations, Form 8038-G.

2. The Issuer's letter of representations to DTC.

3. As applicable, evidence satisfactory to the Underwriter that the Bonds have the ratings(s) set forth on the cover page of the Official Statement.

4. As applicable, the Bond Insurer's Insurance Policy, together with an opinion of counsel to the Insurer satisfactory in form and substance to the Underwriter as set forth in the Official Statement.

5. Status as **"qualified tax-exemption obligations" ("bank qualified")**, if applicable, as set for the in the Official Statement.

6. A copy of the executed Tax Escrow Agreement.

CONTINUING DISCLOSURE CERTIFICATE AND AGREEMENT

This, Continuing Disclosure Certificate and Agreement (the **"Disclosure Agreement"**), dated as of February 1, 2014, is executed and delivered this 20th day of February, 2014 (the **"Dated Date"**) by The County of Union, Illinois (the **"Issuer"**) in connection with the issuance of $2,040,000 General Obligation Refunding Limited Bonds, Series 2014 (the **"Bonds"**). The Bonds are being issued pursuant to Ordinance No. (#2014-2), adopted January 24, 2014 (as supplemented and amended, the **"Authorizing Ordinance"**) by the Issuer's Board of Commissioners (the **"Corporate Authorities"**). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the registered owners and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Continuing Disclosure Procedures: The State's Attorney, County Administrator, Treasurer and County Clerk will annually review the Issuer's disclosure obligations under this Disclosure Agreement. Such review will be scheduled for the first week of April each year. At that time the County will also be in contact with the Underwriter and the Auditor to review the County's disclosure obligations and ensure timely filing of the Annual Report. Further, all future audit agreements will require timely completion of audits in accordance with continuing disclosure obli8gations under the Disclosure Agreement.

SECTION 2. Definitions. In addition to the definitions set forth in the Authorizing Ordinance, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, certain capitalized terms shall have the meanings, as follows:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Dissemination Agent" shall mean the duly selected and acting County Treasurer, or other designated officer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation:

County Treasurer
The County of Union
309 West Market Street, Room 123
Jonesboro, IL 62952
(618) 833-5621
Fax:

"EMMA" means the MSRB's Electronic Municipal Market Access system.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" means the Municipal Securities Rule Making Board.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule; and currently, the sole National Repository is EMMA: See www.emma.msrb.org.

"Participating Underwriter" shall mean Bernardi Securities, Inc., Chicago, Illinois the original underwriter of the Bonds, which is required to comply with the Rule in connection with offering of the Bonds.

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

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

"State" shall mean the State of Illinois.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository and as of the date of this Disclosure Agreement, there is no State Repository.

"Taxable" shall mean that interest on the Bonds is included in gross income for federal income tax purposes.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 210 days after the last day of each fiscal year (FY) of the Issuer, commencing for the FY ending in 2014 (each such date being an **"Annual Disclosure Date")** provide to MSRB's EMMA, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) business days prior to such Annual Disclosure Date, the Issuer shall provide the Annual Report to the Dissemination Agent. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. The Annual Report can be requested from the Dissemination Agent at the address set forth above.

(b) If the Issuer is unable to provide to the Repositories an Annual Report by the Annual Disclosure Date required in subsection (a), the Issuer fifteen (15) days prior to such Annual Disclosure Date shall send a notice to each Repository and the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any, by contacting:

Municipal Securities Rulemaking Board
1900 Duke Street, Suite 600
Alexandria, VA 223 14
Tele: (703) 797-6600 (between 7:30 a.m.
and 5:00 p.m. Eastern Time)
Fax: (for inquiries only; not for
submissions): (703) 797-6700
http://www.msrb.org
Also: www.emma.msrb.org

;and

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain the following (with all submissions in word-searchable PDF form):

(a) The Issuer's audited annual statements, which are prepared in accordance with generally accepted accounting principles applicable to local governments.

(b) Updated information in the final Official Statement under the captions:

- "UNION COUNTY"
- "SOCIO-ECONOMIC INFORMATION"
- "DEBT INFORMATION"
- "TAX BASE INFORMATION"
- "FINANCIAL INFORMATION"
- "EMPLOYEE PENSION AND OTHER BENEFIT PLANS"

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

SECTION 5. Reportable Events Disclosure.

(a) The Issuer covenants that it will disseminate in a timely manner to the MSRB the disclosure of the occurrence of a Reportable 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, in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. The **"Reportable Events"** are:

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- 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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
- Modifications to the rights of security holders, if material
- Bond calls, if material, and tender offers
- Defeasances
- Release, substitution or sale of property securing repayment of the securities, if material
- Rating changes
- Bankruptcy, insolvency, receivership or similar event of the Issuer*
- The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- Appointment of a successor or additional trustee or the change of name of a trustee, if material

*This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court of governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) The Issuer shall promptly file or cause the Dissemination Agent to file a notice of the occurrence of any Listed Event with the Municipal Securities Rulemaking Board and each State Repository.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the **County Treasurer.**

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or critical interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement the Participating Underwriter or the registered owner of any Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default or an event of default under the Authorizing Ordinance, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and to the extent permitted by applicable law, the Issuer agrees to indemnify and save the Dissemination Agent harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the registered owners and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

This Disclosure Agreement is made and delivered as of the dates set forth above.

THE COUNTY OF UNION, ILLINOIS

By: _____
Chairman, Board of Commissioners

(SEAL)

Accepted and Calendared for Annual
Review and Related Filings:

Attest:

_____
County Treasurer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer (the **"Issuer"**): The County of Union, Illinois

Bond Issue (the **"Bonds"**): $2,040,000 General Obligation Refunding Limited Bonds, Series 2014, dated February 20, 2014.

Date of Issuance: February 20, 2014.

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the Bonds as required by the Issuer's Ordinance No. (#2014-2), adopted January 24 2014. The Issuer anticipates that the Annual Report will be filed by _____, _____.

Dated:_____

THE COUNTY OF UNION, ILLINOIS

By_____
Its _____

ELECTRONIC MUNICIPAL MARKET ACCESS
SYSTEM

EMMA/Sole NRMSIR
On and after July 1, 2009, the MSRB (through **"EMMA"**) will be the sole Nationally Recognized Municipal Securities Information Repository (**"NRMSIR"**).

The Electronic Municipal Market Access (**"EMMA"**) system, is a centralized online database, operated by the Municipal Securities Rulemaking Board (**"MSRB"**), that provides free public access to disclosure and transaction information about municipal bonds. EMMA can be found online at www.emma.msrb.org.

Information through EMMA
Beginning July 1, 2009, municipal issuers and agents that handle continuing disclosure documents on their behalf are to submit such documents to the EMMA system.

Submission of documents to EMMA
Issuers and agents will be able to choose from two submission methods:

Through an Internet-based upload to the EMMA website

With a direct computer-to-computer connection

Submitters would be through an on-line form, or submit a pre-completed file, through e-mail including types of information, as follows:

Document category (e.g., annual financial statement, type of material event notice)

Time period covered by any annual financial information/operating data, financial statements, etc.

Name and date of each document

CUSIP number, issuer name, state, description, dated date, maturity date and/or coupon date

Contact information for the submitter

Documents are to be submitted to EMMA as portable-document format (PDF) files that can be saved, viewed, printed and electronically retransmitted.

Document submission is free of charge for issuers and their agents.

The MSRB is to provide on-line a set of submission instructions. See www.emma.msrb.org

Voluntary disclosures
The MSRB allows municipal bond issuers to submit voluntary disclosures to EMMA.

TAX ESCROW AGREEMENT

Relating to $2,040,000 General Obligation Refunding Limited Bonds, Series 2014, of The County of Union, Illinois.

This **Tax Escrow Agreement**, dated as of February 1, 2014, by and among The County of Union, Illinois (the ***"Issuer"***), the County Treasurer who receives the Issuer's taxes (the ***"Treasurer"***), and acts as *ex-officio* County Collector, and The Bank of New York Mellon Trust Company, N.A., as Tax Escrow Agent, not individually, but in the capacity as hereinafter described, with a corporate trust office in St. Louis, Missouri (the ***"Tax Escrow Agent"***), in consideration of the mutual promises and agreements herein set forth:

WITNESSETH:

ARTICLE I.

DEFINITIONS

The following words and terms used in this Agreement shall have the following meanings unless the context or use clearly indicates another or different meaning:

"Additional Deposits" shall have the meaning set forth in Section 2.02(B) hereof.

"Agreement" means this Tax Escrow Agreement, dated as of February 1, 2014, by and among the Issuer, the Treasurer and the Tax Escrow Agent.

"Bond Registrar" and/or ***"Paying Agent"*** means Hometown National Bank, LaSalle, Illinois, as paying agent and bond registrar for the Bonds, or any successor thereto in any such capacity under the Bond Ordinance.

"Bond Ordinance" means, collectively, the Issuer's Ordinance No. 2014-2, adopted January 24, 2014 authorizing the issuance of the Bonds and each related Bond Order.

"Bonds" means the Issuer's $2,040,000 General Obligation Refunding Limited Bonds, Series 2014.

"Corporate Authorities" means the Issuer's County Board.

"County Collector" means the County Collector of The County of Union, Illinois.

"Issuer" means The County of Union, Illinois.

"Insurer" means, Assured Guaranty Municipal Corp., the issuer of a municipal bond insurance policy securing the scheduled payment of the principal of and interest on the Bonds.

"Levied Taxes" means the Issuer's direct annual taxes authorized to be levied in the Bond Ordinance, as supplemented by a Bond Order, upon all taxable property located in the Issuer for the purpose of paying the interest on and principal of the Bonds.

"Permitted Investments" means any lawful investment for the funds of the Issuer.

"Segregation Order" means, if any, an order or direction conforming to Section 2.02(A) of this Tax Escrow Agreement, specifying the percentage (or dollar amount) (the **"Segregated Percentage or Amount"**) of each distribution of property taxes to be received for the applicable levy year which is attributable to the Levied Taxes and directing that such Segregated Percentage or Amount of each such distribution be segregated and paid to the Tax Escrow Agent.

"Tax Escrow Account" means the special account created by Section 2.01 hereof for the purpose of holding funds for the payment of principal of and interest on the Bonds.

"Tax Escrow Agent" means The Bank of New York Mellon Trust Company, N.A., as tax escrow agent, not individually, but in the capacity as hereinafter described, or any successor thereto as Tax Escrow Agent.

"Treasurer" means the duly appointed, qualified and acting County Treasurer who receives the taxes of the Issuer.

ARTICLE II.

CREATION OF THE TAX ESCROW ACCOUNT

2.01. Establishment of the Tax Escrow Account. The Issuer hereby establishes the Tax Escrow Account with the Tax Escrow Agent as a trust fund held for the benefit of the owners of the Bonds pursuant to the Bond Ordinance and this Agreement, separate and segregated from all other funds and accounts of the Issuer, the Tax Escrow Agent and the Treasurer.

2.02. Levied Taxes and Additional Deposits. Pursuant to the Bond Ordinance (including the related Bond Order) and for the purpose of providing the funds required to pay the interest on the Bonds when and as the same falls due and to pay and discharge the principal thereof at maturity or other due date, the Levied Taxes and the Additional Deposits shall be paid to the Tax Escrow Agent for deposit into the Tax Escrow Account in accordance with the following procedures:

(A) ***Levied Taxes*** - Prior to the receipt of the first distribution of collections of property taxes in each year, on or about June 1st annually, commencing with any taxes levied for the year 2013, to be collected after March 1, 2014, the Treasurer shall deliver to the County Collector and to the Tax Escrow Agent a Segregation Order directing that such Segregated Percentage or Amount of each such distribution be segregated and paid to the Tax Escrow Agent. Promptly upon receipt of such property taxes for distribution, the County Collector shall segregate and pay directly to the Tax Escrow Agent for deposit in the Tax Escrow Account an amount equal to the Segregated Percentage or Amount of such distribution as specified in or for the Segregation Order, and if the County Collector shall receive no Segregation Order, the amount to be paid over to the Tax Escrow Agent for deposit in the Tax Escrow Account shall be 100% or all of the Levied Taxes as the Segregated Percentage or Amount with respect to that particular tax levy year. The Levied Taxes as collected by the Collector shall not be distributed to the Issuer or County Treasurer but rather shall be paid by the Collector via ACH deposit directly to the Tax Escrow Agent (for transfer to the Bond Registrar/Paying Agent) for deposit into the Tax Escrow Account for application to debt service on the Bonds.

Such payments over to the Tax Escrow Agent, by the Collector shall continue until all of the Levied Taxes have been so deposited.

(B) ***Additional Deposits*** - In the event that sufficient moneys are not on deposit in the Tax Escrow Account to make any required principal or interest payment on the Bonds when due, then the Issuer shall pay other moneys of the Issuer to the Tax Escrow Agent for deposit therein (each an ***"Additional Deposit"***), not less than four (4) business days before such principal or interest is due, in an amount sufficient to provide for the full and timely payment thereof. If the Treasurer makes an Additional Deposit because such Treasurer has not received the Levied Taxes in time to pay principal of or interest on the Bonds when due, and if such Levied Taxes are received later and deposited into the Tax Escrow Account, the Tax Escrow Agent shall reimburse the Treasurer from such Levied Taxes up to the amount of such Additional Deposit, as available and applicable.

Such segregations, payments and deposits shall continue during each year, but only until and so long as an amount has been so deposited which, together with all moneys on deposit in the Tax Escrow Account, is sufficient to pay the principal of and interest on the Bonds becoming due on the next December 1 following such deposit and the following June 1, and so long as amounts on deposit in the Tax Escrow Account are sufficient to pay such principal and interest, no further deposits shall be required during such year. Any excess of deposits, when determined, subject to any amounts due and payable to the Paying Agent, at the Issuer's written direction shall be paid back by the Tax Escrow Agent to the Issuer.

ARTICLE III.

OPERATION OF THE TAX ESCROW ACCOUNT

3.01. Amounts Held in the Tax Escrow Account. Moneys deposited into the Tax Escrow Account shall be used for the purpose of paying principal of and interest on the Bonds and shall not be used for any other purpose (other than making the reimbursements authorized by Section 2.02 and making investments permitted by Section 3.03 hereof) so long as any of the Bonds remain outstanding. The owners of the Bonds shall have a first and prior lien upon the moneys deposited into the Tax Escrow Account pursuant to Section 2.02 hereof and upon all present and future proceeds of the Levied Taxes and Additional Deposits when deposited into the Tax Escrow Account until the principal of and interest on the Bonds is paid in full, the Bonds are no longer deemed outstanding, or such proceeds are withdrawn or removed from the Tax Escrow Account pursuant to this Agreement.

3.02. Payment of the Bonds. On each principal maturity or interest payment date on the Bonds, the Tax Escrow Agent shall withdraw from the Tax Escrow Account and transfer to the Paying Agent such amounts as are necessary for the purpose of paying all principal of and interest on the Bonds coming due on such date. All transfers of money to the Paying Agent shall be in immediately available funds. The remittance by the Tax Escrow Agent of such moneys to the Paying Agent shall fully release and discharge the Tax Escrow Agent from any further duty or obligation with respect thereto under this Agreement. The Tax Escrow Agent is authorized to liquidate any investments in the Tax Escrow Account in order to make moneys available to make such transfers. In connection with such remittance the Paying Agent has provided the following directions: Hometown National Bank, 260 Bucklin Street, LaSalle, Illinois 61301, ABA 071902030, Trust Dept. AC 99984901.

3.03. ***Investment of Moneys in the Tax Escrow Account.*** Pending the need for the moneys deposited into the Tax Escrow Account to be used for payment of principal of and interest on the Bonds, such moneys may be invested by the Tax Escrow Agent in Permitted Investments only in accordance with the directions of the Treasurer which will be given in writing, including facsimile or e-mail. Investments shall be scheduled to come due to meet maturing principal and interest payments on the Bonds when due.

The Tax Escrow Agent shall report on the status of the Tax Escrow Account on a monthly basis, pursuant to Section 3.04 hereof. Distributions of net earnings on Permitted Investments shall, first, be applied to payment of the fees of the Tax Escrow Agent, and, second, held for the payment of the next interest or principal due on the Bonds, until sufficient moneys are on deposit in the Tax Escrow Account as provided in the last paragraph of Section 2.02,thereupon, but only upon request of the Treasurer or of the Board so directing, may be transferred to the Treasurer for application by the Issuer as specified by the Board.

3.04. ***Monthly Reports.*** The Tax Escrow Agent will submit to the Treasurer, with a copy to Bernardi Securities, Inc., as Underwriter of the Bonds, on or before the fifteenth (15th) day of each month, commencing July 15, 2014, a statement itemizing all moneys received by it and all payments made by it under the provisions of this Agreement during the prior month period (or prior period for July 15, 2014), and also listing the Permitted Investments on deposit therewith on the date of such report, including all moneys held by it received as interest on or profit from the Permitted Investments.

3.05. ***Sufficiency Reports; Payment.*** The Treasurer will advise or cause the Paying Agent to advise the Tax Escrow Agent at least thirty (30) days prior to any principal or interest payment date of the amount of principal and/or interest due on the Bonds on such payment date. If it shall then appear to the Tax Escrow Agent that the total funds in the Tax Escrow Account, including deposits therein, investments and earnings on investments, will not be sufficient to make any payment due to the registered owners of any of the Bonds on such payment date, the Tax Escrow Agent shall notify the Treasurer not less than five (5) days prior to such date and the Treasurer shall make deposits therein pursuant to Section 2.02(B) hereof.

3.06. ***Payment of Fees.*** The fees of the Tax Escrow Agent, Paying Agent and the Bond Registrar/Paying Agent shall be paid by the Issuer from funds other than those deposited hereunder (other than application of interest earnings or profit as hereinabove provided). The fees of the Tax Escrow Agent, Paying Agent and the Bond Registrar shall be competitive with fees charged for similar services by other banking institutions.

3.07. ***Directions.*** The Tax Escrow Agent shall have the right to accept and act upon instructions or directions pursuant to this Agreement sent by or on behalf of the Issuer by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however that each such send shall provide to the Tax escrow Agent an incumbency certificate listing designated persons with the authority to provide such instructions and containing specimen signatures of such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Tax Escrow Agent is given direction by e-mail or facsimile instructions (or instructions by a similar electronic method) and the Tax Escrow Agent in its discretion elects to act upon such instructions, the Tax Escrow Agent's understanding of such instructions shall be deemed controlling. The Tax Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Tax Escrow Agent's reliance upon and compliance with such instructions not withstanding such instructions conflict or are inconsistent with a subsequence written instruction. The

Issuer agrees: **(i)** to assume all risks arising out of the use of electronic methods to submit instructions and directions to the Tax Escrow Agent, including without limitation the risk of the parties; **(ii)** that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Tax Escrow Agent and that there may be more secure methods of transmitting instructions that the method(s) selected by it and **(iii)** that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

ARTICLE IV.

COVENANTS

The Issuer, the Tax Escrow Agent and the Treasurer covenant and agree as follows:

4.01. Exculpation of Tax Escrow Agent. The Tax Escrow Agent shall have no responsibility or liability whatsoever for **(a)** any of the recitals herein (except those relating to its own organization); **(b)** the performance of or compliance with any covenant, condition, term or provision of the Bonds or the Bond Ordinance or Bond Order; and **(c)** any undertaking or statement of the Issuer, the Treasurer or the County hereunder or under the Bonds or the Bond Ordinance or Bond Order. The Tax Escrow Agent is not a trustee for the owners of the Bonds and has no obligation in its capacity as Tax Escrow Agent to enforce the rights of the owners of the Bonds under this Agreement or the Bond Ordinance or Bond Order.

4.02. Powers and Duties, Costs. The Tax Escrow Agent has all the powers and duties herein set forth with no liability in connection with any act or omission to act hereunder, except for its own negligence or willful misconduct, and shall be under no obligation to institute any suit or action or other proceeding under this Agreement or to enter any appearance in any suit, action or proceeding in which it may be a defendant or to take any steps in the enforcement of its, or any, rights and powers hereunder, nor shall it be deemed to have failed to take any such action, unless and until it shall have been indemnified by the Issuer to its satisfaction against any and all costs and expenses, outlays, counsel fees and other disbursements, including its own reasonable fees (provided notice is given to the Issuer of such costs and outlays within a reasonable time after they are incurred), and if any judgment, decree or recovery be obtained by the Tax Escrow Agent, payment of all sums due it, as aforesaid, shall be a first charge against the amount of any such judgment, decree or recovery.

4.03. Buy and Sell Bonds, Investments. The Tax Escrow Agent, in its separate capacity as a banking institution, may in good faith buy, sell or hold and deal in any of the Bonds and may also, at the direction of the Treasurer as provided in Section 3.03 hereof, invest for the Tax Escrow Account in certificates of deposit issued by itself if such qualify as Permitted Investments and in other Permitted Investments purchased from itself.

4.04. Act upon this Agreement. All payments to be made by, and all acts, and things required to be done by, the Tax Escrow Agent under the terms and provisions of this Agreement, shall be made and done by the Tax Escrow Agent without any further direction or authority of the Issuer or the Treasurer except as expressly provided herein.

4.05. Act upon Notices or Orders. The Tax Escrow Agent is authorized, in its sole discretion, to disregard any and all notices or instructions given by the Issuer, the Treasurer or any other person, firm or corporation, except **(i)** only such notices or instructions as are hereinabove specifically provided for and **(ii)** orders or process of any court having jurisdiction duly entered or issued. If any property subject

hereto is at any time attached, garnished, or levied upon under any court order or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting such property or any part thereof, then, and in any of such events the Tax Escrow Agent is authorized, in its discretion, to rely upon and comply with any such order, writ, judgment or decree which it is advised by legal counsel of its own choosing is binding upon it; and if it complies with any such order, writ, judgment or decree it shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside or vacated. The Tax Escrow Agent shall give prompt notice to the Issuer and Insurer of such order, writ, judgment or decree, and upon satisfactory indemnification of the Tax Escrow Agent by the Issuer or the Insurer, the Tax Escrow Agent shall contest such order, writ, judgment or decree.

4.06. Good Faith Actions. Absent negligence or willful misconduct of the Tax Escrow Agent, the Tax Escrow Agent shall not be personally liable for any act taken or omitted hereunder if taken or omitted by it in good faith and in the exercise of its own best judgment. The Tax Escrow Agent shall also be fully protected in relying upon any written notice, demand, certificate or document which it in good faith believes to be genuine.

4.07. Further Exculpation. The Tax Escrow Agent shall not be responsible for the sufficiency or accuracy of the form, execution, validity or genuineness of any securities now or hereafter deposited hereunder, or of any endorsement thereon, or for any lack of endorsement thereon, or for any description therein, nor shall it be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any such document, security or endorsement or this Tax Escrow Agreement. The Tax Escrow Agent shall not be liable for any depreciation or change in the value of such investments.

4.08. Consult with Counsel. If the Tax Escrow Agent reasonably believes it to be necessary to consult with counsel concerning any of its duties in connection with this Agreement, or in case it becomes involved in litigation on account of being Tax Escrow Agent hereunder or on account of having received property subject hereto, then in either case, its costs, expenses, and reasonable attorneys' fees shall be paid by the Issuer, and upon timely notice thereof having been given.

4.09. Illinois Law. This Agreement shall be construed, enforced, and administered in accordance with the laws of the State of Illinois, and shall inure to, and be binding upon, the respective successors and assigns of the parties hereto.

ARTICLE V.

NOTICES

5.01. Issuer/Treasurer. All notices and communications to the Issuer shall be addressed in writing to:

The County of Union
309 West Market Street, Room 116
Jonesboro, Illinois 62952
Attn: County Board Chairman
Tel: (618) 833-8276
Fax: (618) 833-8712

County Treasurer
309 West Market Street, Room 116
Jonesboro, Illinois 62952
Tel: (618) 833-8276
Fax: (618) 833-8712

5.02. Bond Registrar/Paying Agent. All notices and communications to the Bond Registrar/Paying Agent shall be addressed in writing to:

Hometown National Bank
Corporate Trust Department
260 Bucklin Street
LaSalle, Illinois 61301
Tel: (815) 220-2243
Fax: (815) 220-2255

5.03. Collector. All notices and communications to the Collector shall be addressed in writing to:

County Collector/Treasurer
Union County
309 West Market Street, Room 116
Jonesboro, Illinois 62952
Tel: (618) 833-8276
Fax: (618) 833-8712

5.04. Tax Escrow Agent. All notices and communications to the Tax Escrow Agent shall be addressed in writing to:

The Bank of New York Mellon Trust Company, N.A.
Corporate Trust Department
911 Washington Avenue, Third Floor
St. Louis, Missouri 63101
Tel: (314) 613-8209
Fax: (314) 613-8227

5.05. Underwriter. All notices and communications to the Underwriter shall be addressed in writing to:

Bernardi Securities, Inc.
20 South Clark Street, Suite 2700
Chicago, IL 60603
Tel: (312) 281-2014
Fax: (312) 574-1934

5.06. Notices. Notices shall not be deemed to be given until actually received, in the case of the Issuer, by the County Clerk at the Issuer offices (the address hereinabove noted); in the case of the Tax Escrow Agent, by an officer in its trust department or other trust department employee administering the Tax Escrow Account; and in the case of the Treasurer, by the Treasurer or a designated agent of the Treasurer. The Tax Escrow Agent shall at all times keep the Issuer informed as to the names of its officers and other employees who are directly involved in the administration of the Tax Escrow Account. Whenever under the terms hereof the time for giving a notice or performing an act falls upon a Saturday, Sunday or holiday, such time shall be extended to the next business day.

ARTICLE VI.

RESIGNATION OR REMOVAL OF THE TAX ESCROW AGENT

The Tax Escrow Agent may at any time resign as tax escrow agent under this Agreement by giving thirty (30) days written notice to the Issuer, and such resignation shall take effect upon the appointment of a successor Tax Escrow Agent by the Issuer. The Issuer may select as successor Tax Escrow Agent any financial institution located within the State of Illinois, which is authorized to maintain trust accounts for Illinois municipal corporations under Federal or State law.

If at any time the Tax Escrow Agent is no longer legally authorized or qualified (by reason of any Federal or State law or any other law or regulation) to act as tax escrow agent hereunder, then the Issuer may remove the Tax Escrow Agent and may select as successor Tax Escrow Agent any financial institution located within the State of Illinois, which is authorized to maintain trust accounts for Illinois corporations under Federal or State law.

Any successor Tax Escrow Agent selected pursuant to this Article must be approved by the Insurer and must have not less than $50,000,000 in assets.

A successor Tax Escrow Agent must be appointed within 60 days or less of the escrow agent's resignation. IN the event that no successor Tax Escrow Agent has been appointed within that time frame, the Tax Escrow Agent has the right to petition a court of competent jurisdiction to appoint a successor under this Tax Escrow Agreement.

ARTICLE VII.

ALTERATION AND TERMINATION OF AGREEMENT

The Issuer, the Tax Escrow Agent and the Treasurer may, with prior written consent of the Insurer, change and alter the terms of this Agreement for the following purposes:

(a) to correct errors, clarify ambiguities or insert inadvertently omitted material; or

(b) to alter the procedures of Article II of this Agreement and definitions pertaining thereto necessitated by changes in State law and procedures thereunder with respect to the collection and distribution of taxes;

provided, however, that such changes and alterations shall not materially affect the protections provided by this Agreement to the holders of the Bonds, as confirmed by an opinion of bond counsel.

This Agreement shall be binding on any successor to the Issuer, the Treasurer or the Tax Escrow Agent during the term of this Agreement.

Upon the retirement of all of the Bonds as hereinabove provided for, the Tax Escrow Agent will transfer any balance remaining in the Tax Escrow Account to the Treasurer with due notice thereof given the Issuer, and thereupon this Agreement shall terminate.

ARTICLE VIII.

EXECUTION IN COUNTERPARTS

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed by the County Board Chairman and attested by the County Clerk, the Treasurer has caused this Agreement to be executed by such Treasurer's official signature, and the Tax Escrow Agent, not individually, but in the capacity as hereinabove described, has caused this Agreement to be executed in its corporate name by one of its officers and to be attested by one of its officers under its corporate seal hereunto affixed, all as of the date first above written.

(SEAL)

Attest:

County Clerk

THE COUNTTY OF UNION, ILLINOIS

County Board Chairman

County Treasurer/Collector

Attest:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., ST. LOUIS, MISSOURI

Its _____ VICE PRESIDENT

By Matthew Biere
Its ASSOCIATE

[BANK SEAL]

[Execution page for Tax Escrow Agreement related to General Obligation Refunding Limited Bonds, Series 2014, of The County of Union, Illinois.]

CERTIFICATE OF REGISTRAR AND PAYING AGENT

Dated Date: February 20, 2014

The undersigned, Hometown National Bank, through its principal corporate trust office in LaSalle, Illinois, hereby certifies that it is the Bond Registrar (the **"Registrar"**), Paying Agent (the **"Paying Agent"**) under and pursuant to the ordinance (Ordinance No. (# 2014-2), adopted January 24, 2014, the **"Bond Ordinance"**, with respect to which undefined terms herein shall have the meanings therein) of The County of Union, Illinois (the **"Issuer"**), and hereby further certifies with respect to the Issuer's $2,040,000 General Obligation Limited Refunding Bonds, Series 2014 (the **"Bonds"**), issued under the Bond Ordinance, as follows:

1. Hometown National Bank has full power and authority to act as, and hereby agrees to act as, Registrar and Paying Agent under and in connection with the Bonds and the Bond Ordinance.

2. Pursuant to a written request from the Issuer dated this date, the Registrar authenticated and delivered to or will immediately deliver to The Depository Trust Company for the account of the underwriter thereof, Bernardi Securities, Inc., Chicago, Illinois (the **"Underwriter"**), or otherwise to its order or direction, the Bonds in the aggregate principal amount of $2,040,000 dated February 20, 2014, which Bonds shall mature and come due in the amounts on December 1 of the years and shall bear interest at the rates per annum, as follows:

SERIES 2014 BONDS

Dec. 1	Principal Amount($)	Interest Rate(%)
2014	120,000	2.00
2015	140,000	2.00
2016	145,000	2.00
2017	145,000	2.00
2018	150,000	2.50
2019	155,000	2.50
2020	160,000	3.50
2021	165,000	3.50
2022	170,000	3.60
2023	175,000	3.85
2024	185,000	4.00
2025	190,000	4.10
2026	140,000	4.20

3. Each person subscribed to this certificate is the duly appointed, qualified and acting incumbent of his or her respective office, and the signature appearing subscribed hereto above each such person's respective office designation is a true and correct specimen of his or her genuine signature.

4. Hometown National Bank, as Bond Registrar and Paying Agent hereby agrees to accept and respond to the Issuer's compliance with the fourth paragraph of Section 10 of the Bond Ordinance.

5. Hometown National Bank, as Escrow Agent, acknowledges receipt of $1,951,245.98 to fund the Escrow Account under the Escrow Agreement for the 2006 Bonds.

6. **In addition to those persons subscribed to this certificate**, are authorized officers of the Registrar as indicated, and such persons, in accordance with the provisions of the Bond Ordinance, are duly authorized and empowered to authenticate and one or more of them did authenticate the Bonds issued under the Bond Ordinance and that the signatures appearing above or subscribed hereto, as the case may be, are true and correct specimens of their genuine respective signatures. Upon such authentication the Bonds were delivered to the purchaser thereof as above set forth, pursuant to the Issuer's direction and authorization.

[The remainder of this page is intentionally left blank.]

Name	Office	Signature
J David Conterio	Sr VP & Trust Officer	
Peter J Corgiat	VP & Trust Officer	

IN WITNESS THEREOF, the undersigned has caused this instrument to be executed as of the Dated Date above.

HOMETOWN NATIONAL BANK,
LaSalle, Illinois

By: _____
Its: Sr VP & Trust Officer

Attest:

(SEAL)

By: _____
Its: Trust Officer

Closing Item No. 1.07
General Obligation Refunding Limited Bonds, Series 2014

Note to Union County Clerk:
This contains, among other things, tax levies related to The County of Union, Illinois General Obligation Refunding Limited Bonds, Series 2014 described below.

RECEIPT

The Union County Clerk hereby acknowledges receipt of the filing of: **(i)** the Bond Ordinance defined below; and **(ii)** this Bond Order, on this 10 day of February, 2014.

By: Telly Bartoff
County Clerk

SEAL

$2,040,000 GENERAL OBLIGATION REFUNDING LIMITED BONDS, SERIES 2014
BOND ORDER

Dated: February 5, 2014

In connection with the issuance of $2,040,000 General Obligation Refunding Limited Bonds, Series 2014 (the "**Bonds**"), of The County of Union, Illinois (the "**Issuer**") this constitutes a Bond Order (the "**Bond Order**") under Section 1(h) of the Issuer's Ordinance No. (# 2014-2), adopted January 24, 2014 (the "**Bond Ordinance**," with respect to which undefined terms herein shall have the meanings therein), with respect to which the Issuer directs Hometown National Bank, LaSalle, Illinois, as Bond Registrar to authenticate the Bonds, and upon payment therefor, to deliver them to The Depository Trust Company, New York, New York, for the account of Bernardi Securities, Inc., Chicago, Illinois, the underwriter for the Bonds, and the Issuer hereby specifies certain terms of the Bonds, as follows:

1. Maturity / Interest Rates. The Bonds are to be dated the date of issuance and shall mature and come due on December 1 of the years, as follows:

Year	Principal Amount($)	Interest Rate(%)
2014	120,000	2.00
2015	140,000	2.00
2016	145,000	2.00
2017	145,000	2.00
2018	150,000	2.50
2019	155,000	2.50
2020	160,000	3.50
2021	165,000	3.50
2022	170,000	3.60
2023	175,000	3.85
2024	185,000	4.00
2025	190,000	4.10
2026	140,000	4.20

Interest is payable each June 1 and December 1, commencing December 1, 2014. There is approximately $27,313.75 of net reoffering premium.

2. **Optional Redemption**. The Bonds are subject to optional redemption prior to maturity, as follows: Bonds maturing on and after December 1, 2025 are subject to redemption and prepayment prior to in the principal amount from such maturities or in any order of maturity designated by the County (but in inverse order if there is no designation) at the option of the County, in whole at any time or in part (if in part, in integral multiples of $5,000), selected by lot within a maturity, on any date on and after December 1, 2024, at a redemption price equal to the principal amount of Bonds being redeemed together with accrued interest to the date fixed for redemption.

3. **Levied Taxes**. The Levied Taxes as referenced in Section 10 (Levy and Extension of Taxes) of the Bond Ordinance shall be, as follows:

For the Year	A Tax Sufficient to Produce the Sum of ($):	
2013	200,663	For principal and interest
2014	200,128	For principal and interest
2015	202,278	For principal and interest
2016	199,378	For principal and interest
2017	201,053	For principal and interest
2018	202,240	For principal and interest
2019	202,503	For principal and interest
2020	201,815	For principal and interest
2021	200,868	For principal and interest
2022	199,439	For principal and interest
2023	202,370	For principal and interest
2024	199,775	For principal and interest
2025	142,940	For principal and interest

4. **Incorporation**. This Bond Order incorporates the Bond Ordinance for the Bonds.

5. **Filing**. After February 5, 2014, and before the date of issuance of the Bonds an original counterpart of this shall be filed with the Union County Clerk, who is authorized and directed to extend and collect the Levied Taxes above. This filing is on the order and direction of the Issuer's Board of Commissioners under the Bond Ordinance.

6. **Insurer**. Assured Guaranty Municipal Corp., New York, New York shall be the Insurer, and Municipal Bond Insurance Policy shall be the Insurer's Policy.

7. **Bond Registrar/Paying Agent/Tax Escrow Agent.** Hometown National Bank, LaSalle, Illinois, shall be the Bond Registrar and Paying Agent, and The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri shall be the Tax Escrow Agent.

8. **Continuing Disclosure Procedures:** The State's Attorney, County Administrator, Treasurer and County Clerk will annually review the County's disclosure obligations under the Disclosure Agreement for the Bonds. Such review will be scheduled for the first week of April each year. At that time the County will also be in contact with the Underwriter and Auditor to review the County's disclosure obligations and ensure timely filing of the Annual Report. Further, all future audit agreements will require timely completion of audits in accordance with continuing disclosure obligations under the Disclosure Agreement for the Bonds.

Dated as set forth above.

Attest:

County Clerk

(SEAL)

Chairman of the Board of Commissioners

Reviewed:

County Treasurer

GENERAL CLOSING CERTIFICATE

Dated Date: February 20, 2014

We, the undersigned, do hereby certify that we are the Chairman, County Clerk and County Treasurer of The County of Union, Illinois (the **"County"**), and with regard to the County's $2,040,000 General Obligation refunding Limited Bonds, Series 2014 authorized by an ordinance (No. (# 2014-2)) authorizing and providing for the issue of the Bonds and for the levy of direct annual taxes sufficient to pay the principal of and interest on such Bonds, duly adopted by the Board of Commissioners (the **"Board"**) on January 24, 2014 (as supplemented, the **"Bond Ordinance"**), we do hereby further certify as follows [Certain terms used herein and not otherwise defined herein shall have the meanings given them in the Bond Ordinance.]:

(1) The ordinances described below were duly adopted by the County Board on the dates indicated, have been duly approved by the Chairman, have not been amended, modified or rescinded in any material respect, and are in full force and effect as of the date hereof (together with related an ancillary motions, resolutions, ordinances and other actions in connection therewith, each an **"Enactment"**):

Ordinance No.	Date of Adoption	Title or Description
Ord. No. (# 2014-2)	January 24, 2014	AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF UNION, ILLINOIS, OF GENERAL OBLIGATION REFUNDING LIMITED BONDS, SERIES 2014, TO REFINANCE THE COUNTY'S COSTS OF FUNDING A SELF-INSURANCE PROGRAM; FIXING THE DETAILS OF SUCH BONDS AND LEVYING A DIRECT ANNUAL TAX TO PAY THE INTEREST ON AND PRINCIPAL OF SUCH BONDS; AND RELATED MATTERS
Ord. No. 4-13-89	April 15, 1989	AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF UNION, ILLINOIS, OF GENERAL OBLIGATION SELF-INSURANCE BONDS, SERIES 1989, IN THE PRINCIPAL AMOUNT OF $1,210,000 TO FINANCE THE COUNTY'S PORTION OF THE COST OF ESTABLISHING A JOINT SELF-INSURANCE PROGRAM WITH OTHER ILLINOIS COUNTIES PURSUANT TO THE SOUTHERN ILLINOIS COUNTIES INSURANCE TRUST; FIXING THE DETAILS OF SUCH BONDS AND

		LEVYING AN ANNUAL TAX TO PAY THE INTEREST ON AND PRINCIPAL OF SUCH BONDS; AND RELATED MATTERS
Ord. No. 1993-8	September 9, 1993	AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF UNION, ILLINOIS, OF GENERAL OBLIGATION SELF-INSURANCE REFUNDING BONDS, SERIES 1993, IN THE PRINCIPAL AMOUNT OF $1,290,000; FIXING THE DETAILS OF SUCH BONDS AND LEVYING A DIRECT ANNUAL TAX TO PAY THE INTEREST ON AND PRINCIPAL OF SUCH BONDS, AND RELATED MATTERS
Ord. No. 95-25	November 16, 1995	AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF UNION, ILLINOIS, OF GENERAL OBLIGATION SELF-INSURANCE BONDS, SERIES 1995, IN THE PRINCIPAL AMOUNT OF $1,065,000 TO FINANCE THE COUNTY'S PORTION OF CONTINUING COSTS OF ESTABLISHING A JOINT SELF-INSURANCE PROGRAM WITH OTHER ILLINOIS COUNTIES PURSUANT TO THE SOUTHERN ILLINOIS COUNTIES INSURANCE TRUST; FIXING THE DETAILS OF SUCH BONDS AND LEVYING A DIRECT ANNUAL TAX TO PAY THE INTEREST ON AND PRINCIPAL OF SUCH BONDS; AND RELATED MATTERS
Ord. No. 2002-12	April 24, 2002	AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF UNION, ILLINOIS OF GENERAL OBLIGATION SELF-INSURANCE REFUNDING BONDS, SERIES 2002, IN THE PRINCIPAL AMOUNT OF $1,970,000 TO REFINANCE THE COUNTY'S PORTION OF CONTINUING COSTS OF ESTABLISHING A JOINT SELF-INSURANCE PROGRAM WITH OTHER ILLINOIS COUNTIES PURSUANT TO THE SOUTHERN ILLINOIS COUNTIES INSURANCE TRUST; FIXING

		THE DETAILS OF SUCH BONDS AND LEVYING A DIRECT ANNUAL TAX TO PAY THE INTEREST ON AND PRINCIPAL OF SUCH BONDS; AND RELATED MATTERS
Ord. No. 2006-5	October 16, 2006	AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF UNION, ILLINOIS, OF GENERAL OBLIGATION SELF-INSURANCE BONDS (ALTERNATE REVENUE SOURCE), SERIES 2006, TO FINANCE THE COUNTY'S PORTION OF COSTS OF CONTINUING A JOINT SELF-INSURANCE PROGRAM WITH OTHER ILLINOIS COUNTIES PURSUANT TO THE SOUTHERN ILLINOIS COUNTIES INSURANCE TRUST; FIXING THE DETAILS OF SUCH BONDS AND LEVYING A DIRECT ANNUAL TAX TO PAY THE INTEREST ON AND PRINCIPAL OF SUCH BONDS; AND RELATED MATTERS

(2) The meetings of the Board held on the dates in (1) above and on July 26, 2013 for a Bond Issuer Notification Act hearing were duly noticed and held regular meetings of the Board which were open to the public, and the County Board did not meet in a closed session on those days. All meetings of legislative, executive, administrative and advisory bodies of the County, including committees and subcommittees, are open to the public, subject to the authorized exceptions set forth in the Illinois Open Meetings Act, and public notice of all such meetings is given pursuant to the procedures of the Illinois Open Meetings Act. The County operates under the **"Commission"** form of County government.

(3) The following documents (the **"Documents"**) have been duly executed, delivered or otherwise accepted and approved, by the undersigned Chairman and/or County Clerk and/or County Treasurer, as applicable, of the County.

Documents	**Date**	**Parties**
Bond Purchase Agreement	February 5, 2014	Bernardi Securities, Inc., Chicago, Illinois
Tax Escrow Agreement	February 1, 2014	County Treasurer and The Bank of New York Mellon Trust Company, N.A., as Tax Escrow Agent
Disclosure Agreement	February 1, 2014	County
Insurer's Commitment	January 29, 2014	Assured Guaranty Municipal Corp., New

		York, New York
Preliminary Official Statement	February 4, 2014	County
Official Statement	February 5, 2014	County

(4) The Documents are in substantially the same forms and text as the forms of the Documents which were before and approved or ratified or authorized, as the case may be, by the Board (or SICIT for the Depositary Agreement) at proper meetings, including each held as set forth in (1) above. All changes and revisions thereto from the forms thereof which were before such meeting have been approved by the officers of the County executing, attesting or accepting the same. The Documents are in full force and effect on the date hereof, and are the Documents which the officers of the County were authorized to execute and/or attest, accept or approve, and deliver for and on behalf of the County.

(5) Pursuant to the Bond Ordinance, there have been duly prepared and executed on behalf of the County $2,040,000 aggregate principal amount General Obligation Refunding Limited Bonds, Series 2014. The Bonds have been executed on behalf of the County with the manual or facsimile signature of the undersigned Chairman and the facsimile signature of the undersigned County Clerk and the facsimile of the corporate seal of the County has been imprinted or impressed thereon. The Bonds are in substantially the same form which the officers of the County were authorized to execute and deliver for and on behalf of the County, and they have the terms and provisions and are in substantially the same form as is provided in the Bond Ordinance. **The Registrar, Hometown National Bank, is hereby requested and directed to authenticate and deliver the Bonds so authenticated to The Depository Trust Company for the account of Bernardi Securities, Inc., Chicago, Illinois, or otherwise to its order, upon payment therefor.**

(6) Regular meetings of the Board are to be or, as applicable, were held as shown on the attached schedule, at 8:30 a.m. (unless otherwise noted) at 309 West Market Street, Room 116, in Jonesboro, Illinois. The regular meetings of the Board held on the dates in (1) above, were called and held as required by law. No proceedings have been had or taken by the County or the voters thereof to adopt a special charter, to limit the power of the County to incur debt, or to confer upon the voters or property of the County rights of petition or referendum not otherwise applicable. The representations and warranties of the County set forth in the Documents and the Bond Ordinance and any other Enactments were true and correct as of the date thereof and are true and correct as of the date hereof and are fully incorporated herein by reference.

(7) Since at least December 31, 1975, the County has not defaulted in any manner in connection with the payment of the principal of and/or interest on any of its financial instruments, including bonds and notes.

(8) After diligent inquiry to determine the same, nothing has come to our attention which would lead us to believe that the Official Statement related to the Bonds contains any untrue statement of a material fact or omits to state a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which

they were made, not misleading in any material respect.

(9) The persons subscribed hereto, being the duly qualified and acting Chairman, County Clerk and County Treasurer, were on the date or dates of the execution of the Documents and the Bonds, and are on the date hereof, the incumbents of the offices of the County set forth opposite their respective names, and the signatures subscribed hereto are the genuine signatures of such officers:

Office	**Name**	**Signature**
Chairman	Don Denny	As Subscribed Hereto
County Clerk	Terry Bartruff	As Subscribed Hereto
County Treasurer	Darren Bailey	As Subscribed Hereto

(10) The seal impressed upon this certificate and printed upon the Bonds is the legally adopted, proper and only official corporate seal of the County.

(11) Certain Bond terms are:

SERIES 2014

- $27,313.75 / Net Reoffering Premium;
- $51,000.00 / Underwriter's Discount
- $35,200.00 / General Issuance Costs;
- $480.14 / Excess Proceeds; and
- $1,951,245.98 / Refunding
- $29,387.63 / Insurer's Policy *

(12) Including the Bonds, as of this date the County has outstanding less than $10,000,000 in aggregate principal amount of obligations to be taken into account under paragraph (b) and (g) of Rule 15c2-12 of the Securities and Exchange Commission.

*The County reasonably expects that the costs of the Insurer's Policies for the Bonds has reduced the interest costs below such costs.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, we have hereunto affixed our respective signatures and the seal of The County of Union, Illinois, as of the Dated Date above.

(SEAL)

Chairman

County Clerk

County Treasurer

PUBLIC HEARING NOTICE

The Board of Commissioners of the County of Union, Illinois will hold a public hearing on July 26, 2013 at 8:30 A.M. The hearing will be held in the Board of Commissioners' meeting room at 309 West Market Street, Room 11, in Jonesboro, Illinois. The purpose of this hearing will be to receive public comments on the proposal to sell bonds in the amount of up to $2,700,000 for the purpose of supplemental funding for the County's self-insurance program, and related costs.

Terry Bartruff

By: Terry Bartruff
County Clerk

29G

Certificate of Publication

STATE OF ILLINOIS }
UNION COUNTY } ss.

JERRY L. REPPERT does hereby certify that he is the publisher of The Gazette-Democrat and Monday's Pub., newspapers of general circulation in the County of Union, State of Illinois, published weekly in the City of Anna, County of Union, and State of Illinois, and that said newspaper is a newspaper as defined in "An Act to revise the law in relation to notices," approved February 13, 1874 as amended, that the advertisement or notice hereto annexed and made a part of this

certificate has been published in said newspaper at least once each week for 1 successive weeks, that the first of such publications was in the newspaper published on the 11th day of July, 2013, and such publication was continued at least once a week in said newspaper until the _____ day of _____, 20_____, which was the last day of publication of such notice; that said newspaper had been regularly and continuously published in said city for more than one year last past.

IN TESTIMONY WHEREOF, said Jerry L. Reppert has affixed the name of said newspaper to this certificate in the City of Anna, County of Union and State of Illinois, this 11th day of July, 2013.

JERRY L. REPPERT, Publisher

By [signature]

RECEIVED OF Union County Clerk

the sum of Ninety four 50/100 DOLLARS, in full for publishing the annexed Advertisement.

JERRY L. REPPERT, Publisher

$ 94.50

By [signature]

CERTIFICATE OF INCUMBENCY OF OFFICERS, ABSENCE OF LITIGATION AND IDENTIFICATION OF SIGNATURES

Dated Date: February 20, 2014

The undersigned Chairman and County Clerk of The County of Union, Illinois (the **"County"**), being authorized and directed to sign the Bonds herein mentioned, hereby certify that we are now and were at the date of signing the Bonds herein mentioned, respectively, officers of the County, as herein recited, that the undersigned Chairman and County Clerk have executed $2,040,000 General Obligation Refunding Limited Bonds, Series 2014 (the **"Bonds"**), of the County in the amount of $2,040,000, dated February 20, 2014, fully registered, bearing interest at the rates and due on December 1 of the years and in the principal amounts, as follows:

SERIES 2014

Year	Principal Amount($)	Interest Rate(%)
2014	120,000	2.00
2015	140,000	2.00
2016	145,000	2.00
2017	145,000	2.00
2018	150,000	2.50
2019	155,000	2.50
2020	160,000	3.50
2021	165,000	3.50
2022	170,000	3.60
2023	175,000	3.85
2024	185,000	4.00
2025	190,000	4.10
2026	140,000	4.20

, by signing the Bonds in the manner and capacity set forth in the County's Ordinance No. (# 2014-2) authorizing and providing for the issue of such Bonds and for the levy of a direct annual tax sufficient to pay the principal of and interest on such Bonds, adopted January 24, 20143 (as supplemented, the **"Bond Ordinance"**).

The undersigned Chairman, County Clerk and County Treasurer certify that there is no controversy or litigation pending or threatened in any way questioning or affecting the corporate existence or the boundaries of the County, or the title of any of its present officials to their respective offices, or the proceedings incident to the authorization and sale of the Bonds, or claims or liabilities not disclosed to Bernardi Securities, Inc., or in any way concerning the validity of the Bonds, and that none of the proceedings authorizing the issuance of the Bonds have been revoked or rescinded. The County does not operate under the Commission form of County government.

We further certify that the certifications and representations made by the County, through its Board of Commissioners, in the Bond Ordinance are still true. The officers of the County and their terms of office are as shown on the attached Schedule of Officer Incumbency.

IN WITNESS WHEREOF, we have hereunto affixed our signatures as of the Dated Date above.

SIGNATURES	**OFFICIAL TITLES**
_____,	Chairman
_____,	County Clerk
_____,	County Treasurer

(SEAL)

State's Attorney
Signature Identification and No-Litigation Certificate

I hereby certify that I am the duly elected, qualified and acting State's Attorney for The County of Union, Illinois, and that I am personally acquainted with the officers whose signatures appear above, and that I know that they are now and were at all times since at least July 1, 2013, the duly elected)or otherwise selected), qualified and acting officials of the County, as indicated by the titles appended to their respective signatures, and I do hereby identify such signatures, together with those on the above described Bonds as being in all respects true and genuine. The County operates under the commission form of County government, and has duly adopted the Bond Ordinance at a duly noticed and held regular meeting of the Board of Commissioners, which Bond Ordinance is in full force and effect as of the date hereof. I am aware of no litigation pending or threatened affecting the above captioned Bonds or the County's participation in the Program under the Bond Ordinance.

Attorney at Law, States Attorney,
for Union County, Illinois

UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF UNION
$2,040,000 GENERAL OBLIGATION REFUNDING LIMITED BONDS, SERIES 2014

SCHEDULE OF INCUMBENCY

Title	Name	Year Present Term Ends:
Chairman	Don Denny	2014
Vice-Chairman	Richard Cunningham	2016
County Clerk	Terry Bartruff	2014
County Treasurer	Darren M. Bailey	2014
State's Attorney	Tyler R. Edmonds, Esq.	2016
Commissioner	Dale Russell	2016
Commissioner	Danny Hartline	2018
Commissioner	Max Milller	2018

F.E.I.N. 37-6002199

BOND ISSUE CHECKLIST OF INFORMATION

ENTITY: Municipality / County / Township / Special District / Authority / Commission, Etc.

Entity's Legal Name: COUNTY OF UNION, ILLINOIS

F.E.I.N.: 37-6002199 Fiscal year: 2013

Address: 309 W MARKET STREET / ROOM 116 Phone: 618.833.8276 Fax: 618.833.8712

E-mail/Contact kcarter@unioncountyil.gov Website: unioncountyil.gov

Amount/Type of Issue: $2,700,000.00 / General Obligation Self-Insurance Refunding Limited Bonds

If Water and/or Sewer Bonds, indicate name of System as Shown in the Audit: N/A

County(ies) within which the Entity is wholly or partly located: UNION

Entity was organized in the year of: 1818 Does the entity have/use a SEAL? X Yes/____NO

Officials of the Entity are as follows:	Officials of the Entity are as follows:
Mayor / President / Chair: DON DENNY, CHAIR	Mayor / President / Chair:
Clerk / Secretary: TERRY BARTRUFF	Clerk / Secretary:
Treasurer / Financial Officer: DARREN BAILEY	Treasurer / Financial Officer:
Administrator / Manager: KELLY CARTER	Administrator / Manager:
Member of Council / Board: RICHARD CUNNINGHAM	Member of Council / Board:
Member of Council / Board: DANNY HARTLINE	Member of Council / Board:
Member of Council / Board: MAX MILLER	Member of Council / Board:
Member of Council / Board: DALE RUSSELL	Member of Council / Board:
Member of Council / Board:	Member of Council / Board:
Member of Council / Board:	Member of Council / Board:
Attorney: TYLER EDMONDS	Attorney:

As applicable: Cities, villages or incorporated towns located wholly or partly within the Entity are as follows: ANNA, JONESBORO, COBDEN, DONGOLA, ALTO PASS, MILL CREEK

As applicable: Changes in the boundaries during the last five (5) years were as follows (attach changes)

Are agendas posted 48 hours ahead on a website? X Yes/____No. Website, if any: unioncountyil.gov

Location of exterior-visible agenda postings: MAIN HALLWAY OF COURTHOUSE

Local, community newspaper(s) published in and/or with a general circulation in the Entity: GAZETTE-DEMOCRAT

All of the news media that have filed a request for notice of the meetings of the Council/Board, etc., are as follows:

GAZETTE-DEMOCRAT + THE SOUTHERN ILLINOISAN

Regular meetings held each month (other period) on: SECOND AND ~~THIRD~~ FRIDAYS

Time: 8:30 Place: COMMUNITY ROOM, UNION COUNTY COURTHOUSE

Address: 309 W MARKET STREET

Fiscal Year End of most recent audit:
2012

Name of Auditor/Audit Firm: TANNER MARLO CPAs Telephone No. 618.993.6193

Evans, Froehlich, Beth & Chamley: 217/359-6494 Fax: 359-6468 44 Main St, Champaign, IL 61820

Closing Item No. 2.03

STATE OF ILLINOIS)
) SS
THE COUNTY OF UNION)

FILING CERTIFICATE

I, the undersigned, do hereby certify that I am the duly selected, qualified and acting County Clerk of The County of Union, Illinois, and as such official I do further certify that on the 10 day of February, 2014, there was filed in my office a duly certified copy of the ordinance numbered and entitled:

ORDINANCE NO. 2014-2

THE COUNTY OF UNION, ILLINOIS

AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF UNION, ILLINOIS, OF GENERAL OBLIGATION REFUNDING LIMITED BONDS, SERIES 2014, TO REFINANCE THE COUNTY'S COSTS OF FUNDING A SELF-INSURANCE PROGRAM; FIXING THE DETAILS OF SUCH BONDS AND LEVYING A DIRECT ANNUAL TAX TO PAY THE INTEREST ON AND PRINCIPAL OF SUCH BONDS; AND RELATED MATTERS

duly adopted by the Board of Commissioners of Union County, Illinois on the 24th day of January, 2014, together with a related Bond Order, and that the same has been deposited in the official files and records of my office. I understand that such ordinance and the related Bond Order provide for a lax levy related to an issue of general obligation self-insurance bonds of The County of Union, Illinois. The most recently ascertained equalized assessed value for all taxable property in The County of Union, Illinois is $ 186,240,505 , which is for the year 2012 .

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of such office, this 10 day of February, 2014.

(SEAL)

County Clerk of The County of Union, Illinois

OFFICE OF THE SECRETARY OF STATE

JESSE WHITE • Secretary of State

February 20, 2014

Kurt P. Froehlich
EVANS, FROEHLICH, BETH & CHAMLEY
44 Main Street, Third Floor
Champaign, IL 61820

Dear Mr. Froehlich:

Receipt is acknowledged of the Facsimile Signature Certificates of the following "Authorized Officials" of the **County of Union,** Illinois.

Don Denny
Terry Bartruff

The said Facsimile Signature Certificates have been placed on file in this office, dated February 20, 2014, under the Uniform Facsimile Signature of Public Officials Act, 30 ILCS 320/2.

Enclosed are file-stamped copies of the Facsimile Signature Certificates.

Sincerely,

Lissa Richno
Public Records
Index Department

Enclosures

CERTIFICATE OF SIGNATURE
under the
UNIFORM FACSIMILE SIGNATURE OF PUBLIC OFFICIALS ACT
(Ill. Rev. Stat., ch. 102, par. 61 et seq.)

FILED
INDEX DEPARTMENT
FEB 20 2014

IN THE OFFICE OF
SECRETARY OF STATE

I, Don Denny, certify that I am an "Authorized Official" of The County of Union, Illinois within the meaning of the provisions of Section 1 (c) of the Uniform Facsimile Signature of Public Officials Act and that my signature is required or permitted on a public security or instrument of pay-ment as defined in said Act. That I am filing my signature with the Secretary of State, certified under oath, so as to permit the use of a facsimile thereof upon a public security or instrument of payment requiring or permitting my signature as provided under the Uniform Facsimile Signature of Public Officials Act.

I, Don Denny, certify under oath, that the following is my manual signature:

Don Denny

Subscribed and sworn to before me this 10 day of February, A.D., 2014.

OFFICIAL SEAL
TERRY L. BARTRUFF
Notary Public, State of Illinois
My Commission Expires 06-06-2017

Notary Public

(SEAL)

Complete and return to:

Secretary of State
Index Department
111 East Monroe Street
Springfield, Illinois 62756
(217) 782-7017

I-37.5

FILED
INDEX DEPARTMENT
FEB 20 2014
IN THE OFFICE OF
SECRETARY OF STATE

CERTIFICATE OF SIGNATURE
under the
UNIFORM FACSIMILE SIGNATURE OF PUBLIC OFFICIALS ACT
(Ill. Rev. Stat., ch. 102, par. 61 et seq.)

I, Terry Bartruff, certify that I am an "Authorized Official" of The County of Union, Illinois within the meaning of the provisions of Section 1 (c) of the Uniform Facsimile Signature of Public Officials Act and that my signature is required or permitted on a public security or instrument of pay-ment as defined in said Act. That I am filing my signature with the Secretary of State, certified under oath, so as to permit the use of a facsimile thereof upon a public security or instrument of payment requiring or permitting my signature as provided under the Uniform Facsimile Signature of Public Officials Act.

I, Terry Bartruff, certify under oath, that the following is my manual signature:

Terry Bartruff

Subscribed and sworn to before me this 10th day of February, A.D., 2014.

Anne Beckmann
Notary Public

(SEAL)

OFFICIAL SEAL
ANNE K BECKMANN
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/02/16

Complete and return to:

Secretary of State
Index Department
111 East Monroe Street
Springfield, Illinois 62756
(217) 782-7017

I-37.5

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

The County of Union, Illinois
[Name of Issuer]

May 1, 2002
[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 50th Floor]
[For Corporate Issues:
General Counsel's Office; 49th Floor]
The Depository Trust Company
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Received and Accepted:
THE DEPOSITORY TRUST COMPANY
By: Denise Russo

Very truly yours,

The County of Union, Illinois
(Issuer)

By: Bobby Toler Jr.
(Authorized Officer's Signature)

Bobby Toler, Jr., County Clerk
(Print Name)

309 West Market Street, Courthouse
(Street Address)

Jonesboror, IL 62952
(City) (State) (Country) (Zip Code)

(618) 833-5711 fax: 833-8712
(Phone Number)

none
(E-mail Address)

DTCC

The Depository Trust & Clearing Corporation

[2/02]

SCHEDULE A

(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the"Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue,and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. 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 securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). 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**.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Securities 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.

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

[**6.** Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], Agent, or Issuer, 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 Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[**9.** A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

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

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

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

RECEIPTS OF COUNTY AND UNDERWRITER

Dated Date: February 20, 2014

I do hereby certify that I am the duly elected, qualified and acting County Treasurer of The County of Union, Illinois (the **"County"**), and I do hereby further certify that the County's $2,040,000 aggregate principal amount General Obligation Refunding Limited Bonds, Series 2014, of the County (collectively, the **"Bonds"**), dated February 20, 2014, bearing interest at the rates percent per annum specified below, payable semi-annually on each June 1 and December 1, commencing December 1, 2014, and bearing interest and maturing on December 1 in the years and in the amounts, as follows:

SERIES 2014

Year	Principal Amount($)	Interest Rate(%)
2014	120,000	2.00
2015	140,000	2.00
2016	145,000	2.00
2017	145,000	2.00
2018	150,000	2.50
2019	155,000	2.50
2020	160,000	3.50
2021	165,000	3.50
2022	170,000	3.60
2023	175,000	3.85
2024	185,000	4.00
2025	190,000	4.10
2026	140,000	4.20

were on this date delivered to The Depository Trust Company for the account of and paid for in full by Bernardi Securities, Inc., Chicago, Illinois (the **"Underwriter"**), the purchaser thereof, in accordance with the terms of the authorizing ordinance (No. (# 2014-2)) therefor adopted January 24, 2014 (the **"Bond Ordinance"**) and the Bond Purchase Agreement by and between the County and the Underwriter, as follows:

	SERIES 2014
For Principal, plus	2,040,000.00
Reoffering Premium, plus	27,313.75
For Accrued Interest for date of the Bonds to date of delivery, minus	n/a
Underwriter's Discount	51,000.00
Other Issuance Costs	35,200.00

I do further certify that the Underwriter has complied in all respects with the contract for the purchase of the Bonds, and that I have received payment from the Underwriter in the total amount above shown.

I do further certify that the proceeds of the Bonds were deposited or otherwise applied in accordance with the Bond Ordinance.

The cost of the Insurer's Policy is less than the npr savings on interest related to the Bonds.

The Underwriter's Receipt below may be executed in counterparts.

IN WITNESS WHEREOF, I have hereunto set my hand as the Treasurer of The County of Union, Illinois, as of the Dated Date above.

County Treasurer

UNDERWRITER'S RECEIPT

The undersigned for the Underwriter hereby acknowledges receipt through DTC of the Bonds bearing interest at the rates and maturing on December 1, of the years, as follows:

SERIES 2014 BONDS

Year	Principal Amount($)	Interest Rate(%)	Issue* Price($)
2014	120,000	2.00	121,070
2015	140,000	2.00	142,463
2016	145,000	2.00	148,361
2017	145,000	2.00	147,922
2018	150,000	2.50	154,439
2019	155,000	2.50	156,666
2020	160,000	3.50	166,867
2021	165,000	3.50	169,526
2022	170,000	3.60	170,000
2023	175,000	3.85	175,000
2024	185,000	4.00	185,000
2025	190,000	4.10	190,000
2026	140,000	4.20	140,000
		TOTAL:	2,067,314

* The Issue price of the Bonds, as publicly offered, is the first price at which a substantial amount of the Bonds is sold to the public, where ten percent is a substantial amount and where the public does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers.

Bonds maturing on and after December 1, 2025 are subject to call for optional redemption on any date on and after December 1, 2024.

BERNARDI SECURITIES, INC.,
Chicago, Illinois

By: _____
Its: CL Vice President

Closing Item No. 2.06

LAW OFFICES OF
EVANS, FROEHLICH, BETH & CHAMLEY
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
44 MAIN STREET, THIRD FLOOR
CHAMPAIGN, ILLINOIS 61820
TELEPHONE 217-359-6494
FACSIMILE 217-359-6468

JAMES W. EVANS
KURT P. FROEHLICH
KENNETH N. BETH
JOSEPH P. CHAMLEY

MARK C. PALMER

February 20, 2014

Certified Mail No. 7011 0470 0000 2737 2982

Internal Revenue Service Center
1160 W. 1200 S.
Ogden, Utah 84201

Re: $2,040,000 General Obligation Refunding Limited Bonds, Series 2014, of The County of Union, Illinois

Enclosed is Form 8038-G in connection with each of the above captioned bond issue. The form has been prepared by our firm as bond counsel and are filed as required by the Tax Reform Act of 1986. Please advise me if you see any problems or have any concerns about the forms as herewith filed.

Very truly yours,

Kurt P. Froehlich

KURT P. FROEHLICH, Ltd.

Enclosure

KPF/rmb

Form **8038-G**
(Rev. September 2011)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return**, check here ▶ ☐

1 Issuer's name The County of Union, Illinois	2 Issuer's employer identification number (EIN) 37-6002199
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) Kurt P. Froehlich, Esq., Bond Counsel	3b Telephone number of other person shown on 3a 217-359-6494
4 Number and street (or P.O. box if mail is not delivered to street address) — Room/suite 309 West Market Street — 116	5 Report number *(For IRS Use Only)* 3
6 City, town, or post office, state, and ZIP code Jonesboro, Illinois 62952-0330	7 Date of issue 02/20/2014
8 Name of issue General Obligation Refunding Limited Bonds, Series 2014	9 CUSIP number 906179 DY9
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Don Denny, Chairman	10b Telephone number of officer or other employee shown on 10a 618-833-8276

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11		
12	Health and hospital	12		
13	Transportation	13		
14	Public safety	14		
15	Environment (including sewage bonds)	15		
16	Housing	16		
17	Utilities	17		
18	Other. Describe ▶ Self-Insurance Program	18	2,067,313	75
19	If obligations are TANs or RANs, check only box 19a ▶ ☐ If obligations are BANs, check only box 19b ▶ ☐			
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	12/01/2026	$ 2,067,313.75	$ 2,040,000.00	7.109 years	3.5354825 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	0	
23	Issue price of entire issue (enter amount from line 21, column (b))			23	2,067,313	75
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	86,200 00			
25	Proceeds used for credit enhancement	25	29,387 63			
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0			
27	Proceeds used to currently refund prior issues	27	0			
28	Proceeds used to advance refund prior issues	28	1,951,245 98			
29	Total (add lines 24 through 28)			29	2,066,833	61
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	480	14

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	n/a years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	4.441 years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	12/01/2016
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	10/31/2006

For Paperwork Reduction Act Notice, see separate instructions.

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	0	
b	Enter the final maturity date of the GIC ▶			
c	Enter the name of the GIC provider ▶			
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	0	

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool obligation ▶

c Enter the EIN of the issuer of the master pool obligation ▶

d Enter the name of the issuer of the master pool obligation ▶

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☑

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

42 If the issuer has superintegrated the hedge, check box ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement ▶

b Enter the date the official intent was adopted ▶

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature of issuer's authorized representative	Date	Type or print name and title
	02/20/2014	Don Denny, Chairman

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Kurt P. Froehlich, Esq.	Kurt P. Froehlich	02/20/2014		PO 1397727

Firm's name ▶	Evans, Froehlich, Beth & Chamley	Firm's EIN ▶	37-1114774
Firm's address ▶	44 Main Street, Champaign, Illinois 61820	Phone no.	(217) 359-6494

Closing Item No. 3.01

Office of the State's Attorney
Union County, Illinois

TYLER R. EDMONDS
STATE'S ATTORNEY

Union County Courthouse
309 West Market Street, Room 239
Jonesboro, Illinois 62952

Telephone: (618) 833-7216
Facsimile: (618) 833-3349

February 20, 2014

The County of Union
Jonesboro, Illinois

Evans, Froehlich, Beth & Chamley
Champaign, Illinois

Bernardi Securities, Inc.
Chicago, Illinois

Re: **$2,040,000 General Obligation Refunding Limited Bonds, Series 2014, of The County of Union, Illinois**

Ladies and Gentlemen:

In connection with the issuance on the date hereof by The County of Union, Illinois (the **"Issuer"**), of $2,040,000 General Obligation Refunding Limited Bonds, Series 20134, issued this date, I am State's Attorney to the Issuer, and I examined, among other things necessary to rendering this opinion, the following:

1. A certified copy of: Ordinance No. 2014-2, AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF UNION, ILLINOIS, OF GENERAL OBLIGATION REFUNDING LIMITED BONDS, SERIES 2014, TO REFINANCE THE COUNTY'S COSTS OF FUNDING A SELF-INSURANCE PROGRAM; FIXING THE DETAILS OF SUCH BONDS AND LEVYING A DIRECT ANNUAL TAX TO PAY THE INTEREST ON AND PRINCIPAL OF SUCH BONDS; AND RELATED MATTERS, adopted January 24, 2014 (with respect to which undefined terms herein shall have the meanings therein, the **"Bond Ordinance"**).

2. The Bond Purchase Agreement, Disclosure Agreement and Tax Escrow Agreement for the Bonds and the Escrow Agreement for the refunded 2006 Bonds.

3. The Issuer's Official Statement concerning the Bonds (the **"Official Statement"**).

Based upon the foregoing, I am of the opinion that:

1. The Issuer is a non-home rule county, validly existing and in good standing under the Constitution and laws of the State of Illinois. The Issuer is organized, existing and operating under the commission form of county government.

2. The Issuer's Board of Commissioners has duly and effectively adopted the Bond Ordinance, and the Bond Ordinance is in full force and effect according to the terms thereof. The Issuer has duly designated Hometown National Bank, LaSalle, Illinois, as Paying Agent and Bond Registrar in connection with the Bonds and The Bank of New York Mellon Trust Company, N.A., as Tax Escrow Agent for the Bonds. The meetings of the Board of Commissioners on January 24, 2014 and July 26, 2013 each was a duly noticed, held and conducted regular meeting.

3. The Bond Purchase Agreement, Escrow Agreement, Tax Escrow Agreement and Disclosure Agreement have been duly executed and delivered, and the Bond Ordinance effectively approved, by the Issuer and constitute valid and binding obligations of the Issuer in accordance with their respective terms, except to the extent that enforcement thereof may be limited by laws, rulings and decisions affecting remedies, and by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights, and by equitable principles.

4. The adoption, execution, delivery and performance by the Issuer of, as applicable, the Bond Ordinance, the Bond Purchase Agreement, Escrow Agreement, Tax Escrow Agreement and Disclosure Agreement will not conflict with, or result in the breach of any of the provisions of, or constitute a default under, any indenture, mortgage deed of trust or other agreement or instrument to which the Issuer is a party or by which it or its properties are bound.

5. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any judicial or administrative court or agency, pending or to the best of my knowledge after due investigation, threatened, against or affecting the Issuer or its properties wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of the Bond Ordinance, Bond Purchase Agreement, Escrow Agreement, Tax Escrow Agreement and Disclosure Agreement in accordance with their respective terms, or in any way relating to, affecting or questioning the authorization of the Official Statement and the issuance, sale, execution or delivery of the Bonds or of any of the proceedings had or actions taken leading up to the execution and delivery of the Bonds, the Bond Purchase Agreement, Escrow Agreement, Tax Escrow Agreement and Disclosure Agreement or the payment of the interest on or principal of the Bonds, or otherwise affecting or questioning the validity of the Bonds.

6. The adoption of all ordinances, resolutions and other actions of the Issuer relating to the Bond Ordinance, Escrow Agreement, Tax Escrow Agreement, Disclosure Agreement and Bond Purchase Agreement, and all related proceedings, comply with all

applicable laws governing the Issuer and with all rules and regulations of the Issuer and its Board of Commissioners.

7. Based upon my representation of the Issuer, nothing has come to my attention which would lead me to believe that the Official Statement or any other document related to the Bonds contains any untrue statement of a material fact or omits to state a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect.

Very truly yours,

Office of Tyler R. Edmonds, Esq.,
State's Attorney

By: _____
Tyler R. Edmonds, Esq.,
State's Attorney

IceMiller
LEGAL COUNSEL

200 W. Madison Street | Suite 3500 | Chicago, IL 60606-3417

February 20, 2014

The County of Union, Illinois

Re: $2,040,000 original principal amount General Obligation Refunding Limited Bonds, Series 2014 (the "Bonds")

Ladies and Gentlemen:

In accordance with our understanding with you, we rendered legal advice and assistance to you in the course of your investigation pertaining to, and your participation in the preparation of the Official Statement dated February 5, 2014. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects, and a limited review of certain documents and proceedings. We also participated in discussions with Bernardi Securities, Inc. (the "Underwriter"). and representatives of the County of Union, Illinois (the "County") with respect to the preparation of the Official Statement. For purposes of delivering this letter, we have assumed, but have not independently verified, that the signatures in all documents and certificates that we examined were genuine.

We are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. We participated in conferences and correspondence with your representatives, representatives of the Underwriter and other persons involved in the preparation of information for the Official Statement, during which the contents of the Official Statement and related matters were discussed and revised. The purpose of our professional engagement was not to establish or confirm factual matters set forth in the Official Statement, and we have not undertaken any obligation to verify independently any of the factual matters set forth therein. Moreover, many of the determinations required to be made in the preparation of the Official Statement involve matters of a non-legal nature. Based on our participation in the above-mentioned conferences and correspondence and in reliance thereon and on our limited review of the records, reports, documents, certificates, statements, representations, warranties, opinions and matters mentioned above, without independent verification, we advise you as a matter of fact and not opinion that, during the course of our role as Disclosure Counsel with respect to the Bonds, no facts have come to the attention of the attorneys in our firm rendering legal services in connection with such role which caused us to believe that the Official Statement (apart from (i) CUSIP numbers, (ii) the information relating to The Depository Trust Company and its book-entry only system, (iii) the financial statements or other financial, operating, statistical, numerical or accounting data contained therein, (iv) the information describing the municipal bond insurance policy to be issued by Assured Guaranty Municipal Corp. and (v) the information describing the opinion of

Evans, Froehlich, Beth & Chamley, Champaign, Illinois ("Bond Counsel") in "TAX MATTERS" and the forms of opinion of Bond Counsel in Appendix C to the Official Statement as to all of which we do not express any conclusion or belief) contained as of its date or contains as of the date hereof any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or statement rendered with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Official Statement.

By acceptance of this letter you recognize and acknowledge that: (i) the preceding paragraph is not a legal opinion but is rather in the nature of negative observations based on certain limited activities performed by specific lawyers in our firm in our role as Disclosure Counsel; (ii) the scope of those activities performed by us for purposes of delivering this letter was inherently limited and does not purport to encompass all activities necessary for compliance with applicable securities laws; and (iii) those activities performed by us rely on third party representations, warranties, certifications, statements and opinions, including and primarily, representations, warranties and certifications made by the County, and are otherwise subject to the conditions set forth herein.

In further accordance with our understanding with you, we express no opinion or belief with respect to the validity of the Bonds or the taxation thereof or of the interest thereon, and our expression of belief with respect to the Official Statement assumes the validity of the Bonds and the exclusion of the interest payable thereon from gross income for federal income tax purposes, all as set forth in the opinion of Bond Counsel.

We express no opinion or view with respect to the laws of any jurisdiction other than the internal laws of the State of Illinois and the federal laws of the United States of America. The foregoing Statement is based upon such laws as are in effect on the date hereof and we expressly disclaim any undertaking to advise you of any subsequent changes therein.

This letter is furnished by us as counsel to the County and is solely for the benefit of the County and may not be used, quoted, relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing any of the Bonds) without our prior written consent. This letter is given as of the date hereof and we assume no obligation to revise or supplement this letter to reflect any facts or circumstances that may hereafter come to our attention.

Very truly yours,

Ice Miller LLP

Ice Miller LLP

Closing Item No. 3.02(b)

UNGARETTI & HARRIS

Three First National Plaza
70 West Madison – Suite 3500
Chicago, Illinois 60602.4224
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UNGARETTI & HARRIS LLP
CHICAGO, ILLINOIS
SPRINGFIELD, ILLINOIS
WASHINGTON, D.C.

February 20, 2014

Bernardi Securities, Inc.
Chicago, Illinois

Re: The County of Union, Illinois
$2,040,000 General Obligation Refunding Limited Bonds,
Series 2014 (the "Bonds")

Ladies and Gentlemen:

We have acted as your counsel in connection with your purchase from The County of Union, Illinois (the "Issuer"), of the Bonds. The Bonds are being issued by the Issuer pursuant to an ordinance adopted by the County Board of the Issuer on January 10, 2014 (the "Bond Ordinance").

In connection with such representation, we have examined originals or copies certified or otherwise identified to our satisfaction, of the following documents: (i) the Bond Ordinance; (ii) the Bond Purchase Agreement relating to the Bonds, between the Issuer and you; (iii) the Preliminary Official Statement dated February 4, 2014 and the Official Statement dated February 5, 2014, relating to the Bonds (collectively, the "Official Statement"); (iv) the opinions and certificates delivered pursuant to the Bond Purchase Agreement; and (v) the approving opinion of Evans, Froehlich, Beth & Chamley, Champaign Illinois, Bond Counsel.

In addition, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such other documents, instruments or corporate records, and have made such investigation of law, as we have considered necessary or appropriate for the purpose of this opinion.

In accordance with our understanding with you, we rendered legal advice and assistance to you in the course of your investigation pertaining to, and your participation in the preparation of the Official Statement. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects, and reviews of and reports on certain documents and proceedings. We also participated in discussions with you, Bond Counsel and Ice Miller, LLP, Disclosure Counsel, concerning the preparation of the Official Statement.

The limitations inherent in the independent verification of factual matters and the character of determinations involved in that preparation of the Official Statement are such, however, that we have necessarily assumed the accuracy, completeness and fairness of and take

no responsibility for any such statements made in the Official Statement. Also, we do not express any opinion or belief as to the financial and statistical information contained in the Official Statement. We have also assumed, but have not independently verified, that the signatures on all documents and certificates that we examined were genuine.

Subject to the limitations expressed in the preceding paragraph, on the basis of information developed in the course of the performance of the services referred to above, considered in the light of our understanding of the applicable law and experience we have gained through our practice thereunder, and based solely upon the knowledge of attorneys in our Firm who have participated in the preparation of the Official Statement as your counsel and without having undertaken to determine independently, or to assume responsibility for, the accuracy, completeness or fairness thereof, and based solely on our participation in meetings and telephone conferences at which you were at various times present, nothing has come to our attention that would lead us to believe that the information and statements in the Official Statement (except for the financial information and statistics included in the Official Statement and the information respecting The Depository Trust Company in the Official Statement, as to which we express no view), (i) as of its date contained and as of the date hereof contains, in the light of the circumstances under which the statements were made, any untrue statement of a material fact or (ii) as of its date omitted and as of the date hereof omits any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. We note, however, that determinations of materiality and omissions involve complex questions of fact and business circumstances which, on a case by case basis, are not subject to certain predictions of legal outcome. In addition, there are inherent limitations on the ability of an attorney to predict future findings on such questions of facts and business circumstances.

Based upon our review of the foregoing, we are of the opinion that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Bond Ordinance is not subject to the qualification requirements of the Trust Indenture Act of 1939, as amended.

This letter, the legal opinion expressed in the foregoing paragraph, and the statement made in the paragraph immediately preceding the foregoing paragraph (the "Statement") are intended for the information solely of the addressee hereof and solely for the purposes of the transactions described in the Official Statement and are not to be relied upon by any other person or entity, or for any other purpose, or quoted as a whole or in part, or otherwise referred to, in any document, or to be filed with any governmental or other administrative agency or other person or entity for any purpose without our prior written consent. We do not undertake to

advise you of matters that may come to our attention subsequent to the date hereof that may affect the opinion or the Statement expressed herein.

The opinion expressed and the Statement made herein express the professional judgment of the attorneys participating in the transaction as to the legal issues addressed herein. By rendering such opinion and by making such Statement, the undersigned does not become an insurer or guarantor of that expression of professional judgment or of the transaction opined upon. Nor does the rendering of the foregoing opinion or the making of the Statement guarantee the outcome of any legal dispute that may arise out of the transaction.

We express no opinion or view with respect to the laws of any jurisdiction other than the internal laws of the State of Illinois and the federal laws of the United States of America. The foregoing opinion and Statement are based upon such laws as are in effect on the date hereof, and we expressly disclaim any undertaking to advise you of any subsequent changes therein.

Very truly yours,

Ungaretti & Harris LLP

UNGARETTI & HARRIS LLP

LAW OFFICES OF
EVANS, FROEHLICH, BETH & CHAMLEY
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
44 MAIN STREET, THIRD FLOOR
CHAMPAIGN, ILLINOIS 61820
TELEPHONE 217-359-6494

February 20, 2014

The County of Union, Illinois
$2,040,000 General Obligation Refunding Limited Bonds
Series 2014

We hereby certify that we have acted as bond counsel for, and have examined, among other things, a certified copy of the proceedings of the Board of Commissioners of The County of Union, Illinois (the **"County"**), in connection with the issuance by the County of its General Obligation Refunding Limited Bonds, Series 2014 (the **"Bonds"**), issued in fully registered form in the aggregate principal amount of $2,040,000, dated February 20, 2014, bearing interest and maturing in the principal amount on December 1 in each year, as follows:

Year	Principal Amount($)	Interest Rate(%)
2014	120,000	2.00
2015	140,000	2.00
2016	145,000	2.00
2017	145,000	2.00
2018	150,000	2.50
2019	155,000	2.50
2020	160,000	3.50
2021	165,000	3.50
2022	170,000	3.60
2023	175,000	3.85
2024	185,000	4.00
2025	190,000	4.10
2026	140,000	4.20

The Bonds bear interest payable on each June 1 and December 1, commencing December 1, 2014 at the rates percent per annum set forth above.

Bonds maturing on and after December 1, 2025 are subject to redemption and prepayment prior to maturity in the principal amount from such maturities or in any order of maturity designated by the County (but in inverse order if there is no designation) at the option of the County, in whole at any time or in part (if in part, in integral multiples of $5,000), selected by lot within a maturity, on any date on and after December 1, 2024, at a redemption price equal to the principal amount of Bonds being redeemed together with accrued interest to the date fixed for redemption.

The Bonds are issued as general obligation **"limited bonds"** under the Local Government Debt Reform Act, payable from levies of taxes without limit as to rate, but limited as to amount as **"limited bonds"** as provided in the Local Government Debt Reform Act. The Bonds are issued to refinance the County's participation in a self-insurance program by refunding outstanding general obligation alternate self-insurance bonds.

Both principal of and interest on the Bonds are payable by check or draft on County funds by Hometown National Bank, in LaSalle, Illinois (including it successors, the **"Paying Agent"**). Interest on the Bonds is payable by check or draft to the order of the registered owners thereof, and mailed to such registered owners at their addresses as they appear on the registration books kept by Hometown National Bank, as Registrar (including its successors, the **"Bond Registrar"**), at the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding each interest payment date. Payment of the principal of the Bonds shall be made only upon presentation and surrender thereof to the Paying Agent.

The Bonds are subject to redemption and prepayment prior to their maturity, at the option of the County, at the times, at the redemption prices, and subject to the conditions set forth in the authorizing ordinance of the County adopted January 24, 2014, pursuant to which the Bonds are issued (the **"Ordinance"**). The Bonds recite that they are issued under authority of the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/1-101 *et. seq.*), and the Counties Code (55 ILCS 5/1-1 *et. seq.*), as supplemented and amended, for the purpose of providing funds to refinance the County's costs of establishing a self- insurance program, including pursuant to a joint self-insurance Trust Agreement between the members of the Southern Illinois Counties Insurance Trust (**"SICIT"**), of which the County is presently a Member, and the trustees named therein.

In rendering this opinion, we have assumed that the proceeds of the Bonds will be applied and invested in accordance with the provisions of the Ordinance and as set forth in related agreements and certificates of the County and the Trust. In addition, we have examined originals or certified copies of such other instruments, certificates and documents of the County and SICIT as we have deemed necessary or appropriate for the purposes of this opinion. In connection with such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have relied upon opinions of counsel and applicable certificates.

Based on such examination, we are of the opinion that:

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

(2) The Bonds are valid and legally binding general obligation limited bonds of the County, payable, both as to principal and interest, from taxes levied without limitation as to rate but limited as to amount as limited bonds on all property taxable for such purposes in the County.

(3) Under existing statutes, regulations, rulings and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. We are also of the opinion that the Bonds are not arbitrage bonds within the meaning of Sections 103(b)(2) or 148 of the Internal Revenue Code of 1986, as amended (the **"Code"**), or private activity Bonds within the meaning of Section 141 of the Code or hedge bonds within the meaning of Section 149(g) of the Code. The interest on the Bonds may become includable in gross income retroactive to the date of issuance if the County fails to comply, as covenanted in various documents executed on behalf of the County in connection with the issuance of the Bonds, with certain requirements of the Code which must be satisfied subsequent to the issuance of the Bonds. Such subsequent requirements relate to, among other things, the use, expenditure and investment of Bond proceeds and the timely payment of certain investment earnings to the United States.

(4) Interest on the Bonds is not an item of tax preference for purposes of determining alternative minimum taxable income for individuals and corporations under the Code. However, interest on the Bonds is included in determining adjusted current earning of a corporation, and thus interest on the Bonds is includable in the tax base for computing a corporation's liability with respect to the alternative minimum tax imposed on corporations. Additionally, Treasury Regulations require certain S corporations to include interest on the Bonds in determining their excess net passive income subject to the regular corporate income tax under Section 1375 of the Code. Also, interest on the Bonds may be subject to a branch profits tax when held by certain foreign corporations.

(5) Ownership of tax-exempt obligations such as the Bonds may have collateral, adverse federal income tax consequences to property and casualty insurance companies, individual recipients of social security or railroad retirement benefits or taxpayers deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations.

(6) The interest on the Bonds is not exempt from income taxation by the State of Illinois.

(7) We are also of the opinion that the Bonds constitute **"qualified tax-exempt obligations"** under Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished in connection with the Official Statement related to the Bonds.

In rendering this opinion, we have relied upon certifications of the County with respect to certain material facts within the County'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.

Respectively yours,

Evans, Froehlich, Beth & Chamley

LAW OFFICES OF
EVANS, FROEHLICH, BETH & CHAMLEY
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
44 MAIN STREET, THIRD FLOOR
CHAMPAIGN, ILLINOIS 61820
TELEPHONE 217-359-6494

February 20, 2014

Southern Illinois Counties Insurance Trust
Jonesboro, Illinois

The County of Union, Illinois
Jonesboro, Illinois

Assured Guaranty Municipal Corp.
New York, New York

Hometown National Bank
LaSalle, Illinois

Re: $2,040,000 General Obligation Refunding Limited Bonds, Series 2014, of The County of Union, Illinois

Supplemental Opinion of Bond Counsel

Ladies and Gentlemen:

Today we have delivered our opinion as bond counsel in connection with the above captioned issues of general obligation self-insurance bonds (the **"Bonds"**). You may rely on that opinion with the same effect as if it had been addressed to you. Undefined terms herein shall have the meanings given them in the Bonds and in the ordinance of The County of Union, Illinois (the **"County"**), authorizing the issuance of the Bonds. This opinion supplements that opinion. In that connection we are of the supplemental opinion that: **(i)** the Bonds are exempted securities that do not require registration under the Securities Act of 1933, as amended, and the Bond Ordinance need not be qualified under the Trust Indenture Act of 1939, as amended and **(ii)** the statements and information contained in the Official Statement describing the terms and provisions of the Bonds, the Bond Ordinance and under the caption **"Tax Matters"** fairly and accurately summarize the matters described therein.

We consent to the references to us in the Official Statement.

Very truly yours,

Evans, Froehlich, Beth & Chamley

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44 MAIN STREET, THIRD FLOOR
CHAMPAIGN, ILLINOIS 61820
TELEPHONE 217-359-6494

February 20, 2014

Southern Illinois Counties Insurance Trust
Jonesboro, Illinois

The County of Union, Illinois
Jonesboro, Illinois

Hometown National Bank
LaSalle, Illinois

Re: $2,040,000 General Obligation Refunding Limited Bonds, Series 2014 (collectively, the "Bonds"), of The County of Union, Illinois

Supplemental Closing Letter

Ladies and Gentlemen:

We have concurrently delivered our opinions as Bond Counsel in connection with the issuance on the date hereof of the above bond issues (collectively, the "**Bonds**"). Without intending any limitations on those opinions or on the ordinance authorizing the Bonds, the Omnibus Budget Reconciliation Act of 1989 (signed by the President on December 19, 1989, P.L. 101-239) added Section 149(g), concerning **"hedge bonds"**, to the Internal Revenue Code of 1986, as amended (the "**Code**"). Among other things, Section 149(g) of the Code affects self-insurance bonds such as the Bonds. In order that the Bonds retain their tax-exempt status under Section 103 of the Code, all proceeds of and in respect of the Bonds, and are to be invested in obligations which themselves are tax-exempt (excluding as investment possibilities obligations which are subject to the alternative minimum tax, i.e. **"tax-exempt obligations"** as provided for in the County's Ordinance No. 2014-2, adopted January 24, 2014 authorizing the Bonds (the **"Bond Ordinance"**)). In addition to proceeds of any kind related to the Bonds, this restriction also applies to tax monies when received and which are to be deposited into Union County Levy Abatement Subaccount. In addition, there shall be no delay in making such deposits to achieve a non-authorized investment advantage.

We advise you that the investment of all funds, accounts and subaccounts related to the Bonds, including under the Southern Illinois Counties Insurance Trust in Qualified Tax-Exempt Investments defined in Section 21 of the Bond Ordinance, and as noted above, unless the County requests and receives a contrary and unqualified Bond Counsel opinion, is the essence of maintaining the tax-exempt status of the Bonds.

Very truly yours,

EVANS, FROEHLICH, BETH & CHAMLEY

By Kurt P. Froehlich
Kurt P. Froehlich, Ltd.

TRANSCRIPT CERTIFICATE

Dated Date: February 20, 2014

Being first duly sworn, I do hereby depose and certify that I am the duly selected, qualified and acting County Clerk of The County of Union, Illinois (the **"County"**), and that as such Clerk I have in my possession or have access to the complete corporate records of the County and of its Board of Commissioners, and other officials, and that I have carefully compared the transcript hereto attached with such corporate record and that such transcript hereto attached is a true and complete copy of all the corporate records to date in relation to the authorization, issuance and disposition of $2,040,000 General Obligation Refunding Limited Bonds, Series 2014 (the **"Bonds"**):

SERIES 2014

Dec. 1	Principal Amount($)	Interest Rate(%)
2014	120,000	2.00
2015	140,000	2.00
2016	145,000	2.00
2017	145,000	2.00
2018	150,000	2.50
2019	155,000	2.50
2020	160,000	3.50
2021	165,000	3.50
2022	170,000	3.60
2023	175,000	3.85
2024	185,000	4.00
2025	190,000	4.10
2026	140,000	4.20

, pursuant to Ordinance No. 2014-2, AN ORDINANCE AUTHORIZING THE ISSUANCE BY THE COUNTY OF UNION, ILLINOIS, OF GENERAL OBLIGATION REFUNDING LIMITED BONDS, SERIES 2014, TO REFINANCE THE COUNTY'S COSTS OF FUNDING A SELF-INSURANCE PROGRAM; FIXING THE DETAILS OF SUCH BONDS AND LEVYING A DIRECT ANNUAL TAX TO PAY THE INTEREST ON AND PRINCIPAL OF SUCH BONDS; AND RELATED MATTERS, adopted January 24, 2014 (as supplemented and amended, the **"Bond Ordinance"**), and that the transcript hereto attached contains a true and complete statement of all the measures adopted and proceedings, acts and things had, done and performed up to the present time, in relation to the authorization, issuance and disposition of the Bonds, and that the Board of Commissioners consists of 3 commissioners, including the Chairman.

WITNESS my hand and the seal of The County of Union, Illinois, hereto as of the Dated Date above.

(SEAL)

County Clerk

Closing Item No. 3.05

TAX COMPLIANCE MEMORANDUM/ADVICE

THE COUNTY OF UNION, ILLINOIS

$2,040,000 GENERAL OBLIGATION REFUNDING LIMITED BONDS, SERIES 2014

February 20, 2014

EVANS, FROEHLICH, BETH & CHAMLEY
CHAMPAIGN, ILLINOIS

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LAW OFFICES OF
EVANS, FROEHLICH, BETH & CHAMLEY
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
44 MAIN STREET, THIRD FLOOR
CHAMPAIGN, ILLINOIS 61820
TELEPHONE 217-359-6494

TAX COMPLIANCE MEMORANDUM/ADVICE

Dated Date: February 20, 2014

TO: County of Union
309 W. Market Street
Jonesboro, Illinois 62952
618-833-8276 / Fax: 833-8712

Re: $2,040,000 General Obligation Refunding Limited Bonds, Series 2014 (the **"Bonds"**), of The County of Union, Illinois (the **"Issuer"**)

Ladies and Gentlemen:

The purpose of this Tax Compliance Memorandum/Advice is to provide: **(i)** our understandings as Bond Counsel provided to us by the Issuer to enable us to render our opinions as Bond Counsel; **(ii)** to provide guidance regarding compliance required by the Issuer in connection with the Internal Revenue Code of 1986, as amended (the **"Code"**), and the applicable related Treasury Regulations (the **"Regulations"**); and **(iii)** to provide "supplemental advice" to the Issuer in connection with the Bonds, in order to preserve the exclusion from gross income for purposes of federal income taxation of interest on the above issue of Series 2014. The Bonds are being issued on this date by The County of Union, Illinois (the **"Issuer"**) pursuant to the Issuer's Ordinance No. 2014-2, adopted January 24, 2014 (as supplemented and amended, the **"Authorizing Ordinance,"** with respect to which undefined terms herein shall have the meanings therein) pursuant to which the proceeds of the Bonds are to be applied for the purpose of providing funds for the Issuer to finance and refinance the Program.

For convenience of reference, this Tax Compliance Memorandum/Advice is captioned with articles with numbered paragraphs. Reference is made to the Table of Contents above.

ARTICLE I

Definitions

Capitalized terms used herein have the meanings set forth in the recitals preceding this Article I or in the Exhibit hereto entitled **"Definitions."** Other words and phrases used herein have the same meanings as in the Code and Regulations and the Authorizing Ordinance, unless another meaning is apparent from the context.

ARTICLE II

The Bonds; General Matters

201. Terms. The Bonds are dated, mature on the dates and in the principal amounts, and bear interest at the respective rates set forth in Schedule X attached as the Exhibit hereto entitled **"Description of Bonds."**

202. Sources and Uses. (a) The Bonds were sold by the Issuer to the Underwriter (the **"Bond Purchaser"**) for a purchase price of: $2,040,000.00 principal amount of the Bonds plus $27,313.75 net reoffering premium, less the Underwriter's Discount of $51,000.00, with no accrued interest.

(b) The following table sets forth the application of the Sale Proceeds of the Bonds:

Purpose	Series 2014 Amount ($)
For deposit of **"excess"** proceeds in the Bond Proceeds Fund to finance a Program	480.14
For deposit for the Refunding.	1,951,245.98
The sum representing underwriter's discount on the Bonds (the **"Underwriter's Discount"**)	51,000.00
To pay Issuance costs of the Bonds, other than the Underwriter's Discount (the **"Issuance Costs"**)	35,200.00
To pay for the Insurer's Policy	29,387.63
For deposit to the Bond Fund as accrued interest/capitalized interest	n/a

203. No Federal Guaranty. The Bonds are and will be in no part guaranteed, directly or indirectly, by the United States or any of its agencies or instrumentalities, other than, as the case may be, the Federal Housing Administration, the Veterans' Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association.

204. Registration. The Bonds are issued only as fully registered bonds, without coupons, and are transferable only upon the registration books maintained by the Bond Registrar.

205. Not Hedge Bonds. The Bonds are not **"hedge bonds"** within the meaning of Section 149(g) of the Code and Section 1.149(g)-1 of the Regulations because given the nature of the self-insurance Program:

(a) the Issuer cannot forecast or expect that 85% of the spendable Proceeds of the Bonds are to be used to carry out the governmental purposes of such Bonds (i.e., the Program) within the three-year period beginning on their date of issuance; and

(b) the Issuer reasonably expects that more than 50% of the Proceeds of the Bonds are to be invested in Nonpurpose Investments, but such investments are not expected to (but could or might) have a substantially guaranteed yield for four years or more; and

(c) at least 95 percent of the net proceeds of the Bonds are to be invested in obligations ("**tax-exempt investments**").

(I) the interest on which is not to be includible in gross income under Section 103 of the Code, and

(II) which are not specified private activity bonds (as defined in Section 57(a)(5)(C) of the Code).

(d) amounts in a bona fide debt service fund shall be treated as invested in obligations described in (c) above.

(e) amounts held for not more than 30 days pending Bond redemption shall be treated as invested in bonds described in (c) above.

(f) amounts may be released from the application of (c) above by reason of the "universal cap" under paragraph 806 below.

See Section 21 of the Bond Ordinance.

206. Form 8038-G. The Issuer will file or cause to be filed with the Internal Revenue Service a signed and completed original of IRS Form 8038-G with respect to the Bonds in the forms referenced herein (or otherwise a part of the Transcript of Bond Documents of which this is a part) as the Exhibit entitled **"Form 8038-G,"** prior to the 15th day of the second calendar month after the close of the current calendar quarter.

207. Qualified Tax-Exempt Obligations. In the Authorizing Ordinance, the Issuer has designated the Bonds as qualified tax-exempt obligations under Section 265(b)(3) of the Code. The total amount of **"tax-exempt obligations"** required to be taken into account for purposes of Section 265(b)(3)(C) and issued or reasonably anticipated to be issued during the current calendar year by or on behalf of the Issuer or any of its Subordinate Entities (or by or on behalf of any entity formed or availed of to avoid imposition of the $10,000,000 limitation of Section 265(b)(3) of the Code on the Issuer) is not reasonably expected to exceed $10,000,000. For this purpose, **"qualified 501(c)(3) bonds,"** as defined in Section 145(a) of the Code, are taken into account as **"tax-exempt obligations"** but all other private activity bonds, as defined in Section 141(a) of the Code, are not taken into account.

In determining whether the Bonds are **"qualified tax-exempt obligations"** certain obligations are not taken into account in aggregating the $10,000,000 limit of the small issuer exception under Section 265(b)(3) of the Code, including under Section 265(b)(3)(C)(III):

> (III) an obligation issued to refund (other than to advance refund within the meaning of section 149(d)(5)) any obligation to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation.

208. Qualified Tender Bonds. The Bonds are not **"qualified tender bonds,"** within the meaning of Internal Revenue Service Notices 88-130 and 2008-41, because, among other things the following do not apply:

(a) interest on the Bonds is set at a rate that permits the Bonds to be marketed and remarketed at par;

(b) the final stated maturity date of the Bonds is less than 35 years from the date hereof; and

(c) the average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project.

209. Certain Procedures. The Issuer is advised to establish written procedures **(i)** to ensure that non qualified bonds are remediated (see the attached Exhibits captioned **"Private Activity Bond Test"**, **"Recordkeeping Requirements"** and **"Remedial Actions"**.) and **(ii)** to monitor compliance with Section 148 of the Code.

ARTICLE III

Plan of Financing

301. Financing Program. The Bonds of the Issuer's are to refinance the SICIT Program at a lower interest cost. The Bonds are being issued to refinance the Program and to pay Issuance Costs of the Bonds as set forth above in Section 202(b).

302. No Device. No device (within the meaning of Section 149(d)(4) of the Code) will be employed in connection with the issuance of the Bonds to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates.

ARTICLE IV

Sources and Uses of Proceeds

401. General Statement of Uses. All of the Sale Proceeds described in Section 202(a) hereof are to be spent for the purposes set forth in Section 202(b) hereof.

402. Proceeds of the Bonds. All proceeds of the Bonds will be applied as provided in Article II and Article III.

403. Limitations on Private Business Uses, Payments and Security Interests. Unless otherwise approved upon the Issuer's request by a written Bond Counsel opinion, upon the Issuer's request:

(a) Not more than 5% of the proceeds of the Bonds will be—during the entire term of the Bonds—used, directly or indirectly, by one or more Nongovernmental Persons in a trade or business.

(b) Not more than 5% of the debt service on the Bonds will be—during the entire term of the Bonds—derived, directly or indirectly, from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used by any Nongovernmental Person in its trade or business.

(c) Not more than 5% of the debt service on the Bonds will be—during the entire term of the Bonds—secured, directly or indirectly, by any interest in property used or to be used by a Nongovernmental Person in its trade or business or by any interest in payments in respect of such property.

(d) Not more than 5% of the proceeds of the Bonds will be—during the entire term of the Bonds—used (directly or indirectly) to make or finance loans (or any arrangement treated as the economic equivalent of a loan under Federal income tax principles) to Nongovernmental Persons.

(e) Not more than 5% of the proceeds of the Bonds will be—during the entire term of the Bonds—used (directly or indirectly) to finance the acquisition of any nongovernmental output property.

(f) Except as otherwise advised by us as Bond Counsel, during the period beginning on the date of issuance of the Bonds and ending on the date that no Bond is outstanding, the Issuer has not entered and shall not enter into any management or service contract with any entity other than a governmental entity for the operation of any portion of the Prior Projects unless the management contract complies with the requirements of Revenue Procedure 97-13 or such other authority as may control at the time.

(g) The Exhibit hereto entitled **"Private Activity Bond Tests"** contains interpretive rules that govern for purposes of this Section.

(h) All investments shall comply with paragraph 205(c) above.

404. Allocation of Proceeds to Prior Expenditures. No Proceeds are being or will be allocated to the reimbursement of the Issuer for expenditures made prior to the date hereof other than in compliance with Section 1.150-2 of the Regulations.

ARTICLE V

Funds

501. Authorizing Ordinance -- Funds. The Authorizing Ordinance for the Bonds (also, the **"Bond Ordinance"**) establish the following Funds and Accounts for the purposes indicated:

Fund	Purpose
Bond Proceeds Fund	For the deposit of Proceeds pending application to finance Program costs (by transfer to the Initial Contribution Fund) and Issuance Costs not paid this date.
Debt Service Fund	For the temporary deposit of funds pending their application to pay principal of and interest on the Bonds.
Union County Levy Abatement Subaccount and Surplus Fund	For the temporary deposit of funds pledged to the payment of the Bonds which such funds may not qualify as a bona fide debt service fund and to the extent of such non-qualification are yield restricted and subject to Yield Reduction Payments.
Refunding Account	For the deposit of funds for the Refunding.

ARTICLE VI

Bond Yield

601. Aggregate Issue Price. The aggregate Issue Price at which the Bonds were sold is $2,067,313.75, with $--0-- accrued interest as of this date.

602. Bond Yield. The Issuer has calculated the Bond Yield; and the Bond Yield is 3.5354825%.

603. No Adjustments to Bond Yield. The provisions of Section 1.148-4 of the Regulations are applicable for purposes of determining the Bond Yield, as follows:

(A) The special yield calculation rule described in Section 1.148-4(b)(3) of the Regulations does not apply to the Bonds because:

(a) **(i)** the Bonds are not subject to optional redemption within five years of the Date of Issuance or **(ii)** the Bond Yield computed by assuming that all Bonds subject to redemption within five years of the Date of Issuance are paid at maturity is not more than 0.125% higher than the Bond Yield computed by assuming that all Bonds subject to redemption within five years of the Date of Issuance are redeemed at the earliest date for their redemption;

(b) the Bonds are not issued at a premium of more than 0.25% multiplied by the product of the maturity amount and the number of complete years to the first optional redemption date for the Bonds; and

(c) no Bond bears interest at increasing interest rates.

(B) The special yield calculation rule described in Section 1.148-4(b)(2)(ii) of the Regulations does not apply to the Bonds because no Bond subject to mandatory sinking fund redemption (if any) is being issued with original issue discount exceeding 0.25% multiplied by the product of the maturity amount of such Bond and the weighted average maturity of such Bond and all term Bonds of the same maturity (computed by taking into account mandatory sinking fund payments).

604. Interest Rate Hedge. The Issuer has not entered, and does not expect to enter, into any hedge agreement relating to the interest payable on the Bonds.

ARTICLE VII

Non-Arbitrage Certifications

701. Overissuance. The Bonds are being issued in an amount not exceeding the amount expected to be necessary to finance and refinance the Program and Issuance Costs, with no "excess" proceeds. The Actuarial Study has certified to the amount.

702. Single Issue. There are no other obligations **(a)** sold or to be sold within 15 days before or after the sale date of the Bonds, **(b)** sold pursuant to the same plan of financing with the Bonds based on the purposes and structure of the financing and **(c)** that will be paid out of substantially the same source of funds as will be used to pay the Bonds (determined without regard to guarantees from unrelated parties).

703. Debt Service Fund. Except as provided in the paragraph 704, the Debt Service Fund for the Bonds **(a)** will be used primarily to achieve a proper matching of revenues and debt service within each Bond Year, and **(b)** will be depleted at least once each Bond Year to an amount not to exceed the greater of **(i)** the Bond Year's earnings on the Debt Service Fund and **(ii)** 1/12th of the prior Bond Year's debt service on the Bonds.

704. No Other Sinking Funds. Except as noted in paragraph 501 with respect to the Union County Levy Abatement Subaccount the Issuer certifies that it does not expect that it will accumulate amounts of money in a fund or series of funds that is pledged, maintained or otherwise reasonably expected to be available to pay any debt service on the Bonds (or to replace funds used to pay principal of or interest on the Bonds), other than amounts (together with any investment earnings thereon) deposited in the Debt Service Fund and other amounts held to be applied to abatement of Levied Taxes before transfer to the Debt Service Fund.

705. Minor Portion. The Minor Portion (the **"Minor Portion"**) determined in connection with each issue of the Bonds is equal to the lesser of **(a)** 5% of the Sale Proceeds of the Bonds, and **(b)** $100,000.

706. No Replacement. No portion of the Proceeds of the Bonds will be used to replace any amounts invested in Nonpurpose Investments having a Yield in excess of the Bond Yield. No replacement proceeds (within the meaning of Section 1.148-1(c) of the Regulations) are expected to exist in connection with the Bonds because, in general, there are no amounts that would have been used for the governmental purposes of the Bonds if the Bonds

had not been issued, and the Bonds will not be outstanding longer than is reasonably necessary to accomplish the governmental purposes of the Bonds.

707. No Abusive Arbitrage Device. The Issuer certifies that the Bonds are not and will not be a part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the Regulations thereunder, **(a)** enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and **(b)** increasing the burden on the market for tax-exempt obligations. Specifically, the Proceeds do not exceed the amount necessary to accomplish the governmental purposes of the Bonds, as set forth in this Article; the Bonds are not issued earlier than necessary, as evidenced by the qualification of the Capital Improvement Bonds for the initial temporary period described below; and the Bonds will not be outstanding longer than necessary, as set forth in this Article.

708. No Intent to Redeem Prior to Maturity. The Issuer has no present expectation that it will receive or provide amounts to be used for the redemption of Bonds prior to maturity, other than pursuant to, as applicable, mandatory sinking fund installments, if any.

709. Subordinate Entities. There is no Subordinate Entity of the Issuer that has issued bonds in this calendar year.

710. Basis. This certification is based on facts, estimates and circumstances in existence on the date hereof as presented to us and upon which we are relying in preparing this Tax Compliance Memorandum/Advice. To the best of the Issuer's knowledge, information and belief, as presented to us and upon which we are relying in preparing this Tax Compliance Memorandum/Advice, the conclusions, representations and expectations set out in this certification with respect to the Project and the Bonds are reasonable, and there are no facts, estimates or circumstances that would materially change such conclusions, representations and expectations.

ARTICLE VIII

Investment of Proceeds

801. General Yield Restriction. The Issuer will not invest any amounts constituting Gross Proceeds of the Bonds in investments having a Yield in excess of the Bond Yield, except as otherwise expressly permitted below. Without limiting the foregoing, the Issuer will in the same manner as arbitrage rebate (paragraphs 901, 902 and 903 below) determine and, as applicable, pay Yield Reduction Payments. Notwithstanding the preceding sentence, the restrictions on investment yield contained in the following paragraphs may be disregarded with respect to any amounts if, in the written opinion of Bond Counsel requested by the Issuer, the provisions of Section 1.148-5(c) of the Regulations, relating to **"Yield Reduction Payments"** to the United States, apply to such amounts, and such payments are actually made in the amounts and at the times required by the Regulations.

802. Costs of Issuance. Proceeds of the Bonds applied to pay costs of issuance of the Bonds will be invested for a temporary period without restriction as to Yield pursuant to Section 148(c) of the Code and Section 1.148-2(e)(2) of the Regulations.

803. Debt Service Fund. Amounts deposited in the Debt Service Fund will be invested for a temporary period without restriction as to Yield pursuant to Section 148(c) of the Code and Section 1.148-2(e)(5)(ii) of the Regulations. See paragraph 703. The Union County Levy Abatement Subaccount is to hold funds pending qualification as a Bona Fide Debt Service Fund, subject to Yield Reduction Payments.

804. Proceeds Fund. Proceeds on deposit in the Bond Proceeds Fund and Initial Contribution Fund shall be invested without restriction as to Yield pursuant to Section 149(g) of the Code, as set forth above in paragraph 205.

805. Investment Proceeds. Investment Proceeds of the Bonds will be invested without restriction as to Yield for a temporary period commencing upon the date of receipt thereof and ending one year thereafter pursuant to Section 148(c) of the Code and Section 1.148-2(e)(6) of the Regulations, as set forth above in paragraph 205.

806. Universal Cap on Value of Nonpurpose Investments Allocated to the Bonds. The Issuer reasonably expects as of the date hereof that the universal cap under Section 1.148-6(b)(2) of the Regulations may apply to reduce the amount of Gross Proceeds allocable to the Bonds; therefore, the universal cap shall be applied on any date on which the Bonds have all of the following characteristics:

(a) no replacement proceeds are allocable to the Bonds, other than replacement proceeds in a bona fide debt service fund or a reasonably required reserve or replacement fund;

(b) the Net Sale Proceeds of the Bonds qualify for one of the temporary periods available for capital projects, restricted working capital expenditures or pooled financings, and those Net Sale Proceeds are in fact allocated to expenditures prior to the expiration of the longest applicable temporary period;

(c) the Bonds do not refund a prior issue that, on any transfer date, has unspent proceeds allocable to it;

(d) none of the Bonds is retired prior to the date on which those Bonds are treated as retired in computing the Bond Yield; and

(e) no Proceeds are invested in qualified student loans or qualified mortgage loans.

The Issuer has no forecasted or expected spending schedule for Bond Proceeds. The universal cap could or might apply such that certain amounts constituting Bond Proceeds would no longer constitute Bond proceeds subject to Yield Reduction Payments.

807. Investments in Certain Federally Insured Accounts. Less than 5% of the proceeds of the Bonds will be invested in deposits or accounts that are insured by any federally chartered corporation such as the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration, or any successor to any of the foregoing, disregarding for this purpose investments in a bona fide debt service fund; investments in a reasonably required reserve fund; investments in United States Treasury bonds; investments for an initial temporary period until needed for the purpose for which the Bonds were issued; and other investments permitted under the Code or the Regulations.

808. Valuation of Nonpurpose Investments and Bonds. The valuation of all Nonpurpose Investments hereunder (*e.g.*, for purposes of computing transferred proceeds, the universal cap, the allocation of commingled funds, and the amount permitted to be invested as part of the Minor Portion or a reasonably required reserve or replacement fund) shall be performed in accordance with Section 1.148-5(d) of the Regulations. The valuation of the Bonds hereunder (*e.g.*, for purposes of the universal cap) shall be performed in accordance with Section 1.148-4(e) of the Regulations.

809. Fair Market Value.

(a) *In General.* Whenever the Issuer shall purchase or sell, or cause any party to purchase or sell, any Nonpurpose Investment, such purchase or sale shall be made only at the fair market value of such Nonpurpose Investment. Except as described below, the fair market value of a Nonpurpose Investment is the price determined by reference to an established securities market for the Investment, as of the date on which a contract to purchase or sell the Investment becomes binding, at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction. The price shall not be adjusted to take into account **"administrative costs"** of the investment (within the meaning of Section 1.148-5(e)(1) of the Regulations) except as permitted by Section 1.148-5(e)(2) of the Regulations. The fair market value of a United States Treasury obligation purchased directly from the United States Treasury is its purchase price. The Escrow Account is funded with SLGS.

(b) *Guaranteed Investment Contracts.* An investment contract is a contract which is not a certificate of deposit entered into for purposes of investing Gross Proceeds of tax-exempt obligations with a party other than the issuer or borrower of tax-exempt obligations at an interest rate or rates specified in the contract if all obligations under the investment contract are purchased at par and retired or redeemed at par plus accrued interest. An investment contract will be deemed to be an investment purchased at its fair market value if:

(i) the Issuer or its agent makes a bona fide solicitation for the purchase of the investment. A bona fide solicitation is a solicitation that satisfies all of the following requirements: **(1)** the bid specifications are in writing and are timely forwarded to potential providers; **(2)** the bid specifications include all material terms of the bid (a term is material if it may directly or indirectly affect the yield or the costs of the investment); **(3)** the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying the requirements of Regulations § 1.148-5(d)(6)(iii)(B)(1) or (2); and **(4)** the terms of the bid specifications are commercially reasonable, i.e., there is a legitimate business purpose for the term other than to increase the purchase price or reduce the Yield on the investment;

(ii) the bids received by the Issuer meet all of the following requirements: **(1)** the Issuer receives at least three bids from providers that the Issuer solicited under a bona fide solicitation meeting the requirements of paragraph (i) above that do not have a material financial interest in the issue, such as a lead underwriter, financial advisory or a related party of the Issuer (a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue); any entity acting as a financial advisor with respect to the purchase of the investment at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and a provider that a is related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue; **(2)** at least one of the three bids is from a reasonably competitive provider; and **(3)** if the Issuer uses an agent to conduct the bidding process, the agent did not bid to provide the investment;

(iii) the winning bid is the highest yielding bona fide bid (determined net of any broker's fees); and

(iv) the provider of the investments or the obligor on the guaranteed investment contract must certify the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the investment.

In addition, the Issuer must retain the following items with the bond documents until three years after the Bonds are paid: **(1)** a copy of the investment contract; **(2)** the receipt or other record of the amount actually paid by the Issuer for the investments, including a record of any administrative costs paid by the Issuer, and the certification referred to in paragraph (iv) above; **(3)** for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results; **(4)** the bid solicitation form and, if the terms of the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(c) *Certificates of Deposit.* In the case of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal, the fair market value of the certificate is its purchase price if the yield on the certificate is not less than **(i)** the yield on reasonably comparable direct obligations of the United States, and **(ii)** the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(d) *Commingled Funds.* Gross Proceeds of the Bonds may be invested in a Commingled Fund only if the Commingled Fund complies with the special accounting rules set forth at Section 1.148-6(e) of the Regulations. Generally, this requires that, not less frequently than as of the close of each fiscal period, all payments and receipts (including deemed payments and receipts) on investments held by a Commingled Fund must be allocated (but not

necessarily distributed) among the different investors in the fund in accordance with a consistently applied, reasonable ratable allocation method. For this purpose, the term **"investor"** means each different source of funds invested in a Commingled Fund, and the term **"fiscal period"** means any consistent fiscal period adopted by the fund that does not exceed three months (such as a calendar year). Examples of reasonable ratable allocation methods include methods that allocate payments and receipts in proportion to either **(A)** the average daily balances of the amounts in the Commingled Fund from different investors during a fiscal period or **(B)** the average of the beginning and ending balances of the amounts in the Commingled Fund from different investors for a fiscal period that does not exceed one month.

In the case of a Commingled Fund in which the Issuer and any related party own more than 25% of the beneficial interests in the fund, unless the weighted average maturity of all investments held by the fund during a particular fiscal year does not exceed 18 months (and the only investments held by the Commingled Fund during that time are obligations), the Commingled Fund must mark-to-market all its investments either on the last day of each fiscal year or on the last day of each fiscal period and distribute the gains and losses so determined among the investors.

The mark-to-market requirement does not apply to a Commingled Fund that operates exclusively as a reserve fund, sinking fund or replacement fund for two or more issues of the Issuer. In such a case, investments held by the Commingled Fund must be allocated ratably among the issues served by the Commingled Fund in accordance with one of the following methods: **(A)** the relative values of the bonds of those issues; **(B)** the relative amounts of the remaining maximum annual debt service requirements on the outstanding principal amounts of those issues; or **(C)** the relative original stated principal amounts of the outstanding issues. An issuer must make any such required allocations at least every three years and as of each date that an issue first becomes secured by the commingled reserve. If relative original principal amounts are used to allocate, allocations must also be made on the retirement of any issue secured by the commingled reserve.

ARTICLE IX

Rebate of Excess Investment Earnings
Yield Reduction Payments

901. Complete Records. The Issuer shall maintain (or cause to be maintained) complete records pertaining to all Funds and all transfers thereto, deposits therein, disbursements and transfers therefrom and earnings thereon, including the date, amount and source of each payment to, and the date, amount, purpose and payee of each payment from, each such Fund. With respect to each Nonpurpose Investment, the Issuer shall maintain a record of the Purchase Price, purchase date, type of security, accrued interest paid, interest rate, principal amount, date of maturity, interest payment date, date of liquidation and amount received upon liquidation. Such records and all Excess Earnings Reports (including as to yield reduction payments) filed with the Issuer shall be retained by the Issuer for at least six years following the payment and retirement of the Bonds.

The Issuer is to comply with the attachment: Recordkeeping Requirements.

902. Preparation of Excess Earnings Report. The Issuer, except as otherwise provided herein, shall cause a Rebate Expert to prepare, within 60 *days* following each Rebate Determination Date, an Excess Earnings Report containing substantially all of the information set forth in the Exhibit hereto entitled **"Excess Earnings Report"** with respect to the Bonds. Each Report shall be dated as of such Rebate Determination Date, and shall be numbered consecutively from "1" upward in chronological order. Similarly, the Issuer shall determine and pay, as applicable, Yield Reduction Payments.

903. Payments to United States.

(a) Except as otherwise provided herein, to the extent and at the time set forth on Line 3 and note 7 of any Excess Earnings Report, the Issuer shall make payment to the United States of any and all amounts due and owing to the United States, including as arbitrage rebate and Yield Reduction Payments. Each such payment to the United States shall be mailed by certified mail (return-receipt requested), postage prepaid, to the designated office of

the Internal Revenue Service Center, presently, Ogden, Utah 84201, and shall be accompanied by a completed and executed copy of Internal Revenue Service Form 8038-T.

(b) In addition, upon a Determination of Rebate Deficiency, the Issuer shall promptly pay to the United States an amount equal to the correct rebate amount plus interest and, if so required by the Internal Revenue Service, the applicable penalty.

(c) In addition, the Issuer shall promptly pay to the United States an amount equal to the applicable Yield Reduction Payments in connection with Yield Restricted investments (including without limitation as related to the Pledged Account).

904. Certain Spending Exceptions. As of the issue date for the Bonds, the Issuer does not expect to have Proceeds subject to this paragraph 904, but if ever applicable, (a) or (b) below may apply: Paragraph 905 is expected to apply. Further, the Issuer will invest subject to the requirements of Paragraph 205(c) above concerning tax-exempt investments.

(a) **6-Month Spending Exception.** The reporting and payment provisions of this Article shall not be applicable to the Bonds if all of the Adjusted Gross Proceeds of such Bonds for the Project are expended (orderly allocated) for the purposes for which such Bonds were issued, not including the redemption of such Bonds, no later than the date that is six months after the date hereof under Section 1.148-7(c) of the Regulations; provided, however, that **(i)** an amount equal to the Minor Portion must be expended no later than the date that is one year after the date hereof; **(ii)** the reporting and payment provisions of this Article must be met for amounts not required to be spent within six months (excluding earnings on a bona fide debt service fund); and **(iii)** if any such Adjusted Gross Proceeds become available thereafter, the Issuer shall fully comply with the reporting and payment provisions of this Article with respect to such Adjusted Gross Proceeds.

(b) **18-Month Spending Exception**. The reporting and payment provisions of this Article shall not be applicable to the Bonds if the Adjusted Gross Proceeds of such Bonds after the Project are expended for the purposes for which such Bonds were issued, not including the redemption of such Bonds, in accordance with the schedule, as follows:

(A) at least 15% within 6 months;

(B) at least 60% within 12 months; and

(C) at least 100% within 18 months,

all according to Section 1.148-7(d) of the Regulations; provided, however, that **(i)** an amount equal to the Minor Portion must be expended no later than the date that is one year after the date hereof; **(ii)** the reporting and payment provisions of this Article must be met for amounts not required to be spent within six months (excluding earnings on a bona fide debt service fund); and **(iii)** if any such Adjusted Gross Proceeds become available thereafter, the Issuer shall fully comply with the reporting and payment provisions of this Article with respect to such Adjusted Gross Proceeds.

(c) **2-Year Construction Expenditure Exception**. The reporting and payment provisions of this Article shall not be applicable to the Bonds if the Adjusted Gross Proceeds of such Bonds after the Project are expended for the purposes for which such Bonds were issued, not including the redemption of such Bonds, in accordance with the schedule, as follows:

(A) at least 10% within 6 months;

(B) at least 45% within 12 months;

(C) at least 75% within 18 months,

(D) at least 100% within 2 years,

all according to Section 1.148-7(e) *et seq.* of the Regulations; provided, however, that **(i)** an amount equal to the Minor Portion must be expended no later than the date that is one year after the date hereof; **(ii)** the reporting and payment provisions of this Article must be met for amounts not required to be spent within six months (excluding earnings on a bona fide debt service fund); and **(iii)** if any such Adjusted Gross Proceeds become available thereafter, the Issuer shall fully comply with the reporting and payment provisions of this Article with respect to such Adjusted Gross Proceeds.

905. Small Issuer Exception. Pursuant to Section 148(f)(4)(D) of the Code, the Issuer is not excepted from the required rebate of arbitrage profits on the Bonds. The Issuer is a governmental unit with general taxing powers, none of the Bonds is a **"private activity bond"** as defined in Section 141(a) of the Code, and all the net proceeds of the Bonds are to be used for the local government activities of the Issuer (i.e., the Project), the aggregate face amount of all tax-exempt obligations (and excluding **"private activity bonds"** under Section 141 of the Code, but including **"qualified 501(c)(3) bonds"** under Section 145 of the Code) to be issued by the Issuer and all subordinate entities thereof (of which there are none) during the calendar year of issuance of the Bonds, including the Bonds, is reasonably expected to exceed $5,000,000. Since such $5,000,000 is exceeded, the Issuer reserves the right to use any applicable exception from such arbitrage rebate, including under Section 148(f)(4)(C) of the Code, and Section 1.148-7(d) of the Regulations, as described above in Section 904, or, as applicable, to Rebate excess investment earnings as described above in Article IX. In any event, all investments are to be in tax-exempt investments under paragraph 205(c) above.

906. Recovery of Overpayment of Rebate. The Issuer may recover an overpayment of rebate or yield reduction payments with respect to the Bonds by establishing to the satisfaction of the IRS Commissioner that the overpayment occurred. An overpayment is the excess of the amount paid to the United States for an issue under Section 148 of the Code over the sum of the rebate amount for the issue as of the most recent computation date and all amounts that are otherwise required to be paid under Section 148 as of the date the recovery is requested. An overpayment may be recovered only to the extent that a recovery on the date that it is first requested would not result in an additional rebate amount if that date were treated as a computation date. Except for overpayments of penalty in lieu of rebate under Section 148(f)(4)(C)(vii) of the Code and Regulation Section 1.148-7(k), an overpayment of less than $5,000 may not be recovered before the final computation date. See Regulations Section 1.148-3(i).

ARTICLE X

Factual Reliance

1001. Bond Opinion. This supplements our opinion as bond counsel in connection with the Bonds.

1002. Supplemental Written Advice. Accompanying our state or local bond opinion for the Bonds we are providing to the Issuer this supplemental written advice.

1003. No Significant Federal Tax Issues. We identify no Federal tax issue that is significant related to the Bonds.

1004. State Law Authorization. The Bonds are issued pursuant to the Authorizing Ordinance and for funding the Program. The Program will be effected as set forth in the Issuer's Arbitrage Certificates.

1005. Federal Tax Law Analysis.

(a) A self-insurance program, including a joint self-insurance program among The Counties of Pulaski and Union, Illinois, constitutes the Program to be refinanced. The Program constitutes an essential governmental activity. The Bonds constitute governmental bonds under Regulations Section 1.141-1. No part of the Bonds is a private activity bond.

(b) The Issuer has identified no subordinate entities that have issued bonds in this calendar year.

(c) Proceeds of the Bonds credited to the Bond Proceeds Fund as the Initial Contribution Fund (other than for Issuance Costs) qualify for investment as described in paragraph 205.

(d) Amounts for debt service are to be deposited into the Debt Service Fund and are to constitute a **"bonafide debt service fund"** under Regulations Section 1.148-1 and otherwise are to be deposited in the Pledged Account, the Union County Levy Abatement Subaccount or the Surplus Fund, subject to Yield Reduction Payments.

(e) This paragraph 1005 incorporates into this Tax Compliance Memorandum/Advice the Issuer's Arbitrage Certificates.

1006. Factual Representations, Statements or Findings Relied Upon. In connection with rendering our opinion as Bond Counsel in connection with the issuance of the Bonds, and with respect to this Tax Compliance Memorandum/Advice, we have relied upon certain of the Issuer's factual representations, statements or findings, as follows:

(i) Any principal amount of the Bonds to fund the Proceeds Fund and the Initial Contribution Fund.

(ii) The Program description.

(iii) The application of Bond proceeds to fund the Bond Proceeds Fund.

(iv) The existence of no subordinate entities having issued tax-exempt bonds in this calendar year.

(v) The amount of Bonds issued and to be issued in this calendar year under Code Sections 148(f)(4)(D) and 265(b)(3), and the Issuer's expectations for further debt in this calendar year and investments in tax-exempt investments under paragraph 205(c) above.

(vi) The Issuer's commitment to comply with the basic Bond Documents, including as to arbitrage rebate and yield reduction payments and investments in tax-exempt obligations under paragraph 205(c) above.

(vii) The Yield on the Bonds and the restriction on investments under paragraph 205 above.

ARTICLE XI

Modifications

1101. Further Instructions. If circumstances arise which are not specifically addressed in the above discussion of Federal tax requirements and in this Tax Compliance Memorandum/Advice with respect to the Bonds, the Issuer, at its sole cost and expense will seek advice of us or other Bond Counsel for more detailed instructions.

1102. Modification. The requirements described in this Tax Compliance Memorandum/Advice may change from time to time. Accordingly, the Issuer should seek advice from us or other Bond Counsel and, as appropriate, accept modifications to the requirements described herein to comply with the requirements of the Code and the Regulations, as well as rulings, legislation or judicial decisions, as may be or become applicable to the Bonds from time to time, so as not to cause interest on the Bonds to be included in gross income for federal income tax purposes or otherwise adversely affect the exemption of interest on the Bonds from federal income taxation. In addition, the Issuer need not comply with any requirement or requirements of this Tax Compliance Memorandum/Advice if it seeks and receives an opinion of Bond Counsel to the effect that failure to comply

therewith will not cause interest on the Bonds to be included in gross income for federal income tax purposes or otherwise adversely affect the exemption of interest on the Bonds from federal income taxation.

1103. No Bond Counsel Continuing Obligations. The present engagement and obligations of Bond Counsel in connection with the issuance of the Bonds shall terminate upon issuance this date of the Bonds. Further Bond Counsel undertakings are subject to request by the Issuer and engagement of Bond Counsel.

1104. Obligation to Contact Bond Counsel. If for any reason any representation, statement, or agreement related to this Tax Compliance Memorandum/Advice concerning the Bonds, related to the Issuer and its expectations as to the application and/or investment of Bond proceeds is not correct, the Issuer shall have the obligation to contact and seek a separate engagement and advice of Bond Counsel related thereto.

Very truly yours,

EVANS, FROEHLICH, BETH & CHAMLEY

By Kurt P. Froehlich
Kurt P. Froehlich, Ltd.

THE ABOVE TAX COMPLIANCE MEMORANDUM/ADVICE has been received, acknowledged and agreed to as of the Dated Date above. In connection therewith, The County of Union, Illinois is hereby making the representations, statements and findings indicated herein.

Further, in connection with lines 43 and 44 of the Form 8038-G for the Bonds, on behalf of the Issuer, the undersigned acknowledge the provisions of this Tax Compliance Memorandum/Advice (**"TCM/A"**) of Bond Counsel, and as to written procedures in connection with this TCM/A, the undersigned Chairman of the Board of Commissioners, as the Issuer's chief executive officer, hereby directs: **(1)** the County Treasurer to monitor the Issuer's compliance with the matters addressed in this TCM/A concerning but not limited to **"remedial action"** and compliance with Section 148 of the Code; and **(2)** the County Treasurer is to bring to the Issuer's auditor's attention this TCM/A and direct such auditors to comment on the Issuer's compliance with the Bond Ordinance and this TCM/A, in each case of (1) and (2) with respect to the Issuer's compliance with Section 148 of the Code, including without limitation as to, among other things, arbitrage rebate and yield reduction payments and as to any required **"remedial action"** that could or might be required under Section 1.148-12 of the Income Tax Regulations. The County especially acknowledges the investment restriction of paragraph 205 above.

Further, the County Treasurer is directed to report to the Chairman of the Board of Commissioners, semiannually on or about January 1 and July 1 in each year concerning the foregoing for the prior 6 month period including January 1 and July 1, as applicable, and otherwise as directed by the Board of Commissioners. As necessary, the County Treasurer is to consult the SICIT Chairman or other SICIT representative of other County insurance claim of representative or auditor in connection herewith.

THE COUNTY OF UNION, ILLINOIS

By: _____
Chairman of the Board of Commissioners

By: _____
County Treasurer

SCHEDULE OF EXHIBITS

Definitions
Description of Bonds
Excess Earnings Report
Form 8038-G (See Closing Item No. 2.06)
Private Activity Bond Tests
Elections
Recordkeeping Requirements
Remedial Actions

DEFINITIONS

"Adjusted Gross Proceeds" means Gross Proceeds less amounts **(i)** in a bona fide debt service fund, **(ii)** in a reasonably required reserve or replacement fund, **(iii)** that, as of the Date of Issuance, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the six-month spending period described in paragraph 904 of the Tax Compliance Memorandum/Advice, **(iv)** representing Sale or Investment Proceeds derived from payments under any **"purpose investment"** (as defined in the Regulations) allocated to the Bonds, **(v)** representing payments of **"grants"** (as defined in the Regulations) financed by the Bonds, and **(vi)** with respect to the six-month spending exception described in paragraph 904 of the Tax Compliance Memorandum/Advice, representing proceeds of the Prior Bonds (if any) that become transferred proceeds of the Bonds, other than taxable bonds.

"AMT Bond" means a specified private activity bond described in Section 57(a)(5)(c) of the Code.

"Arbitrage Certificates" means, collectively, the Issuer's Closing and Arbitrage Certificate, General Tax Certificate and Arbitrage Regulation Agreement, delivered concurrently with the issuance of the Bonds.

"Authorizing Ordinance" means the Bond Ordinance.

"Basic Bond Documents" means, collectively, the Bond Ordinance, Program Certificate and the Arbitrage Certificates.

"Bona fide debt service fund" means a fund or account that: **(1)** is used primarily to achieve a proper matching of revenues with principal and interest payments within each bond year; and **(2)** is depleted at least once each bond year (i.e. each December 2 to the next December 1 period), except for a reasonable carryover amount not to exceed the greater of: **(i)** the earnings on the fund for the immediately proceeding bond year; or **(ii)** one-twelfth of the principal and interest payments on the Bonds for the immediately preceding bond year.

"Bond Counsel" or **"bond counsel"** means Evans, Froehlich, Beth & Chamley or any other counsel of nationally recognized standing in matters pertaining to tax-exempt bonds.

"Bond Ordinance" has the meaning specified in this Tax Compliance Memorandum/Advice entitled **"Description of Bonds."**

"Bond Proceeds Fund" means the Initial Contribution Fund under the Trust Agreement.

"Bond Purchaser" / **"Underwriter"** means Bernardi Securities, Inc., as the underwriter of the Bonds.

"Bond Year" means the initial period beginning on the Date of Issuance and ending on December 1, 2014, and thereafter each one year period ending on December 1 or, if earlier, the day on which all outstanding Bonds are retired.

"Bond Yield" means the yield on the Bonds calculated in accordance with Regulations Section 1.148-4.

"Bonds" has the meaning specified in the preamble to this Tax Compliance Memorandum/Advice.

"Commingled Fund" means any fund or account if **(i)** the fund or account contains both Gross Proceeds of the Bonds and amounts in excess of $25,000 that are not Gross Proceeds of the Bonds, and **(ii)** amounts in the fund or account are invested collectively without regard to the source of funds deposited in the fund or account. For this purpose, an open-end regulated investment company (as defined in Section 851 of the Code) is not a Commingled Fund.

"Controlled Group" means a group of entities controlled directly or indirectly by the same entity or group of entities if the controlling entity possesses:

(i) the right or power both to approve and to remove without cause a controlling portion of the governing body of the controlled group; or

(ii) the right or power to require the use of funds or assets of the controlled entity for any purpose of the controlling entity.

An entity is not a controlled entity if it possesses substantial taxing, eminent domain and police powers.

"Debt Service Fund" means the Debt Service Fund under the Bond Ordinance.

"Date of Issuance" means February 20, 2014.

"Determination of Rebate Deficiency" means a judgment or order of a court of competent jurisdiction, or a final ruling, technical advice or decision of the Internal Revenue Service, or a written opinion of Bond Counsel to the effect that insufficient amounts have been paid to the United States under Section 148(f) of the Code and stating the amount of the deficiency (including interest and penalties) then due, and for purposes of this definition, a ruling or decision of the Internal Revenue Service shall be considered final if no appeal or action for a judicial review has been filed and the time for filing of such appeal has expired.

"Funds" means the funds identified in Article V of this Tax Compliance Memorandum/Advice.

"Gross Proceeds" means: **(a)** Proceeds; **(b)** amounts held from time to time in any of the Funds, including Investment Proceeds derived therefrom; and **(c) "replacement proceeds"** within the meaning of Section 1.148-1(c) of the Regulations.

"Guaranteed Investment Contract" has the meaning specified in paragraph 809(b) hereof.

"Investment Proceeds" generally means amounts actually or constructively received from investing the Proceeds of the Bonds and from reinvesting any such earnings.

"Investment Property" means any security, obligation, annuity contract, or investment-type property, including certain prepayments (as provided in Section 1.148-1(b) of the Regulations), that is held principally as a passive vehicle for the production of income, other than any Tax-Exempt Bond.

"Investment Securities" shall have the meaning set forth in the Bond Ordinance.

"Issuance Costs" has the meaning specified in paragraph 202(b) of this Tax Compliance Memorandum/Advice.

"Issue Price" means the initial offering price at which the first 10% of the Bonds of each maturity was sold by the Bond Purchaser, computed as described in Regulations Section 1.148-1(b).

"Minor Portion" has the meaning specified in paragraph 706 of this Tax Compliance Memorandum/Advice.

"Net Sale Proceeds" means Sale Proceeds, less the amount of Sale Proceeds invested in a reasonably required reserve or replacement fund or as part of a Minor Portion.

"Nongovernmental Person" means any individual or entity other than a state or local governmental unit.

"Nonpurpose Investment" means any Investment Property other than a **"purpose investment"** (as defined in the Regulations) acquired with Gross Proceeds of the Bonds.

"Proceeds" means Sale Proceeds, Investment Proceeds and transferred proceeds (as defined in Regulations Section 1.148-9).

"Proceeds Account" means the Project Subaccount under the Bond Ordinance.

"Program" shall have the meaning set forth in the Bond Ordinance.

"Purchase Price" means the fair market value of a Nonpurpose Investment on the date it is purchased, or, if later, the date on which the Nonpurpose Investment is allocated to the Bonds, regardless of the amount actually paid for such Nonpurpose Investment, without taking into account fees and commissions paid in connection with the acquisition of such Nonpurpose Investment except as permitted under Section 1.148-5(d) of the Regulations.

"Rebate Determination Date" means each of the following dates: **(a)** every fifth anniversary of the Date of Issuance (or such earlier date as the Issuer may elect in accordance with the Regulations); and **(b)** the earlier of the scheduled final maturity date of the Bonds or any date prior thereto on which all outstanding Bonds are paid and retired.

"Rebate Expert" means any person or firm expert in making the computations required under Section 148(f) of the Code, as selected by the Issuer.

"Sale Proceeds" means **(i)** any amounts actually or constructively received from the sale of the Bonds, including amounts used to pay underwriters' discount or compensation but excluding accrued interest that is to be paid within one year of the Date of Issuance, and **(ii)** amounts derived (on or after the date hereof) from the sale of a right that is associated with the Bonds (such as the Issuer's right to prepay the Bonds).

"Service" means the Internal Revenue Service.

"SLGS" means treasury obligations, State and Local Government Series, constituting the Investment Securities.

"Subordinate Entity" means an entity that is directly or indirectly controlled by the Issuer in the manner described under the definition of **"Controlled Group"** above.

"Tax-Exempt Bonds" means **(i)** any obligation, the interest on which is excludable from the gross income of the owner thereof for Federal income tax purposes, other than an AMT Bond, **(ii)** a certificate of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 CFR Part 344, and **(iii)** an interest in a regulated investment company to the extent that at least 95% of the income to the holder of the interest is interest that is excludable from gross income under Section 103(a) of the Code.

"Tax-Exempt Investments" has the meaning in paragraph 205(c) of this Tax Compliance Memorandum/Advice.

"Underwriter's Discount" has the meaning specified in paragraph 202(b) of this Tax Compliance Memorandum/Advice.

"Value," in reference to a Nonpurpose Investment, means the value of the Nonpurpose Investment as determined under Section 1.148-5(d) of the Regulations.

"Yield" means, with respect to the Bonds, the Bond Yield and, with respect to any other obligation or Investment Property, the yield calculated in accordance with Regulations Section 1.148-5(b).

"Yield Reduction Payments" means yield reduction payments under Regulations Section 1.148-5(c).

"Yield Restricted" means that a particular investment is restricted as to yield to the yield on the Bonds.

DESCRIPTION OF BONDS

THE COUNTY OF UNION, ILLINOIS

$2,040,000 General Obligation Refunding Limited Bonds, Series 2014

Authorization: Section 7 of Article VII (Local Government) of the Constitution of the State of Illinois and other applicable law, including the Counties Code: Ordinance No. 2014-2 adopted by the Board of Commissioners of the Issuer on January 24, 2014 (as supplemented and amended, the "**Bond Ordinance**" or the Authorizing Ordinance).

Purpose/Program: The refinancing at a lower interest cost of the County's self-insurance program, including share of supplementally funding a self-insurance Program through the Southern Illinois Counties Insurance Trust (**"SICIT"**).

Form and Numbers: Fully registered bonds in the denominations of $5,000 each and any authorized integral multiple thereof numbered consecutively from 1 upwards in order of their issuance.

Dated: Dated as of February 20, 2014.

Interest Payment Dates: The first day of each June and December, commencing December 1, 2014.

Maturities and Interest Rates: The Bonds bear interest and mature December 1 in each year, as follows:

SERIES 2014

Year	Principal Amount($)	Interest Rate(%)
2014	120,000	2.00
2015	140,000	2.00
2016	145,000	2.00
2017	145,000	2.00
2018	150,000	2.50
2019	155,000	2.50
2020	160,000	3.50
2021	165,000	3.50
2022	170,000	3.60
2023	175,000	3.85
2024	185,000	4.00
2025	190,000	4.10
2026	140,000	4.20

Security: The Bonds are general obligation bonds, to which the Issuer's full faith and credit is pledged, including a levy of taxes (the "**Levied Taxes**").

Underwriter: Bernardi Securities, Inc.

Depository: The Depository Trust Company, New York, New York.

Bond Registrar/Paying Agent: Hometown National Bank, LaSalle, Illinois.

Bond Insurance: Assured Guaranty Municipal Corp., New York, New York.

Policy: Municipal Bond Insurance Policy.

EXCESS EARNINGS REPORT

Report No. _____ Rebate Determination Date (1): _____, ___

1. Bond Yield (2): _____%

2. Net Excess Earnings by Fund:

Fund	Future Value of Nonpurpose Receipts (3)	Future Value of Nonpurpose Payments (4)	Net Excess Earnings (5)
Debt Service Account (6)	$	$	$
Proceeds Account			
Debt Service Stabilization Account			
TOTAL	$	$	$

3. Rebate Amount (7) $_____

Notes and Instructions

1. A Rebate Determination Date is either **(a)** every fifth anniversary of the date of issuance of the Bonds (or such earlier date as the Issuer may elect in accordance with the Regulations) and **(b)** the earlier of the scheduled final maturity date of the Bonds or any date prior thereto on which all outstanding Bonds are paid or retired.

2. The Bond Yield shall be computed (and modified after the Date of Issuance, if necessary) in accordance with Regulations Section 1.148-4.

3. **"Future Value of Nonpurpose Receipts"** means, in general terms, the future value, as of the Rebate Determination Date, of all amounts received on or before the Rebate Determination Date with respect to Nonpurpose Investments allocated to the Bonds. All calculations necessary to determine the Future Value of Nonpurpose Receipts must be made in compliance with the rules set forth in Regulations Section 1.148-3 and the Regulations cited therein.

4. **"Future Value of Nonpurpose Payments"** means, in general terms, the future value, as of the Rebate Determination Date, of all amounts paid on or before the Rebate Determination Date with respect to Nonpurpose Investments allocated to the Bonds, including computation credits, if any. All calculations necessary to determine the Future Value of Nonpurpose Payments shall be made in compliance with the rules set forth in Regulations Section 1.148-3 and the Regulations cited therein.

5. Calculate the difference between Future Value of Nonpurpose Receipts and Future Value of Nonpurpose Payments for each Fund. Net Excess Earnings for any Fund may be a negative number.

6. Future Values of Nonpurpose Receipts and Payments allocable to any bona fide debt service fund are not to be taken into account in computing the amount due to the United States.

7. On or before the 60th day following each Rebate Determination Date other than the final Rebate Determination Date, an amount not less than 90% of the amount set forth in Line 3 must be remitted to the Internal Revenue Service. In addition, on or before the 60th day following the final Rebate Determination Date, 100% of such amount must be remitted to the Internal Revenue Service. For mailing instructions, see the Tax Compliance Memorandum/Advice relating to the Bonds.

FORM 8038-G

IRS Forms 8038-G are separately set forth at Closing Item No. 2.06 in the transcript of proceedings relating to the Bonds.

PRIVATE ACTIVITY BOND TESTS

The following rules govern for purposes of applying the Private Activity Bond Tests in Article IV of this Tax Compliance Memorandum/Advice; a more complete statement of the rules is contained in Treasury Regulations Sections 1.141-0 through 1.141-15 and IRS Revenue Procedure 97-13:

A. General Rules

1. The Bonds may become a taxable issue of **"private activity bonds"** if more than 10% (5% under the circumstances described below) of the Proceeds (as defined in the next paragraph) are used directly or indirectly in the trade or business of any Nongovernmental Person (see **"Private Business Use Test"** below) and more than 10% (5% under the circumstances described below) of the principal or interest on the Bonds is **(a)** secured directly or indirectly by any interest in or payment in respect of the property or borrowed money used, or to be used, in such nongovernmental trade or business or **(b)** to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use (see **"Private Security or Payment Test"** below). In addition, the Bonds may become a taxable issue of private activity bonds if more than 5% (or, if lower, $5,000,000) of the Proceeds are used **(a)** to make loans to Nongovernmental Persons (see **"Private Loan Financing Test"** below) or **(b)** to acquire nongovernmental output property (see "Nongovernmental Output Property" below).

2. **"Proceeds"** refers to the sum of: **(a)** Sale Proceeds, other than those Sale Proceeds used to retire Bonds and that are not deposited in a reasonably required reserve or replacement fund, **(b)** Investment Proceeds that accrue during the period beginning on the Date of Issuance and ending (generally) on the date first to occur of 3 years or that the Project has been placed in service, **(c)** amounts (including property, such as an agreement to provide services) derived from the sale, exchange or other disposition of all or part of the Project (**"Disposition Proceeds"**) and **(d)** unless otherwise advised by Bond Counsel, amounts of the Issuer (other than sinking funds or pledged funds) that have a sufficiently direct nexus to the Bonds or to the Project to conclude that the amounts would have been used for the Project if the Proceeds were not, or were not to be, so used, within the meaning of Regs. § 1.148-1(c) (**"Replacement Proceeds"**).

3. Whenever the Issuer states that it **"reasonably expects"** or **"expects"** something to occur or not to occur, the statement refers to the Issuer's reasonable expectations concerning events and actions over the entire stated term of the Bonds; provided, however, that an event or action is disregarded if: **(a)** the Bonds are subject to mandatory redemption within six months of the date of such event or action and the other conditions set forth in Regs. § 1.141-2(d)(2)(ii) are satisfied, **(b)** the Project consists, in whole or in part, of personal property (such as police cars), which is disposed of in the ordinary course of an established governmental program, and the other conditions set forth in Regs. § 1.141-2(d)(4)

are satisfied or **(c)** the Bonds constitute an issue of general obligation bonds of a general purpose governmental unit that finances at least 25 separate purposes and does not predominantly finance fewer than four separate purposes, and the other conditions set forth in Regs. § 1.141-2(d)(5) are satisfied. If an unexpected event or action that would cause the Bonds to become private activity bonds occurs during the term of the Bonds, interest on the Bonds may become taxable unless an appropriate remedial action under Regs. § 1.141-12 is taken.

4. All governmental units and 501(c)(3) Organizations that are members of the same Controlled Group are treated as one person and all persons and entities other than governmental units and 501(c)(3) Organizations that are related within the meaning of Section 144(a)(3) of the Code are treated as one person.

B. Private Business Use Test

1. Any activity carried on by a Nongovernmental Person that is not a natural person, and any trade or business activity carried on by any person, is treated as private business use.

2. Any use of the Project pursuant to a special legal entitlement conferred on a Nongovernmental Person, such as an ownership interest, a lease, a management or incentive payment contract (except as provided in paragraph 8 below), certain research agreements or a take or pay or other output-type contract, is a private business use.

3. If the Project is not available for use by the general public, private business use may be established solely on the basis of a special economic benefit conferred on one or more Nongovernmental Persons, even if those Nongovernmental Persons have no special legal entitlements to use of the Project.

4. Use by an agent of the Issuer, use incidental to certain financing arrangements, use pursuant to a contract encompassing fewer than 180 days, temporary use by a developer, certain incidental uses (such as telephone booths) and certain qualified improvements are not treated as private business use if the conditions set forth in Regs. § 1.141-3(d) are satisfied.

5. The amount of private business use (other than ownership) of the Project is equal to the average annual private business use of the Project during the period beginning on the later of the Date of Issuance or the date the Project is placed in service, and ending on the earlier of the last date of the reasonably expected economic life of the Project or the latest maturity date (or mandatory redemption date) of the Bonds; the amount of private business use resulting from ownership of a portion of the Project by a Nongovernmental Person is the greatest percentage of such ownership in any one-year period.

6. Proceeds that are used to pay costs of issuance, invested in a reserve or replacement fund or paid as fees for a qualified guarantee or a qualified hedge

must be allocated ratably among the other purposes for which the Proceeds are used.

7. The 10% allowance for private business use and private security or payment (see Section C below) is reduced to 5% if the private business use is not related and proportionate to the governmental use. In order to be related, a facility that is used for a private business use must generally be located within, or adjacent to, the governmentally used facility. In order to be proportionate, the amount of Proceeds used for the private business use may not exceed the amount of Proceeds used for the related governmental use.

8. A management, service or incentive payment contract with a Nongovernmental Person with respect to a bond-financed facility gives rise to private business use unless:

   (a) The services are incidental to the primary function of the facility (such as janitorial, equipment repair and billing services); or

   (b) The contract grants admitting privileges to a doctor on an equal basis with other qualified doctors; or

   (c) The contract is for the operation of public utility property and limits compensation to reimbursement for the service provider's expenses (including overhead); or

   (d) The contract is for the provision of services and limits compensation to reimbursement for the service provider's expenses (not including overhead); or

   (e) The contract contains all of the following features:

      (i) The service provider receives not more than reasonable compensation for services rendered and reimbursement for expenses; and

      (ii) The service provider is not compensated (in whole or in part) on the basis of a share of net profits derived from the facility; and

      (iii) Not more than 20% of the voting power of the governing body of the governmental unit is vested in the service provider and its directors, officers, shareholders and employees, and any overlapping board members do not include the chief executive officers of the service provider or the governmental unit; and

      (iv) The governmental unit and the service provider are not related persons; and

(v) The maximum term (including renewal options enforceable by the service provider) and cancellation protection are as set forth in the table below for the applicable type of compensation:

Type of Compensation	Maximum Term	Cancelable Without Penalty at End of
95% Fixed (including CPI adjustments and 1 predetermined incentive award)	Public Utility Property: 20 years Other Property: Lesser of 80% of project useful life and 15 years	No Provision
80% Fixed (including CPI adjustments and 1 predetermined incentive award)	Public Utility Property: 20 years Other Property: Lesser of 80% of project useful life and 10 years	No Provision
50% Fixed (including CPI adjustments)	5 years	3rd year
Per Person or combination of Fixed and Per Person	5 years	3rd year
Per Unit or combination of Fixed and Per Unit	3 years	2nd year
Percentage of Fees or combination of Per Unit and Percentage of Revenue or Expense (including Percentage of Gross or Adjusted Gross Revenues or Expenses during start-up period)	2 years	1st year
Net Profits (including percentage of net revenues but not including certain predetermined productivity rewards)	Not Permitted	Not Permitted

C. Private Security or Payment Test

1. The security for, and payment of debt service on, the Bonds is determined from both the terms of the Bond documents and on the basis of any underlying arrangement between the Issuer and a Nongovernmental Person.

2. In determining whether the Bonds meet the Private Security or Payment Test, the present value (at the Bond Yield or, in the case of variable rate Bonds, at the initial rate on the Bonds) of the payments or property taken into account under

Regs. § 1.141-4(c) is compared to the present value of the debt service to be paid over the term of the Bonds, with the adjustments set forth in Regs. § 1.141-4(b).

3. Generally applicable taxes are not treated as private business payments as long as such taxes are not in the nature of fees for goods or services, have a uniform tax rate that is applied to all persons of the same classification in the appropriate jurisdiction and have a generally applicable manner of determination and collection.

4. Private business payments and security are allocated among different sources of funding for the same project in accordance with the provisions of Regs. § 1.141-4(c)(3).

D. Private Loan Financing Test

1. Any transaction that is generally characterized as a loan for federal income tax purposes is a loan for purposes of the Private Loan Financing Test. In addition, a loan may arise from the direct lending of Proceeds or may arise from transactions in which indirect benefits that are the economic equivalent of a loan are conveyed.

2. In determining whether the Proceeds are used to make or finance loans, indirect, as well as direct, use of the Proceeds is taken into account, without discounting the amount loaned to reflect the present value of the loan repayments.

3. Prepayments, grants and tax assessment loans are not treated as loans for purposes of the Private Loan Financing Test if the conditions in Regs. § 1.141-5(c) and (d) are satisfied.

E. Nongovernmental Output Property

1. The limitation on using Proceeds for Nongovernmental Output Property applies generally to the acquisition of existing energy facilities from a Nongovernmental Person.

2. Certain limited exceptions to this rule apply where the Issuer has historically supplied energy in the same service area (including certain annexed areas) as that served by the facilities to be purchased.

F. Application to Refundings.

1. Separate Testing; Amount of Private Business Use of Refunding Issue. The Bonds here are a **"refunding issue."** In general, a refunding issue and a prior issue are to be tested separately for purposes of the private activity bond tests. In applying the private business use test and the private loan financing test to a refunding issue, the proceeds of the refunding issue are to be allocated to the same expenditures and purpose investments as the proceeds of the prior issue, and except when applying the private business use test to an issue that refunds a governmental bond (as described below), the amount of private business use of a

refunding issue is based on the measurement period for that issue (that is, without regard to private business use that occurred prior to the issue date of the refunding issue).

In applying the private business use test and the private loan financing test to a refunding issue that refunds a prior issue of governmental bonds, the amount of private business use of the refunding issue is the amount of private business use during

(A) the combined measurement period, or

(B) at the option of the Issuer (which option is not taken here), during a shortened measurement period relating to the refunding issue, but only if (without regard to reasonable expectations but taking into account deliberate action subsequent to the issue date that causes the conditions of the private activity bond tests to be met) the prior issue did not satisfy the private business use test based on a measurement period beginning on the first day of the combined measurement period and ending on the issue date of the refunding issue.

A governmental bond includes any bond that when issued purported to be a governmental bond or qualified 501(c)(3) bond.

2. Combined Measurement Period. Except for certain refundings of bonds issued before May 16, 1997, the combined measurement period is the period that begins on the first day of the measurement period for the prior issue (or the first issue of governmental bonds in a series of refundings of governmental bonds,) and ends on the last day of the measurement period for the refunding issue.

3. Separate Issue Treatment. First, if the amount of private business use of a refunding issue is based on the amount of private business use for the issue determined in accordance with the shortened period as described above, then the amount of private security and private payments allocable to the refunding issue is determined under the private security or payment test by treating the refunding issue as a separate issue.

   Second, if the amount of private business use of a refunding issue is based on the amount of private business use based on the combined measurement period for that issue, then the amount of private security and private payments allocable to the issue is determined by treating the refunding issue, and all earlier issues taken into account, in determining the combined measurement period as a combined issue.

4. Present Value Test for Combined Measurement Period. For purposes of applying the private security or payment test based on a combined measurement period, the present value of security and payments is compared to the present value of debt service on the combined issue (excluding debt service paid with proceeds of any refunding issue), computed as of the issue date of the earliest issue taken into

account in determining the combined measuring period, using the yield of the combined issue as the discount rate, determined by taking into account payments on the refunding issue and all earlier issues taken into account in determining the combined measurement period.

5. Certain allocations. If only a portion of the original principal amount of a prior issue is refunded, the refunded portion is treated as a separate issue and any private security or payments with respect to the prior issue are allocated ratably between the combined issue and the unrefunded portion, based on relative debt service.

   In general, except for purposes of the private loan financing test and for bonds used to acquire nongovernmental output property, the arbitrage rules apply for allocations involving the refunding purposes of an issue. An allocation may be made at any time, but an allocation once made may not be changed. An allocation is not reasonable if it achieves a more favorable result under Section 141 of the Code than could be achieved with actual separate issues. The issue to be allocated and each of the separate issues must consist of one or more tax-exempt bonds.

6. Reasonable Expectations Applied. An action that would otherwise cause a refunding issue to meet the private activity bond tests is not taken into account under the reasonable expectations test if it is not a deliberate action, and if the weighted average maturity of the refunding bonds is not greater than the weighted average reasonably expected economic life of the property financed with the prior bonds.

7. Issuance Costs. For purposes of applying the private business use test to a refunding issue, the use of the proceeds of the prior issue (or earlier issue in a series) to pay issuance costs of the prior issue is treated as a governmental use.

8. Limitation on Advance Refunding of Private Activity Bonds. As a general rule, private activity bonds may not be advance refunded regardless of whether the refunding issue consists of private activity bonds. For this purpose, a private activity bond includes a qualified bond under Section 141(e) of the Code (being any private activity bond generally) other than a qualified 501(c)(3) bond and does not include a taxable bond.

9. No Partial Refunding. The portion of the Prior Obligations being advance refunded is 100%.

RECORDKEEPING REQUIREMENTS / GOVERNMENTAL BONDS

(a) Records Retention. The Issuer shall use its best efforts to retain all records relating to the Bonds and the use and expenditure of the proceeds thereof, as outlined below.

(b) Records to be Retained. The types of records to be retained include, but are not limited to, the following:

(i) Transaction Documents. All legal and closing documents relating to the Bonds, including, but not limited to, as applicable: indentures, escrow agreements, trust or other fiscal agreements, resolutions, ordinances, notices, tax certificates, opinions of counsel (either at closing or subsequently), pricing information, cash flows, any and all amendments to the foregoing and any and all documents included in the transcript with respect to the Bonds, or amending or subsequent supplementing transcript documents.

(ii) Expenditure of Gross Proceeds. Documentation: **(A)** evidencing the expenditure of sale and investment proceeds of the Bonds and including any declarations of official intent to reimburse expenditures, projected and actual draw schedules, requisitions, records of compliance with **"spend down"** requirements, and any funds flow memoranda; **(B)** evidencing the specific assets financed or refinanced by proceeds of the Bonds including any feasibility studies and including an accounting method for identifying and tracking those assets. See also Sections (f) and (g), below "Use of Bond Financed Assets;" **(C)** setting forth all funds and accounts relating to the Bonds, including debt service funds, reserve funds, sinking funds, depreciation and pledged funds, and any agreements with respect to such funds; **(D)** pertaining to the investment of the Gross Proceeds of the Bonds, including, but not limited to, as applicable: the offering of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds (including gain or loss on sale of investments), guaranteed investment contracts (**"GIC"**) and evidence of compliance with bidding requirements for any GIC or yield restricted escrow, rebate calculations, credit enhancement, swap transactions, verification reports, float forward agreements, and brokerage and similar fees.

(c) Disposition of Financed Property. Documentation, if applicable, evidencing the sale or other disposition of the financed property including any records of remediation action and records of any VCAP (Voluntary Closing Agreement Program) or other settlements with the IRS.

(d) Economic Life Data. Documentation evidencing the economic life of the assets financed and refinanced with proceeds of the Bonds including any substituted assets.

(e) Allocation. Documentation evidencing any allocations with respect to the Gross Proceeds of the Bonds and the accounting method chosen including LIFO, FIFO, direct tracing, or **"bond-proceeds spent-first,"** including documentation of all elections or allocations.

(f) Use of Bond Financed Assets; Private Security or Payments. Documentation: **(A)** evidencing the location, use and ownership of the property financed or refinanced with proceeds of the Bonds, including leases, management contracts, service agreements and other arrangements for the use and ownership of such property; and **(B)** evidencing sources of payment or security for the Bonds, including liquidity covenants and negative covenants, mortgages and any agreements with respect thereto.

(g) Use of Bond Financed Assets; Private Use. Documentation: **(A)** evidencing **(i)** correlation between bond issues and financed or refinanced facilities, **(ii)** allocation of Bond proceeds to expenditures, including reimbursement of pre-issuance expenditures, **(iii)** non-bond proceeds expenditures and sources, **(iv)** Bond proceeds expenditures, and **(v)** private use of Bond-financed facilities; **(B)** records of private use including sale, lease, non-qualified management or other service contract, non-qualified research contract, and any special legal entitlement; and **(C)** records of all remedial actions and VCAP or other closing arrangements with the IRS.

(h) Tax Returns and Related Information. As applicable: IRS Forms 8038, 8038-G, 8038-T, 8038-R and 8038-CP, and, if relevant, Forms 8328 and 8703, and proof of filing, and information in regard to the pricing of the Bonds, yield calculations, weighted average maturity calculations, other information included in the 8038-G statistics report, verification reports and arbitrage rebate reports.

(i) Derivatives Contracts. All derivatives contracts, including swap confirmations and copies of swap identification forms (including rate lock contracts), forward contracts, and forward float contracts.

(j) Other Contracts Affecting Bond Yield. With respect to Bond Yield, all documents related to qualified guarantees (including insurance policies, guarantees, letters of credit, lines of credit and standby bond purchase agreements), surety bonds, put options and call options with respect to the Bonds, and forms of credit enhancement provided by borrower, related or unrelated parties, even if not paid from Bond proceeds.

(k) Arbitrage. Documentation evidencing computation of yield, allocation of Bond proceeds, compliance with **"temporary period"** expectations, fair market value (FMV) purchase (including **"bidding"** under safe harbor), counsel's approval of post-issuance credit enhancement or hedging transactions (e.g., bond insurance, letter of credit, interest rate swap, cap) and identifying **"qualified hedge"** contracts.

(l) Investment of Bond Proceeds. Documentation, as applicable, evidencing the offering and purchase of securities including evidence of compliance with bidding requirements, GICs and other investments, SLGs subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, and rebate calculations.

(m) Bond-specific Documentation. Documentation, as applicable: **(A)** evidencing compliance with the expenditure of at least 90% of **"net proceeds"** on qualifying costs; **(B)** evidencing elections made with respect to the Bonds including multi-purpose allocations, election to treat a portion as a construction issue exempt from rebate, election to apply transition

(grandfather) rules or to apply proposed or temporary regulations or to elect into regulations which are not otherwise applicable to the Bonds.

(n) Safe Harbor. Documentation evidencing compliance with the safe harbor bidding procedure for investment contracts and defeasance escrows.

(o) Nonpurpose Investments. With respect to nonpurpose investments deposited into or held in any fund or account in connection with the Bonds, information to be recorded and retained, as follows: 1-Purchase date; 2-Purchase price; 3-Information establishing that the purchase price is the fair market value as of the acquisition date (e.g., the published quoted bid by a dealer in such an investment on the date of purchase); 4-Any accrued interest paid; 5-Face amount; 6-Coupon rate; 7-Schedule of interest payments; 8-Disposition price; 9-Accrued interest received; and 10-Disposition date.

(p) Rebate/Yield Reduction Payments. Documentation evidencing **(i)** Rebate Payments (first installment due on the 5th anniversary of the Bonds plus 60 days, with additional installments every 5 years and a final installment 60 days after retirement (or redemption)) of the Bonds; and **(ii)** Yield Reduction Payments (in a manner similar to Rebate Payments).

(q) Material Event Disclosure. In the case of Rule 15c2-12, documentation evidencing any (and all) of the following events (and the date of each), as applicable: Principal and interest payment delinquencies; Non-payment related defaults, if material; 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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS For 5701-TEB) or other material events affecting the tax status of the security; Modifications to the rights of security holders, if material; Bond calls, if material, and tender offers; Defeasances; Release, substitution or sale of property securing repayment of the securities; Rating changes; Bankruptcy, insolvency, receivership or similar event of the Issuer; The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; Appointment of a successor or additional trustee of the change of name of a trustee, if material.

(r) Records Retention Policies and Procedures.

(i) Record Format. All records should be kept either in hard copy or electronic format allowing for complete access during the applicable period (generally ending 3 years after all of the Bonds are retired). Electronic records should comply with the requirements of Revenue Procedure 97-22, 1997-1 C.B. 652. Electronic record retention must also retain functional electronic or other devices or another retrieval system that indexes, stores, preserves, retrieves and reproduces all transferred information, and provides adequate cross-referencing with the Issuer's books and records.

(ii) Required Retention Periods. The Issuer shall retain records until 6 years following the final retirement of the Bonds.

(iii) Failure to Retain Records. Failure to maintain material records described herein **(1)** may result in the inclusion of interest on the Bonds in gross income for federal income tax purposes, and **(2)** could cause additional arbitrage rebate or yield reduction payments to be owed and **(3)** could result in substantial and expensive record reconstruction activities.

REMEDIAL ACTIONS

The Issuer could or might take an action that inadvertently or deliberately (for example, and not as a limitation, sale or lease to, or a management contract with a private party) affects the tax-exempt status of the interest of the Bonds. [Reference in this part of the TCM/A to **"bonds"** includes any debt instrument.]

I. **General Rule.** An action that causes the private activity bond tests or private loan financing test to be met is not treated as a deliberate action if the Issuer takes a specified remedial action and all of the following requirements are met.

A. **Reasonable Expectations.** The Issuer reasonably expects on the date of this bond issue that the bonds would not meet either the private activity bond tests or the private loan financing test for the entire term of the bonds. If a deliberate action is taken during the term of the bonds and the special redemption requirements are met (See II.A. below), the term of the bonds for this purpose may be determined taking into account such redemption provisions.

B. **Maturity Not Unreasonably Long.** The term of the issue must not be longer than reasonably necessary for the governmental purposes of the issue.

C. **Fair Market Value Consideration.** Except with respect to the alternative use of facility remedial action described in II.C. below, the terms of any contracts, agreements or arrangements that result in satisfaction of either the private activity bond tests or the private loan financing test are bona fide and arm's length and the new user pays fair market value for its use.

D. **Disposition Proceeds.** The Issuer must treat any disposition proceeds as gross proceeds for the purposes of Section 148 of the Code.

E. **Proceeds Expended.** Except with respect to the redemption or defeasance remedial action, the proceeds of the issue affected by any deliberate action must have been expended before the deliberate action.

II. **Alternatives For Remedial Action.**

A. **Redemption Or Defeasance Of Nonqualified Bonds.**

a. If there is a transfer exclusively for cash, the requirements are satisfied if the disposition proceeds are used to redeem a pro rata portion of the nonqualified bonds within 90 days of the deliberate action or establish a defeasance escrow or other refunding account within such period. If the deliberate action does not involve a transfer exclusively for cash, funds other than proceeds of a tax-exempt bond must be used to redeem all the nonqualified bonds within 90 days of the deliberate action or a defeasance escrow must be established within such period.

b. If a defeasance escrow or other refunding is established, the Issuer must

notify the IRS (Chief, Employee Plans and Exempt Organizations Division of the appropriate district office) of the establishment of the defeasance escrow within 90 days of the date the escrow or refunding account is established.

c. Notwithstanding the foregoing, the establishment of a defeasance escrow or refunding account will not be considered a remedial action if the period between the issue date and the first call date is more than 10.5 years.

B. **Alternative Use Of Disposition Proceeds.** Use of disposition proceeds for an alternative qualifying use is a remedial action, if:

a. The deliberate action involves a transfer exclusively for cash.

b. The Issuer reasonably expects to spend the disposition proceeds within 2 years of the deliberate action.

c. The disposition proceeds are used in a manner that does not cause the issue to meet either the private activity bond tests or the private loan financing test. (In the case of use by a 501(c)(3) organization, the bonds must be treated as reissued for the purposes of Code Sections 141, 145, 147, 149 and 150.)

d. Any disposition proceeds not so used are used for another authorized remedial action.

C. **Alternative Use Of Facility.** Alternative qualifying use of a facility is treated as a remedial action if all of the following are met:

a. The facility is used in an alternative manner *(i.e.,* use by a nongovernmental person for a qualifying purpose or, as applicable, use by a 501(e)(3) organization).

b. The nonqualified bonds are treated as reissued as of the date of deliberate action for purposes of Sections 55-59, 141-147, 149 and 150 of the Code. Under this treatment, the nonqualified bonds are treated as qualified bonds throughout the remaining term.

c. The deliberate action does not involve a transfer to a purchaser that finances the acquisition with proceeds of tax-exempt bonds.

d. Any disposition proceeds other than those arising from contract or agreement or arrangement to provide services are used to pay debt service on the bonds on the next debt service payment date or are deposited in a yield restricted escrow or refunding account within 90 days of receipt to pay debt service on bonds on the next available debt service payment date. (Note that under Code Section 147(d), the existing property limitation, does not apply.)

D. Other Remedial Action.

a. General. The Commissioner of the IRS may provide additional remedial actions.

b. Rev. Proc. 97-15. This procedure establishes an IRS closing agreement procedure applicable to failures to meet the requirements for excludability of interest from gross income in Code Sections 141 through 150 that can be remediated under §§ 1.141-12, 1.142-2, 1.144-2, 1.145-2 or 1.147-2 of the Income Tax Regulations. The revenue procedure has no effect on the application of Sections 150(b) and (c) of the Code.

c. Payment In Lieu of Taxability. In the case of a closing agreement providing that the interest on bonds will not be includible in the gross income of bondholders, Rev. Proc. 97-15 requires, among other things, that the issuer agree to redeem the nonqualified bonds on the next redemption date and pay a closing agreement amount equal to an estimate of the federal tax liability that is not required to be paid by holders with respect to interest accruing on the nonqualified bonds, as computed in accordance with Rev. Proc. 97-15.

d. AMT Payments. In the case of a closing agreement providing that the interest on bonds will not be treated as an item of tax preference for purposes of the alternative minimum tax, Rev. Proc. 97-15 requires, among other things, that the issuer pay a closing agreement amount equal to an estimate of the federal tax liability that is not required to be paid by holders because of this treatment, as computed in accordance with Rev. Proc. 97-15.

E. Definition Of Nonqualified Bonds. The percentage of outstanding bonds that are nonqualified bonds equals the highest percentage of private business use in any one year period commencing with the deliberate action. Allocations to nonqualified bonds must be made on a pro-rata basis, except that for the purposes of the remedial action, the issuer may treat bonds with longer maturities as the nonqualified bonds.

F. Proposed Remedial Action Regulations. On July 21, 2003, the IRS released proposed Regulations relating to the taking of remedial action with respect to changes in use of bond-financed property. These Income Tax Regulations would redefine the term **"nonqualified bonds"** to mean the bonds of the issue approximately attributable to the excess of the amount of private business use over the amount of private business use otherwise permitted (10% or 5%, depending on which rule applies). These Income Tax Regulations would also substitute an extension of average maturity test for the selection of nonqualified bonds rather than choosing bonds on a bond by bond basis. These Income Tax Regulations would be effective on a prospective basis, although these Income Tax Regulations expressly state that they may be applied to changes in use occurring before the adoption of final Regulations.

ASSURED GUARANTY
MUNICIPAL

February 14, 2014

VIA OVERNIGHT MAIL

Kurt P. Froehlich, Esq.
Evans, Froehlich, Beth & Chamley
44 Main Street, 3rd Floor
Champaign, Illinois 61820

Re: $2,040,000 in aggregate principal amount of The County of Union, Illinois General Obligation Refunding Limited Bonds, Series 2014 (Policy No. 215936-N)

Dear Mr. Froehlich:

Enclosed herewith please find Assured Guaranty Municipal Corp.'s ("AGM") original Municipal Bond Insurance Policy (the "Policy") relating to the above-referenced issue scheduled to close on February 20, 2014. The Policy should be held in escrow by you subject to the terms of our transmittal letter of even date herewith detailing the conditions to the release of the Policy.

Please forward said Policy to the Paying Agent/Trustee for this transaction.

Please contact me if you have any questions about the enclosed document.

Very truly yours,

Audrey A. Udit
Closing Coordinator

Enclosures

Assured Guaranty Municipal Corp.

31 West 52nd Street
New York, NY 10019

main 1 212 826 0100
fax 1 212 688 3101

info@assuredguaranty.com

www.assuredguaranty.com

ASSURED GUARANTY
MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: The County of Union, Illinois

BONDS: $2,040,000 in aggregate principal amount of General Obligation Refunding Limited Bonds, Series 2014

Policy No.: 215936-N

Effective Date: February 20, 2014

Premium: $29,387.63

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on 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 unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer 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. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019

(212) 826-0100

Form 500NY (5/90)

NOTICE OF CLAIM AND CERTIFICATE

Assured Guaranty Municipal Corp.
31 West 52nd Street
New York, NY 10019

The undersigned, a duly authorized officer of [FULL NAME OF TRUSTEE or PAYING AGENT] (the "Trustee/Paying Agent"), hereby certifies to Assured Guaranty Municipal Corp. ("AGM"), with reference to Municipal Bond Insurance Policy No. 215936-N dated February 20, 2014 (the "Policy") issued by AGM in respect of the The County of Union, Illinois General Obligation Refunding Limited Bonds, Series 2014 (the "Bonds"), that:

(i) The Trustee/Paying Agent is the Trustee/Paying Agent under the document authorizing the issuance of the Bonds (the "Indenture") for the Holders.

(ii) The sum of all amounts on deposit (or scheduled to be on deposit) in the [RELEVANT ACCOUNTS] and available for distribution to the Holders pursuant to the Indenture will be $_____ (the "Shortfall") less than the aggregate amount of principal and interest Due for Payment on _____("Scheduled Payments").

(iii) The Trustee/Paying Agent is making a claim under the Policy for the Shortfall to be applied to the payment of Scheduled Payments.

(iv) The Trustee/Paying Agent agrees that, following receipt of funds from AGM, it shall (a) hold such amounts in trust and apply the same directly to the payment of Scheduled Payments on the Bonds when due; (b) not apply such funds for any other purpose; (c) not commingle such funds with other funds held by the Trustee/Paying Agent and (d) maintain an accurate record of such payments with respect to each Bond and the corresponding claim on the Policy and proceeds thereof, and, if the Bond is required to be [SURRENDERED/PRESENTED] for such payment, shall stamp on each such Bond the legend $"[insert applicable amount] paid by AGM and the balance hereof has been canceled and reissued" and then shall deliver such Bond to AGM.

(v) The Trustee/Paying Agent, on behalf of the Holders, hereby assigns to AGM the rights of the Holders with respect to the Bonds to the extent of any payments under the Policy, including, without limitation, any amounts due to the Holders in respect of securities law violations arising from the offer and sale of the Bonds. The foregoing assignment is in addition to, and not in limitation of, rights of subrogation otherwise available to AGM in respect of such payments. Payments to AGM in respect of the foregoing assignment shall in all cases be subject to and subordinate to the rights of the Holders to receive all Scheduled Payments in respect of the Bonds. The Trustee/Paying Agent shall take such action and deliver such instruments as may be reasonably requested or required by AGM to effectuate the purpose or provisions of this clause (v).

(vi) The Trustee/Paying Agent, on its behalf and on behalf of the Holders, hereby appoints AGM as agent and attorney-in-fact for the Trustee/Paying Agent and each such Holder in any legal proceeding with respect to the Bonds. The Trustee/Paying Agent hereby agrees that, so long as AGM shall not be in default in its payment obligations under the Policy, AGM may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim in connection with an Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment made with respect to the Bonds (a "Preference Claim"), (B) the direction of any appeal of any order relating to any Preference Claim at the expense of AGM but subject to reimbursement as provided in the Indenture and (C) the posting of any surety, supersedes or performance bond pending any such appeal. In addition, the Trustee/Paying Agent hereby agrees that AGM shall be subrogated to, and the Trustee/Paying Agent on its behalf and on behalf of each Holder, hereby delegates and assigns, to the fullest extent permitted by law, the rights of the Trustee/Paying Agent and each Holder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(vii) Payment should be made by wire transfer directed to [SPECIFY INSURANCE ACCOUNT].

Unless the context otherwise requires, capitalized terms used in this Notice of Claim and Certificate and not defined herein shall have the meanings provided in the Policy.

IN WITNESS WHEREOF, the Trustee/Paying Agent has executed and delivered this Notice of Claim and Certificate as of the _____ day of _____, _____.

By _____

Title _____

For AGM or
Fiscal Agent Use Only
Wire transfer sent on _____ By _____
Confirmation Number _____

PROCEDURES FOR PREMIUM PAYMENT
TO
ASSURED GUARANTY MUNICIPAL CORP.
("AGM")

AGM's issuance of its municipal bond insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of Amount to be Paid:	**Upon determination of the final debt service schedule, fax such schedule to AGM** Attention: Scott Madden, Director Phone No.: (212) 408-6040 Fax No.: (212) 893-9645

Confirm with AGM's credit analyst that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date:	Date of Delivery of the insured bonds.
Method of Payment:	Wire transfer of Federal Funds.

Wire Transfer Instructions:

Bank:	The Bank of New York
ABA#:	021 000 018
Acct. Name:	Assured Guaranty Municipal Corp.
Account No.:	8900297263
Policy No.:	215936-N

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

AGM will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to Audrey A. Udit, Closing Coordinator . (212) 339-3548.

Kurt Froehlich

From: Udit,Audrey [AUdit@assuredguaranty.com]
Sent: Thursday, February 20, 2014 10:09 AM
To: Kurt Froehlich
Subject: RE: Union, Illinois Closing Package with S&P rating letter

The policy is released

From: Rachel Bretz [mailto:rbretz@efbclaw.com] **On Behalf Of** Kurt Froehlich
Sent: Thursday, February 20, 2014 11:06 AM
To: Udit,Audrey
Subject: RE: Union, Illinois Closing Package with S&P rating letter

Rachel Bretz
Administrative Assistant
Kurt P. Froehlich

Evans, Froehlich, Beth & Chamley
44 Main Street
Champaign, Illinois 61820
Phone: (217) 359-6494
Fax: (217) 359-6468

From: Udit,Audrey [mailto:AUdit@assuredguaranty.com]
Sent: Thursday, February 20, 2014 9:49 AM
To: Kurt Froehlich
Subject: RE: Union, Illinois Closing Package with S&P rating letter

Please forward the executed reliance and opinion letter – I received the fed ref # for the premium but can't release the policy until I receive your documents

Thanks
Audrey

From: Udit, Audrey
Sent: Wednesday, February 12, 2014 11:51 AM
To: 'kfroehlich@efbclaw.com'
Cc: Torkelson, Eric; Udit, Audrey
Subject: Union, Illinois Closing Package with S&P rating letter

PLEASE HOLD CLOSING DOCUMENTS IN ESCROW UNTIL THE DAY OF CLOSING

Please find attached a closing cover letter, a copy of the municipal bond insurance policy of Assured Guaranty Municipal Corp. ("AGM"), the executed disclosure, no default and tax certificate and the executed opinion of Associate General Counsel in connection with the above-referenced transaction. Please note that the attached constitutes the only executed version of the Closing Documents you will receive. The original executed municipal bond insurance policy will be sent to your attention via overnight mail to be held in

escrow until the closing. Upon successful completion of the closing, the policy may be released and the original sent to the Paying Agent/Trustee.

The attached Closing Documents are in "pdf" format.

If you have any questions, please do not hesitate to contact us.

DISCLAIMER: ALTHOUGH THIS E-MAIL AND ANY ATTACHMENTS ARE BELIEVED TO BE FREE OF ANY VIRUS OR OTHER DEFECT THAT MIGHT AFFECT ANY COMPUTER SYSTEM INTO WHICH IT IS RECEIVED AND OPENED, IT IS THE RESPONSIBILITY OF THE RECIPIENT TO ENSURE THAT IT IS VIRUS FREE AND NO RESPONSIBILITY IS ACCEPTED BY ASSURED GUARANTY MUNICIPAL CORP. FOR ANY LOSS OR DAMAGE ARISING IN ANY WAY FROM ITS USE.

Audrey A. Udit
Assured Guaranty Municipal Corp.
31 West 52nd Street, 27th Floor
New York, NY 10019
212-339-3548

This e-mail message is for the sole use of the intended recipient(s) and may contain proprietary, confidential and/or privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient (or an employee or agent responsible to deliver it to the intended recipient), you may not copy or deliver this message to anyone. In such case, you should destroy this message and kindly notify the sender by reply e-mail. AG

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Kurt Froehlich

From: Udit, Audrey [AUdit@assuredguaranty.com]
Sent: Wednesday, February 12, 2014 10:51 AM
To: Kurt Froehlich
Cc: Torkelson, Eric; Udit, Audrey
Subject: Union, Illinois Closing Package with S&P rating letter
Attachments: 215936-N CD.pdf; S&P rating letter.pdf

PLEASE HOLD CLOSING DOCUMENTS IN ESCROW UNTIL THE DAY OF CLOSING

Please find attached a closing cover letter, a copy of the municipal bond insurance policy of Assured Guaranty Municipal Corp. ("AGM"), the executed disclosure, no default and tax certificate and the executed opinion of Associate General Counsel in connection with the above-referenced transaction. Please note that the attached constitutes the only executed version of the Closing Documents you will receive. The original executed municipal bond insurance policy will be sent to your attention via overnight mail to be held in escrow until the closing. Upon successful completion of the closing, the policy may be released and the original sent to the Paying Agent/Trustee.

The attached Closing Documents are in "pdf" format.

If you have any questions, please do not hesitate to contact us.

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Audrey A. Udit
Assured Guaranty Municipal Corp.
31 West 52nd Street, 27th Floor
New York, NY 10019
212-339-3548

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ASSURED GUARANTY
MUNICIPAL

February 14, 2014

VIA EMAIL
Kurt P. Froehlich, Esq.
Evans, Froehlich, Beth & Chamley
44 Main Street, 3rd Floor
Champaign, Illinois 61820

Re: $2,040,000 in aggregate principal amount of The County of Union, Illinois General Obligation Refunding Limited Bonds, Series 2014 (Policy No. 215936-N)

Dear Mr. Froehlich:

Enclosed please find a copy of the municipal bond insurance policy of Assured Guaranty Municipal Corp. ("AGM"), the executed disclosure, no default and tax certificate and the executed opinion of Counsel in connection with the above-referenced issue scheduled to close on February 20, 2014. The opinion and certificate shall be treated as originals. The original municipal bond insurance policy will be sent to your attention via overnight mail to be held in escrow until the closing. Upon successful completion of the closing, the insurance policy may be released and the original sent to the Paying Agent/Trustee.

In addition to your receiving my verbal instruction, I must receive the following before the insurance policy and opinion may be released:

1. A copy of the executed final approving opinion delivered by Bond Counsel, and a reliance letter addressed to AGM, as described in our Commitment Letter in respect of the subject issue.

2. The wire transfer in federal funds of an amount equal to the insurance premium, as described in our Commitment Letter, in accordance with our payment instructions. Verbal confirmation of the wire number shall be sufficient evidence for the release of the insurance policy.

3. **Your assurance that you will promptly cause to be delivered to AGM one original and two copies of the final closing transcript of proceedings. Such closing transcript may be in the form of either hard copies or three CD-ROMs thereof required by the Commitment Letter. *Closing documents should be addressed to the attention of the Records Department.***

I ask you to send item 1. to my attention via fax (212) 857-0560 or email at AUdit@assuredguaranty.com, and call me at (212) 339-3548 with respect to item 2. Instructions for wiring of funds are attached for your convenience. I need to receive the documents referred to in item 3. by March 7, 2014.

I will email or fax the rating letter from Standard & Poor's to you at the closing.

Please let me know if you have any further questions.

Very truly yours,

Audrey A. Udit
Closing Coordinator

Enclosures

ASSURED GUARANTY
MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: The County of Union, Illinois

BONDS: $2,040,000 in aggregate principal amount of General Obligation Refunding Limited Bonds, Series 2014

Policy No.: 215936-N

Effective Date: February 20, 2014

Premium: $29,387.63

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on 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 unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer 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. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019

(212) 826-0100

Form 500NY (5/90)

DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF ASSURED GUARANTY MUNICIPAL CORP.

The undersigned hereby certifies on behalf of Assured Guaranty Municipal Corp. ("AGM"), in connection with the issuance by AGM of its Policy No. 215936-N (the "Policy") in respect of the $2,040,000 in aggregate principal amount of The County of Union, Illinois General Obligation Refunding Limited Bonds, Series 2014 (the "Bonds") that:

(i) the information set forth under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." in the official statement dated February 5, 2014, relating to the Bonds (the "Official Statement") is true and correct,

(ii) AGM is not currently in default nor has AGM ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation,

(iii) the Policy is an unconditional and recourse obligation of AGM (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),

(iv) the insurance premium of $29,387.63 (the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to AGM as a condition to the issuance of the Policy,

(v) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by AGM to maintain its ratings, which, together with all other overhead expenses of AGM, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor),

(vi) AGM is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, AGM will not use any portion of the Bond proceeds; provided, however, that AGM or its affiliates may independently provide a guaranteed investment contract for the investment of all or a portion of the proceeds of the Bonds,

(vii) except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by AGM,

(viii) AGM does not expect that a claim will be made on the Policy,

(ix) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and

(x) for Bonds which are secured by a debt service reserve fund, AGM would not have issued the Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

AGM makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

ASSURED GUARANTY MUNICIPAL CORP.

By: _____
Authorized Officer

Dated: February 20, 2014

ASSURED GUARANTY
MUNICIPAL

February 20, 2014

Municipal Bond Insurance Policy No. 215936-N With Respect to
$2,040,000 In Aggregate Principal Amount of
The County of Union, Illinois
General Obligation Refunding Limited Bonds, Series 2014

Ladies and Gentlemen:

I am Counsel of Assured Guaranty Municipal Corp., a New York stock insurance company ("AGM"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by AGM of its above-referenced policy (the "Policy"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. AGM is a stock insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.

2. The Policy has been duly authorized, executed and delivered by AGM.

3. The Policy constitutes the valid and binding obligation of AGM, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of AGM and to the application of general principles of equity.

In addition, please be advised that I have reviewed the description of the Policy under the caption "BOND INSURANCE – Bond Insurance Policy" in the official statement relating to the above-referenced Bonds dated February 5, 2014 (the "Official Statement"). There has not come to my attention any information which would cause me to believe that the description of the Policy referred to above, as of the date of the Official Statement or as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that I express no opinion with respect to any information contained in, or omitted from, the caption "BOND INSURANCE – Assured Guaranty Municipal Corp.".

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

Very truly yours,

Counsel

The County of Union, Illinois,
309 W. Market St.,
Jonesboro, Illinois 62952.

Bernardi Securities, Inc.,
as Representative of the Underwriters,
20 South Clark Street, Suite 2700,
Chicago, Illinois 60603.

Attached as a link to this e-mail is AGM's website, where the logo, statement of insurance, disclosure language, specimen policy, procedures for premium payment, form of opinion and form of disclosure certificate may be accessed and downloaded as needed.

Assuming the requirements of the Commitment have been met, AGM will deliver to Bond Counsel at the pre-closing, a copy of the municipal bond insurance policy of AGM, the executed disclosure, no default and tax certificate and the executed opinion of Counsel and other certificates needed in the transaction via email. The original municipal bond insurance policy will be sent to your attention via overnight mail to be held in escrow until the closing. Any inquiries regarding rating agency fees should be directed to the respective rating agencies. As a post-closing condition, AGM shall receive one original and two copies of the final closing transcript of proceedings. Such closing transcript may be in the form of either hard copies or three CD-ROMs.

AGM looks forward to working with you on this transaction.

Very truly yours,

Audrey A. Udit
Closing Coordinator

Enclosures

ec: Kurt P. Froehlich, Esq.; Evans, Froehlich, Beth & Chamley
Mr. Robert P. Vail; Bernardi Securities, Inc.

ASSURED GUARANTY
MUNICIPAL

MUNICIPAL BOND INSURANCE COMMITMENT

ASSURED GUARANTY MUNICIPAL CORP. ("AGM") hereby commits to issue its Municipal Bond Insurance Policy (the "Policy") relating to whole maturities of the debt obligations described in Exhibit A attached hereto (the "Bonds"), subject to the terms and conditions set forth in this Commitment, or added hereto (the "Commitment"). For the avoidance of doubt, each of the Exhibits attached hereto is an integrated part of this Commitment. To keep this Commitment in effect after the Expiration Date set forth in Exhibit A attached hereto, a request for renewal must be submitted to AGM prior to such Expiration Date. AGM reserves the right to refuse wholly or in part to grant a renewal.

THE MUNICIPAL BOND INSURANCE POLICY SHALL BE ISSUED IF THE FOLLOWING CONDITIONS ARE SATISFIED:

1. The transaction documents to be executed and delivered in connection with the issuance and sale of the Bonds shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.

2. No event shall occur which would permit any underwriter or purchaser of the Bonds, otherwise required, not to be required to underwrite or purchase the Bonds on the date scheduled for the issuance and delivery thereof ("Closing Date").

3. On the date hereof and on the Closing Date, there shall have been no material adverse change in or affecting the Issuer and/or the Obligor, as applicable, or the Bonds (including, without limitation, the security for the Bonds or the proposed debt service schedule of the Bonds), any disclosure document relating to the Bonds (the "Official Statement"), the financing documents to be executed and delivered with respect to the Bonds, the legal opinions to be executed and delivered in connection with the issuance and sale of the Bonds, or any other information submitted to AGM with respect to the referenced transaction, or the Bonds, from that previously delivered or otherwise communicated to AGM.

4. The Bonds shall contain no reference to AGM, the Policy or the insurance evidenced thereby except as may be approved by AGM. BOND PROOFS SHALL HAVE BEEN APPROVED BY AGM PRIOR TO PRINTING. The Bonds shall bear a Statement of Insurance in the form provided by AGM.

5. AGM shall be provided with:

(a) Executed copies of all financing documents, the Official Statement and the various legal opinions delivered in connection with the issuance and sale of the Bonds (which shall be dated the Closing Date and which, except for the opinions of counsel relating to the adequacy of disclosure, shall be addressed to AGM or accompanied by a letter of such counsel permitting AGM to rely on such opinion as if such opinion were addressed to AGM), including, without limitation, the approving opinion of bond counsel. Each of the foregoing shall be in form and substance acceptable to AGM. Copies of all drafts of such documents prepared subsequent to the date of the Commitment (<u>blacklined to reflect all revisions from previously reviewed drafts</u>) shall be furnished to AGM for review and approval. Final drafts of such documents shall be provided to AGM at least three (3) business days prior to the issuance of the Policy, unless AGM shall agree to some shorter period.

(b) Evidence of wire transfer in federal funds of an amount equal to the insurance premium, unless alternative arrangements for the payment of such amount acceptable to AGM have been made prior to the delivery date of the Bonds.

(c) Standard & Poor's Rating Services and Moody's Investors Service Inc. will separately present bills for their respective fees relating to the Bonds. Payment of such bills by the Issuer should be made directly to such rating agency. Payment of the rating fee is not a condition to release of the Policy by AGM.

6. Promptly after the closing of the Bonds, AGM shall receive three completed sets of executed documents (one original and either (i) two photocopies (each unbound) or (ii) two compact discs).

7. The Official Statement shall contain the language provided by AGM and only such other references to AGM or otherwise as AGM shall supply or approve. AGM SHALL BE PROVIDED WITH FOUR PRINTED COPIES OF THE OFFICIAL STATEMENT.

TERM SHEET FOR MUNICIPAL BOND INSURANCE COMMITMENT

Issuer: The County of Union, Illinois

Principal Amount of Bonds Insured: Not to Exceed $2,410,000

Name of Bonds Insured: General Obligation Limited Bonds, Series 2014

Date of Commitment: January 29, 2014 Expiration Date: Friday, March 14, 2014*

Premium: 1.15% of total debt service on the Bonds Insured

Bond Counsel Opinion -- Language Requirements:

The approving opinion of Bond Counsel shall include language to the effect that the Bonds are a full faith and credit general obligation of the Issuer, the payment for which the Issuer is obligated to exercise its ad valorem taxing power, without limit as to rate but limited as to amount, upon all taxable property within the Issuer.

Additional Conditions: None

ASSURED GUARANTY MUNICIPAL CORP.

Authorized Officer

*To keep the Commitment in effect to the Expiration Date set forth above, AGM must receive a duplicate of this Exhibit A executed by an authorized officer by the earlier of the date on which the Official Statement containing disclosure language about AGM is circulated and ten days from the Date of Commitment.

The undersigned, an authorized officer of the Issuer, agrees that (i) if the Bonds are insured by a policy of municipal bond insurance, such insurance shall be provided by AGM in accordance with the terms of this Commitment; (ii) the Issuer has made its own independent investigation and decision as to whether to insure the payment when due of the principal of and interest on the Bonds and whether the Policy is appropriate or proper for it based upon its own judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) AGM has not made, and therefore the Issuer is not relying on, any recommendation from AGM that the Issuer insure the Bonds or obtain the Policy; it being understood and agreed that communications from AGM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Policy, any related insurance document or the documentation governing the Bonds do not constitute a recommendation to insure the Bonds or obtain the Policy; (iv) the Issuer acknowledges that AGM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, concerning its future financial strength or the rating of AGM's financial strength by the rating agencies; (v) the Issuer acknowledges that the ratings of AGM reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained only from the rating agencies; (vi) the Issuer understands that such ratings may not continue for any given time period and instead may change over time, including without limitation being placed under review for possible downgrade, revised downward, withdrawn entirely by the relevant rating agency if, in the judgment of such rating agency, circumstances so warrant, or withdrawn entirely by AGM in its sole discretion; (vii) the Issuer acknowledges that AGM undertakes no responsibility to bring to its attention, and shall have no liability for, the placement of a rating under review for possible downgrade or the downward revision or withdrawal of any rating obtained, and that any such review for possible downgrade, downward revision or withdrawal may have an adverse effect on the Bonds; and (viii) the Issuer acknowledges that AGM pays rating

agencies to rate AGM's financial strength, but that such payment is not in exchange for any specific rating or for a rating within any particular range. Notwithstanding anything to the contrary set forth herein, the provisions set forth under subparagraphs (ii) through (viii) above shall survive the expiration or termination of this Commitment.

THE COUNTY OF UNION, ILLINOIS

Authorized Officer

PROCEDURES FOR PREMIUM PAYMENT
TO
ASSURED GUARANTY MUNICIPAL CORP.
("AGM")

AGM's issuance of its municipal bond insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Confirmation of Amount to be Paid:	**Upon determination of the final debt service schedule, fax such schedule to AGM**
	Attention: Scott Madden, Director
	Phone No.: (212) 408-6040
	Fax No.: (212) 893-9645

Confirm with AGM's credit analyst that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date:	Date of Delivery of the insured bonds.
Method of Payment:	Wire transfer of Federal Funds.

Wire Transfer Instructions:

Bank:	The Bank of New York
ABA#:	021 000 018
Acct. Name:	Assured Guaranty Municipal Corp.
Account No.:	8900297263
Transaction No.:	133661

CONFIRMATION OF PREMIUM WIRE NUMBER AT CLOSING

AGM will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated on the closing date to Audrey A. Udil, Closing Coordinator , (212) 339-3548.

ASSURED GUARANTY
MUNICIPAL

January 29, 2014

VIA E-MAIL
Mr. Terry Bartruff, County Clerk
The County of Union, Illinois
309 W. Market St.
Jonesboro, Illinois 62952

Re: Not to Exceed $2,040,000 aggregate principal amount of The County of Union, Illinois General Obligation Refunding Limited Bonds, Series 2014

Dear Mr. Bartruff:

Enclosed please find Assured Guaranty Municipal Corp.'s ("AGM") commitment letter (the "Commitment") in respect of the above-referenced issue. Please return one fully executed original to me at the address indicated below. The signed Commitment, executed by an authorized officer, must be returned to me prior to any reference to AGM as insurer of the issue being made in marketing efforts in respect of the issue.

Upon acceptance and satisfaction of the conditions of the Commitment, the following must occur in order for AGM to complete its review of applicable disclosure and financing documents in advance of the closing date, request the assignment of an insured rating for the Bonds, and timely issue its insurance policy:

- The financing schedule and a distribution list should be forwarded to the attention of the Closing Coordinator listed below.

- A copy of (i) the preliminary official statement and the final official statement, each of which shall include the disclosure provided by AGM and the specimen policy and any other references to AGM, and (ii) the Bonds, together with the legend to be affixed to such Bonds, must be delivered to the Closing Coordinator by fax or e-mail in order that AGM may confirm its accuracy.

- Once determined, the underwriters' final pricing numbers, including the final debt service schedule for the Bonds, should be delivered to the credit analyst and Closing Coordinator responsible for the transaction by fax and/or e-mail in order that AGM may confirm the premium to be paid for the insurance policy and request the assignment of an insured rating for the Bonds.

- A copy of either (i) the final pricing wire with CUSIP numbers shown or CUSIP wire evidencing the CUSIP numbers assigned to the Bonds; or (ii) the letter from the CUSIP Service Bureau listing the CUSIP numbers assigned to the Bonds should be delivered to the Closing Coordinator listed below by fax and/or email in order that AGM may request the assignment of an insured rating for the Bonds.

AGM will require, prior to closing, four hard copies of the final official statement. Also, please notify me of a confirmed closing date as soon as it becomes available.

My contact information is as follows:

Telephone:	(212) 339-3548
Fax:	(212) 857-0560
Email:	AUdit@assuredguaranty.com

ASSURED GUARANTY
MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on 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 unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer 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. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

Form 500NY (5/90)

ASSURED GUARANTY MUNICIPAL CORP.

DOCUMENT, PRINTING AND DISCLOSURE INFORMATION FOR PUBLIC FINANCE TRANSACTIONS

(Revised August 14, 2013)

This information is intended for use by Bond Counsel, printers and preparers of municipal bond offerings that will be insured by Assured Guaranty Municipal Corp. ("AGM"). Prior to any reference to AGM in your marketing efforts in respect of an AGM-insured issue, AGM must receive an executed copy of its commitment letter. Blacklined copies of each draft of each financing document, preliminary and final official statements, and bond form should be delivered to AGM for review and comment with reasonable opportunity to submit any comments prior to printing. AGM will deliver to Bond Counsel, at the pre-closing, assuming the requirements of the commitment letter have been met, an opinion of counsel as to the validity of the policy, a disclosure, no default and tax certificate of AGM, the executed policy and other certificates required in the transaction. Prior to closing, AGM will obtain rating letters from the rating agencies indicated on the official statement. Note that any questions with regard to rating agency fees should be directed to the respective rating agency.

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Revised: August 14, 2013

LEGAL DEPARTMENT DIRECTORY

NAME	TITLE	TELEPHONE	FAX
PUBLIC FINANCE ATTORNEYS			
Lyons, Kevin	Deputy General Counsel	(212) 339-3546	(212) 857-0439
Schreiber, Elliot	Counsel	(212) 339-0869	(212) 857-0518
Torkelson, Eric	Counsel	(212) 408-6057	(212) 581-3268
Tremblay, Peter	Counsel	(212) 261-5564	(212) 857-0316
Woodruff, Natalie	Counsel	(212) 261-5553	(212) 857-0289
Workman, Terence	Counsel	(212) 408-6053	(212) 581-3268
LEGAL ASSISTANTS			
Cain, Stephanie	Legal Assistant/Closing Coordinator	(212) 261-5578	(212) 581-3278
DiMarco, Nicole	Legal Assistant/Closing Coordinator	(212) 261-5593	(212) 581-3278
Paredes-Rebouças, Erika	Legal Assistant/Closing Coordinator	(212) 893-2706	(212) 857-0349
Udit, Audrey	Legal Assistant /Closing Coordinator	(212) 339-3548	(212) 857-0560

Revised: August 14, 2013

ASSURED GUARANTY MUNICIPAL CORP.
("AGM")
DISCLOSURE INFORMATION
(FOR INCLUSION IN THE OFFICIAL STATEMENT)

The following are AGM's requirements for printing the preliminary and final official statements:

1. **Both the preliminary and final official statements must contain the information set forth in these Exhibits and AGM must be provided with final drafts for its approval and sign off thereon at least two business days prior to the printing thereof;**

2. **Any changes made to the AGM Disclosure Information for inclusion in the preliminary and final official statements must first be approved by AGM, and**

3. **AGM must receive 4 final official statements upon printing.**

TO BE PRINTED ON THE COVER OF THE OFFICIAL STATEMENT:

The following language should be used when insuring:

1. **THE ENTIRE ISSUE:**

   The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**

2. **CAPITAL APPRECIATION BONDS:**

   The scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**

3. **PARTIAL MATURITIES (LESS THAN ENTIRE ISSUE):**

   The scheduled payment of principal of and interest on the Bonds maturing on _____ ____ of the years _____ through _____, inclusive (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**

4. **CERTIFICATES OR NOTES:**

   Change all references from the Bonds to Certificates or Notes wherever necessary, but **DO NOT** change the reference to the policy from Municipal Bond Insurance Policy.

PRINTER'S NOTE: USE ASSURED GUARANTY MUNICIPAL CORP. LOGO AND INK #PMS 202 FOR RED INK and INK #PMS 647 FOR BLUE INK. IF THIS DOCUMENT WAS MAILED IN HARDCOPY, A LOGO SHEET IS ATTACHED. OTHERWISE, THE LOGO MAY BE REQUESTED FROM AGM'S WEBSITE ASSUREDGUARANTY.COM/LOGOS

TO BE PRINTED IN THE BODY OF THE OFFICIAL STATEMENT OR AS AN EXHIBIT

USE THE FOLLOWING LANGUAGE WHEN INSURING THE ENTIRE ISSUE:

NOTE: The language under the subheading "Bond Insurance Policy" should be modified when insuring Capital Appreciation Bonds, Partial Maturities (less than the entire issue), Certificates and/or Notes. See page 4 of Exhibit 1 for the appropriate language.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA-" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 12, 2013, S&P published a report in which it affirmed AGM's "AA-" (stable outlook) financial strength rating. AGM can give no assurance as to any further ratings action that S&P may take.

On January 17, 2013, Moody's issued a press release stating that it had downgraded AGM's insurance financial strength rating to "A2" (stable outlook) from "Aa3". AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Capitalization of AGM

At June 30, 2013, AGM's consolidated policyholders' surplus and contingency reserves were approximately $3,453,294,934 and its total net unearned premium reserve was approximately $1,944,533,294, in each case, in accordance with statutory accounting principles.

For additional information relating to the capitalization of AGM, please see the Current Report on Form 8-K filed by AGL with the Securities and Exchange Commission (the "SEC") on July 22, 2013 (excluding the portion thereof "furnished" under Item 7.01 of such Form).

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (filed by AGL with the SEC on March 1, 2013);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 (filed by AGL with the SEC on May 10, 2013); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 (filed by AGL with the SEC on August 9, 2013).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

The Bond Insurance language for the Official Statement under the subheading "Bond Insurance Policy" should be replaced with the following language when insuring:

1. **CAPITAL APPRECIATION BONDS:**

   Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

2. **PARTIAL MATURITIES (LESS THAN THE ENTIRE ISSUE):**

   Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds maturing on _____ of the years _____ through _____, inclusive (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

3. **CERTIFICATES OR NOTES:**

   Change all references from the Bonds to Certificates or Notes wherever necessary, but **DO NOT** change the reference to the policy from Municipal Bond Insurance Policy.

TO BE PRINTED ON THE INSIDE COVER OF OFFICIAL STATEMENT AS PART OF THE DISCLAIMER STATEMENT:

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Exhibit __ - Specimen Municipal Bond Insurance Policy".

PROCEDURES FOR PREMIUM PAYMENT TO ASSURED GUARANTY MUNICIPAL CORP. ("AGM")

This form is not to be included in the Official Statement.

AGM's issuance of its municipal bond insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

Upon determination of the final debt service schedule, fax such schedule to the appropriate AGM Analyst, Attention: MUNICIPAL DEPARTMENT:

NEW YORK OFFICE		CALIFORNIA OFFICE	
Phone No.	(212) 974-0100	Phone No.	(415) 995-8000
Fax No.	(212) 339-3450	Fax No.	(415) 995-8008

Confirm with the individual in our underwriting department that you are in agreement with respect to par and premium on the transaction prior to the closing date.

Payment Date: Date of Delivery of the insured bonds.

Method of Payment: Wire transfer of Federal Funds.

Wire Transfer Instructions:

Bank:	**The Bank of New York**
ABA#:	**021 000 018**
Acct. Name:	**Assured Guaranty Municipal Corp.**
Account No.:	**8900297263**
Policy No.:	**[To Be Assigned]**

CONFIRMATION OF PREMIUM

AGM will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated to the appropriate Legal Assistant on the closing date:

NEW YORK OFFICE

Stephanie Cain	(212) 261-5578
Nicole DiMarco	(212) 261-5593
Erika Paredes-Rebouças	(212) 893-2706
Audrey Udit	(212) 339-3548

Revised: August 14, 2013

STATEMENT OF INSURANCE
(Language for the Bond Form)
This form is not to be included in the Official Statement.

The Bonds shall bear a Statement of Insurance in the following form.

The following language should be used when insuring

1. THE ENTIRE ISSUE:

Assured Guaranty Municipal Corp. ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to **{insert name of paying agent}, {city or county}, {state}**, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

2. CAPITAL APPRECIATION BONDS:

Assured Guaranty Municipal Corp. ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") in respect of the scheduled payments due of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on this Bond to **{insert name of paying agent}, {city or county}, {state}**, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

3. PARTIAL MATURITIES (LESS THAN ENTIRE ISSUE):

Assured Guaranty Municipal Corp. ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on the Bonds maturing on _____ of the years _____ through _____, inclusive (the "Insured Bonds"), to **{insert name of paying agent}, {city or county}, {state}**, or its successor, as paying agent for the Insured Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the

provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

4. **CERTIFICATES OR NOTES:**

Change all references from the Bonds to Certificates or Notes wherever necessary, but **DO NOT** change the reference to the policy from Municipal Bond Insurance Policy.

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

55 Water Street, 38th Floor
New York, NY 10041-0003
tel 212-438-2000
reference no.: 1294209

February 6, 2014

Assured Guaranty Municipal Corp.
31 West 52nd Street
New York, NY 10019
Attention: Mr. Richard Bauerfeld, Chief Surveillance Officer

Re: ***$2,040,000 The County of Union, Illinois, General Obligation Refunding Limited Bonds, Series 2014, dated: Date of delivery, due: December 1, 2014-2026 (POLICY #215936-N)***

Dear Mr. Bauerfeld:

Standard & Poor's Ratings Services ("Ratings Services") has assigned an insured rating of "AA-" on the above obligations, based on the policy provided by your company.

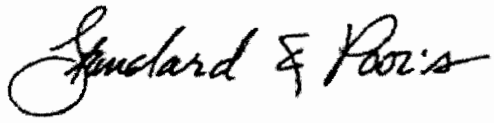
We may adjust the underlying rating and the capital charge as a result of changes in the financial position of the issuer or performance of the collateral, or of amendments to the documents governing the issue, as applicable. With respect to the letter, please notify us of any changes or amendments over the term of the debt.

The credit ratings and other views of Ratings Services are statements of opinion and not statements of fact. Credit ratings and other views of Ratings Services are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its credit ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services neither recommends nor will recommend how an issuer can or should achieve a particular credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice.

Standard & Poor's must receive complete documentation relating to this issue no later than 90 days after the date of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

Ratings Services is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing Ratings Services.

Sincerely yours,



Standard & Poor's Ratings Services

rm
enclosure

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

Standard & Poor's Ratings Services
Terms and Conditions Applicable To Public Finance Credit Ratings

General. The credit ratings and other views of Standard & Poor's Ratings Services ("Ratings Services") are statements of opinion and not statements of fact. Credit ratings and other views of Ratings Services are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its credit ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services neither recommends nor will recommend how an issuer can or should achieve a particular credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice. Unless otherwise indicated, the term "issuer" means both the issuer and the obligor if the obligor is not the issuer.

All Credit Rating Actions in Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a credit rating, and assign or revise an Outlook, at any time, in Ratings Services' sole discretion. Ratings Services may take any of the foregoing actions notwithstanding any request for a confidential or private credit rating or a withdrawal of a credit rating, or termination of a credit rating engagement. Ratings Services will not convert a public credit rating to a confidential or private credit rating, or a private credit rating to a confidential credit rating.

Publication. Ratings Services reserves the right to use, publish, disseminate, or license others to use, publish or disseminate a credit rating and any related analytical reports, including the rationale for the credit rating, unless the issuer specifically requests in connection with the initial credit rating that the credit rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private credit rating or the existence of a confidential or private credit rating subsequently becomes public through disclosure other than by an act of Ratings Services or its affiliates, Ratings Services reserves the right to treat the credit rating as a public credit rating, including, without limitation, publishing the credit rating and any related analytical reports. Any analytical reports published by Ratings Services are not issued by or on behalf of the issuer or at the issuer's request. Ratings Services reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public credit ratings that have been withdrawn, regardless of the reason for such withdrawal. Ratings Services may publish explanations of Ratings Services' credit ratings criteria from time to time and Ratings Services may modify or refine its credit ratings criteria at any time as Ratings Services deems appropriate.

Reliance on Information. Ratings Services relies on issuers and their agents and advisors for the accuracy and completeness of the information submitted in connection with credit ratings and the surveillance of credit ratings including, without limitation, information on material changes to information previously provided by issuers, their agents or advisors. Credit ratings, and the maintenance of credit ratings, may be affected by Ratings Services' opinion of the information received from issuers, their agents or advisors.

Confidential Information. Ratings Services has established policies and procedures to maintain the confidentiality of certain non-public information received from issuers, their agents or advisors. For these purposes, "Confidential Information" shall mean verbal or written information that the issuer or its agents or advisors have provided to Ratings Services and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential."

Ratings Services Not an Expert, Underwriter or Seller under Securities Laws. Ratings Services has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. Rating Services has not performed and will not perform the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with a credit rating engagement.

Disclaimer of Liability. Ratings Services does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a credit rating or the results obtained from the use of such information. RATINGS SERVICES GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. Ratings Services, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to any person for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to a credit rating or the related analytic services even if advised of the possibility of such damages or other amounts.

No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.

Assured Guaranty Municipal Corp. (**"AGM"**), New York, New York, has delivered its municipal bond insurance policy (the **"Policy"**) with respect to the scheduled payments due of principal of and interest on this Bond to Hometown National Bank, LaSalle, Illinois, or its successor, as paying agent for the Bonds (the **"Paying Agent"**). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

REGISTERED NO. _____ **REGISTERED $_____**

:See Reverse Side for :
:Additional Provisions:

UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF UNION
GENERAL OBLIGATION REFUNDING LIMITED BOND
SERIES 2014

SPECIMEN

INTERET RATE: **MATURITY DATE:** **DATED DATE:** **CUSIP:**

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THE COUNTY OF UNION, ILLINOIS (the **"County"**), acknowledges itself indebted and, for value received, hereby promises to pay to the registered owner identified above or registered assigns, the Principal Amount set forth above on the Maturity Date set forth above, together with interest thereon from the later of the Dated Date set forth above or the most recent payment date to which interest has been paid, as the case may be, at the Interest Rate per annum set forth above, computed on the basis of a 360-day year of twelve 30-day months, payable semi-annually on each June 1 and December 1, commencing December 1, 2014, until this Bond shall have been fully paid.

Both principal of and interest on this Bond are payable by check or draft on County funds in lawful money of the United States of America by Hometown National Bank, through its designated payment office in the LaSalle, Illinois (including its successors, the **"Paying Agent"**), and, for the prompt payment of this Bond and the interest hereon, the full faith, credit and resources of the County, including the levy of taxes without limit as to rate but limited as to amount as **"limited bonds"** under the Local Government Debt Reform Act, are hereby irrevocably pledged. Interest on this Bond shall be payable by check or draft of the Paying Agent to the order of the registered owner hereof named on the registration books of the County maintained by Hometown National Bank, through its designated corporate trust office in LaSalle, Illinois (including its successors, the **"Bond Registrar"**), at the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the applicable interest payment date, and mailed to such registered owner at such registered owner's address as it appears on such registration books. Payment of the principal hereof shall be made only upon presentation and surrender of this Bond to the Paying Agent.

Bonds maturing on and after December 1, 2025 are subject to redemption and prepayment prior to in the principal amount from such maturities or in any order of maturity designated by the County (but in inverse order if there is no designation) at the option of the County, in whole at any time or in part (if in part, in integral multiples of $5,000) on any date on and after December 1, 2024, at a redemption price equal to the principal amount of Bonds being redeemed together with accrued interest to the date fixed for redemption.

If less than all the Bonds are called for redemption and prepayment at any time, they shall be called in inverse order of maturity and selected by lot within each maturity, with each $5,000 principal amount of face value being subject to call as a separate unit, in such manner as the Bond Registrar shall determine. Written notice of the County's exercise of its option to redeem and prepay any or all of the Bonds shall be given by first class mail to the registered owner of each Bond to be redeemed not more than sixty (60) days nor less than thirty (30) days prior to the date fixed for redemption at such registered owner's address as it appears on registration books of the County maintained by the Bond Registrar. Interest shall cease on any Bond called for prepayment from and after the date fixed for its redemption, provided that funds are then available for its payment.

This Bond is one of an authorized series of Bonds of the County, all of like tenor and effect, except as to date of maturity, rate of interest and rights of redemption, issuable in fully registered form aggregating the principal amount of $2,040,000, issued for the purpose of providing funds to refund certain prior self-insurance bonds under the Local Government Debt Reform Act, the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 1011-101 et seq.), the Counties Code (55 ILCS 5/1-1 *et* seq.), the Intergovernmental Cooperation Act (5 ILCS 22011 et seq.), and Section 10 (Intergovernmental Cooperation) of Article VII (Local Government) of the Constitution of the State of Illinois (as supplemented and amended, collectively, the **"Acts"**).

This Bond is transferable by the registered owner hereof or by such registered owner's attorney duly authorized in writing at the designated corporate trust office of the Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the ordinance authorizing this Bond and the series of which it is a part, and upon surrender and cancellation hereof. Upon such transfer, a new registered Bond or Bonds of the same maturity, of authorized denomination or denominations and for the same aggregate principal amount will be issued to the transferee in exchange therefor. The County and the Bond Registrar may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes, and neither the County nor the Bond Registrar or the Paying Agent shall be affected by any notice to the contrary.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the fifteenth (15th) day of the calendar month next preceding the interest payment date on such Bond and ending on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (1 5) days next preceding mailing of a notice of redemption of any Bonds.

The Bonds have been designated as **"qualified tax-exempt obligations"** under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be valid or binding on the County until it shall have been authenticated by the execution by the Bond Registrar of the Certificate of Authentication appearing hereon.

This Bond, and each Bond of the series of which it forms a part, is issued under authority of the Constitution and laws of the State of Illinois, including the Acts, and under the further authority of an ordinance duly adopted and proceedings duly had by the Board of Commissioners of the County.

It is hereby certified, recited, and declared that all acts, conditions, and things required to be done, happen, and be performed precedent to and in the issuance of this Bond, in order to make the same a valid and binding general obligation of the County, have been done, have happened, and have been performed in regular and due form, time and manner, as required by law; that provision has been made for the collection of a direct annual tax sufficient to pay the principal of and interest on this Bond and the issue of which it is one as the same shall mature and come due; and the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the County, does not exceed or violate any constitutional or statutory limitation or provision.

SPECIMEN

IN WITNESS WHEREOF, The County of Union, Illinois, has executed this Bond by causing it to be signed with the manual or facsimile signature of the Chairman of the Board of Commissioners, under the seal of the County and attested by the manual or facsimile signature of the County Clerk, all as of the Dated Date set forth above.

(SEAL) **THE COUNTY OF UNION, ILLINOIS**

Attest:

County Clerk

Chairman

CERTIFICATE OF AUTHENTIACTION

This is one of the General Obligation Refunding Limited Bonds, Series 2014, described in the within-mentioned ordinance.

Registration Date: _____

HOMETOWN NATIONAL BANK,
LaSalle, Illinois

Bond Registrar: Hometown National Bank
and Paying Agent: LaSalle, Illinois

By: _____
Authorized Signer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

_____
(Name, Address and Tax Identification of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____
as attorney to transfer the within Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

_____
Signature

Signature Guaranteed:

_____ _____
(Name of Eligible Guarantor Institution as defined
by SEC Rule 17 Ad-15 (17 CFR 240.1 Ad-15))

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Within seven (7) business days following the sale of the Bonds herein described, the County will make available its Final Official Statement, dated as of the date of such sale, with respect to the Bonds.

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 4, 2014

New Issue — Insured Rating: "AA-" (Stable Outlook) (AGM Insured)

*Subject to compliance by the County with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Bonds is excludable from 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 is taken into account in computing the corporate alternative minimum tax. Interest on the Bonds is not exempt from present State of Illinois income taxes. See **"TAX MATTERS"** herein for a more complete discussion. The County has designated the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exemption provided by Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See **"QUALIFIED TAX-EXEMPT OBLIGATIONS"** herein.*

THE COUNTY OF UNION, ILLINOIS
$2,030,000* General Obligation Refunding Limited Bonds, Series 2014

Dated: Date of Delivery — **Due: As Shown on the Inside Cover**

The $2,030,000* General Obligation Refunding Limited Bonds, Series 2014 (the "Bonds") are being issued by The County of Union, Illinois (the "County"). Hometown National Bank, LaSalle, Illinois, will act as the Paying Agent, Bond Registrar and Escrow Agent for the Bonds (the "Paying Agent" and "Bond Registrar"). The Bank of New York Mellon Trust Company N.A., St. Louis, Missouri, will act as the Tax Escrow Agent for the Bonds (the "Tax Escrow Agent"). Interest on the Bonds is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2014. Interest on the Bonds is payable to the registered owners of record appearing on the registration books maintained by the Bond Registrar on behalf of the County for such purpose at the designated corporate trust office of the Bond Registrar as of the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the applicable interest payment date (the "Record Date"). The Bonds will be issued using a global book-entry only system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. Individual purchases will be made in book-entry form only in denominations of $5,000 principal amount or any authorized integral multiple thereof.

PURPOSE AND SECURITY

The Bonds are being issued to (i) advance refund certain of the County's General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (the "Prior Bonds") and (ii) pay costs of issuance of the Bonds. See **"THE BONDS – Authority and Purpose"** herein.

In the opinion of Evans, Froehlich, Beth & Chamley, Champaign, Illinois, Bond Counsel, the Bonds are general obligations of the County for which its full faith and credit have been irrevocably pledged and are payable from ad valorem taxes to be levied on all taxable property within the County (the "**Levied Taxes**") without limitation as to rate, but limited as to amount for the Bonds as "limited Bonds". See "**THE BONDS – Limited Bonds**" herein. The County and its officers will comply with all present and future applicable laws in order to assure that the Levied Taxes be levied, extended, collected and initially deposited into the Tax Escrow Account (defined herein), for transfer to the Paying Agent for the Bonds, all as provided in the Bond Ordinance and the Tax Escrow Agreement (the "Tax Escrow Agreement") executed by and among the County, the County Treasurer and the Tax Escrow Agent. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization 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 **"THE BONDS – Security"** herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. ("AGM"). See the heading "**BOND INSURANCE**" and **APPENDIX D.** herein.

ASSURED GUARANTY MUNICIPAL

OPTIONAL REDEMPTION

The Bonds maturing on and after December 1, 2025 are subject to optional redemption, as a whole or in part, on any date on and after December 1, 2024 at a price of par plus accrued interest to the redemption date. See **"THE BONDS – Optional Redemption"** herein.

THE COUNTY INTENDS TO DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" PURSUANT TO SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

The Bonds are offered subject to prior sale, when, as and if issued by the County and accepted by the Underwriter, and subject to the approval of the legality by Evans, Froehlich, Beth & Chamley, Champaign, Illinois, Bond Counsel. Ice Miller LLP, Chicago, Illinois, will serve as Disclosure Counsel for the County. Certain legal matters will be passed upon for the Underwriter by Ungaretti & Harris LLP, Chicago, Illinois. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about ____, 2014.

BERNARDI SECURITIES INC.
MUNICIPAL BOND SPECIALISTS

*Preliminary, subject to change.

MATURITIES, INTEREST RATES, YIELDS AND CUSIPS
THE COUNTY OF UNION, ILLINOIS
$2,030,000* General Obligation Refunding Limited Bonds, Series 2014

Due December 1,	Amount*	Interest Rate	Yield	CUSIP(1)
2014	$120,000			
2015	140,000			
2016	145,000			
2017	145,000			
2018	150,000			
2019	155,000			
2020	160,000			
2021	165,000			
2022	170,000			
2023	175,000			
2024	185,000			
2025	190,000			
2026	130,000			

(1) CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc.

* Preliminary, subject to change.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this Preliminary Official Statement, may be supplemented or corrected by the County from time to time (collectively, the "Preliminary Official Statement"), and shall be treated as a near final Official Statement with respect to the Bonds described herein.

This Preliminary Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Preliminary Official Statement. Where statutes, reports, or other documents are referred to herein, reference should be made to such statutes, 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.

No dealer, broker, salesman or other person has been authorized by the County or the Underwriter to give any information or to make any representations, other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. This Preliminary 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 for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and from other sources that are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date as of which information is given in this Preliminary Official Statement.

The information contained in this Preliminary Official Statement has been furnished by the County and by DTC and other sources, which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by and is not to be construed as a representation of the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

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

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Preliminary Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Exhibit D - Specimen Municipal Bond Insurance Policy".

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE BOND ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939 IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS PRELIMINARY OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE CRIMINAL OFFENSE.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE BONDS. SPECIFICALLY, THE UNDERWRITER MAY OVERALLOT BONDS IN CONNECTION WITH THE OFFERING, AND MAY BID FOR, AND PURCHASE, THE BONDS IN THE OPEN MARKET. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS.

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified to their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included in this Preliminary Official Statement they will be furnished by the County on request.

THE COUNTY OF UNION, ILLINOIS
309 W. Market Street
Room 116
Jonesboro, Illinois 62952

COUNTY BOARD CHAIRMAN
Don Denny

COUNTY BOARD VICE-CHAIRMAN
Richard Cunningham

COUNTY BOARD OF COMMISSIONERS
Dale Russell
Max Miller
Danny Hartline

COUNTY CLERK
Terry Bartruff

COUNTY TREASURER
Darren Bailey

STATE'S ATTORNEY
Tyler R. Edmonds
Jonesboro, Illinois

BOND COUNSEL
Evans, Froehlich, Beth & Chamley
Champaign, Illinois

DISCLOSURE COUNSEL
Ice Miller LLP
Chicago, Illinois

UNDERWRITER'S COUNSEL
Ungaretti & Harris LLP
Chicago, Illinois

UNDERWRITER
Bernardi Securities, Inc.
Chicago, Illinois

BOND ISSUE SUMMARY

This Bond issue summary is expressly qualified by the entire Preliminary Official Statement which should be reviewed in its entirety by potential investors.

Issuer:	The County of Union, Illinois.
Issue:	$2,030,000* General Obligation Refunding Limited Bonds, Series 2014.
Dated Date:	Date of Delivery.
Interest Due:	Interest on the Bonds is payable to registered owners as of the Record Date, semiannually on June 1 and December 1, commencing December 1, 2014.
Principal Due:	Serially, maturing on December 1, 2014 through December 1, 2026.
Purpose:	The Bonds are being issued to (i) advance refund certain of the County's General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (the "Prior Bonds") and (ii) pay costs of issuance of the Bonds. See **"THE BONDS – Authority and Purpose"** herein.
Security:	The Bonds are general obligations of the County for which its full faith and credit have been irrevocably pledged and are payable from ad valorem taxes to be levied on all taxable property within the County (the "**Levied Taxes**") without limitation as to rate, but limited as to amount for the Bonds as "limited Bonds". See "**THE BONDS – Limited Bonds**" herein. The County and its officers will comply with all present and future applicable laws in order to assure that the Levied Taxes be levied, extended, collected and initially deposited into the Tax Escrow Account (defined herein), for transfer to the Paying Agent for the Bonds, all as provided in the Bond Ordinance and the Tax Escrow Agreement (the "Tax Escrow Agreement") executed by and among the County, the County Treasurer and the Tax Escrow Agent. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization 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 **"THE BONDS – Security"** herein.
Limited Bonds:	The Bonds shall be issued as "limited bonds" under the provisions of Section 15.01 of the Local Government Debt Reform Act, and as such it is not necessary to submit the proposition of the issuance of the Bonds to the voters of the County for approval. The Bonds shall be direct and general obligations of the County, and the County shall be obligated to levy ad valorem taxes upon all the taxable property within the County's corporate limits for the payment of the Bonds and the interest thereon, without limitation as to rate, but limited as to amount, under such Section 15.01. Although the Bonds constitute general obligations of the County and no limit exists on the rate of such direct annual Levied Taxes, the amount of such Levied Taxes is limited by the provisions of the Property Tax Extension Limitation Law of the State of Illinois, as amended. See "**THE BONDS – Limited Bonds**" and "**PROPERTY ASSESSMENT AND TAX INFORMATION – Illinois Property Tax Extension Limitation Law**" herein for more information.
Optional Redemption:	The County may, at its option, redeem the Bonds maturing on and after December 1, 2025 prior to maturity in whole or in part in authorized integral multiples of $5,000 principal amount from such maturities, or in such order of maturity, as shall be specified by the County (but in inverse order of maturity if there is no such specification) and selected by lot within a single maturity, on any date on and after December 1, 2024, at a

* Preliminary, subject to change.

redemption price equal to the principal amount to be redeemed plus interest accrued to the redemption date. See **"THE BONDS – Optional Redemption"** herein.

Paying Agent/Bonds Registrar/Escrow Agent: Hometown National Bank, LaSalle, Illinois will act as the Paying Agent and Bond Registrar for the Bonds (the "Paying Agent" and "Bond Registrar") and Escrow Agent for the Prior Bonds.

Tax Escrow Agent: The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri.

Bank Qualification: The County intends to designate the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "**QUALIFIED TAX-EXEMPT OBLIGATIONS**" herein.

Investment Rating: "AA-" (stable outlook) based upon a municipal bond insurance policy to be issued by Assured Guaranty Municipal Corp. ("AGM"). See "**INVESTMENT RATING**" herein.

Bond Insurance: The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. ("AGM"). See the heading "**BOND INSURANCE**" and **APPENDIX D** herein.

Tax Exemption: Evans, Froehlich, Beth & Chamley, Champaign, Bond Counsel will provide an opinion as to the legality and certain matters related to the tax treatment of the Bonds as discussed under **"TAX MATTERS"** in this Preliminary Official Statement.

Underwriter: Bernardi Securities, Inc., Chicago, Illinois.

Statement of Long-Term Bonded Indebtedness

(as of January 2, 2014)

	Amount Applicable		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	15,900,000	*	893	8.54%	2.85%
Less: Self-Supported Debt[1]	(13,870,000)		(779)	(7.45%)	(2.48%)
Total Direct General Obligation Debt[2]	2,030,000	*	114	1.09%	0.36%
Total Overlapping Bonded Debt	8,842,193		497	4.75%	1.58%
Total Direct & Overlapping Debt	$ 10,872,193	*	$ 611	5.84%	1.95%

(1) Pursuant to Illinois law, 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.

*Preliminary, subject to change.

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PRELIMINARY OFFICIAL STATEMENT

THE COUNTY OF UNION, ILLINOIS

$2,030,000* General Obligation Refunding Limited Bonds, Series 2014

INTRODUCTION

This Preliminary Official Statement, including the cover page and Appendices hereto, is provided by The County of Union, Illinois (the "County"), to furnish information in connection with its issuance of $2,030,000* General Obligation Refunding Limited Bonds, Series 2014 (the "Bonds").

Brief descriptions of the Bonds and the County are included in this Preliminary Official Statement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the authorizing ordinance for the Bonds, adopted on January 10, 2014 (the "Bond Ordinance"), and any other documents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the forms thereof included in the Bond Ordinance.

THE BONDS

Authority and Purpose

The Bonds are issued pursuant to the Counties Code (55 ILCS 5/1-1001 *et seq.*), the Local Government Debt Reform Act (30 ILCS 350/1 *et seq.*, including without limitation particularly Section 15.01 thereof concerning "limited bonds", the Property Tax Extension Limitation Law (35 ILCS 200/18-185 *et seq.*), the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/1-101 *et seq.*), the Intergovernmental Cooperation Act (5 ILCS 220/1 *et seq.*), and Section 10 (Intergovernmental Cooperation) of Article VII (Local Government) of the Constitution of the State of Illinois, the Registered Bond Act (30 ILCS 310/1), the Illinois Bond Replacement Act (30 ILCS 315/1 *et seq.*) and the Bond Authorization Act (30 ILCS 305/0.01 *et seq.*) (collectively, as supplemented and amended, the "Acts"), and pursuant to the Bond Ordinance.

The Bonds are being issued to (i) advance refund certain of the County's General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (the "Prior Bonds") and (ii) pay costs of issuance of the Bonds. See "**THE REFUNDING PLAN**" herein.

Security

The Bonds are general obligations of the County for which its full faith and credit have been irrevocably pledged and are payable from ad valorem taxes to be levied on all taxable property within the County (the "Levied Taxes") without limitation as to rate, but limited as to amount as "limited bonds". The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws

*Preliminary, subject to change.

affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

The County covenants and agrees with the Bondholders that so long as any of the Bonds remain outstanding and unless and to the extent that moneys are then irrevocably on deposit in the Debt Service Fund (defined herein), the County will take no action or fail to take any action which in any way would adversely affect the ability of the County to levy and collect the foregoing Levied Taxes. The County and its officers will comply with all present and future applicable laws in order to assure that the Levied Taxes shall be levied, extended, collected and deposited into the Tax Escrow Account, for transfer to the Paying Agent for the Bonds, all as provided in the Bond Ordinance and the Tax Escrow Agreement (the "Tax Escrow Agreement") executed by and among the County, the County Treasurer and The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri (the "Tax Escrow Agent"). Such Levied Taxes when received by or on behalf of the County shall be directly deposited into the Tax Escrow Account.

The Tax Escrow Agreement for the Bonds requires that the Levied Taxes when collected, be transferred over by the County Treasurer/Collector promptly to the Tax Escrow Agent. The actual transfer of Levied Taxes to the Tax Escrow Agent is subject to the County directing its respective County Treasurer/Collector to pay the Levied Taxes to the Tax Escrow Agent pursuant to the Tax Escrow Agreement. All receipts of Levied Taxes by the Tax Escrow Agent shall be segregated, and transferred to the Paying Agent for the payment of the principal of and interest on the Bonds.

Description

The Bonds are to be dated the Date of Delivery and will mature on December 1 in each of the years and in the amounts shown on the inside cover of this Preliminary Official Statement. Interest on the Bonds will be payable semiannually on June 1 and December 1, with the Bonds commencing December 1, 2014, computed on the basis of a 360-day year of twelve 30-day months.

Hometown National Bank, LaSalle, Illinois, will act as the Paying Agent and Bond Registrar for the Bonds (the "Paying Agent" and "Bond Registrar"). The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the designated payment office of the Paying Agent. The Bonds will be registered using a global book-entry only system. The Depository Trust Company (DTC), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers.

Interest on the Bonds shall be payable on each interest payment date to the registered owners of record appearing on the registration books maintained by the Bond Registrar on behalf of the County for such purpose, at the designated corporate trust office of the Bond Registrar as of the close of business on the fifteenth (15th) (whether or not a business day) of the calendar month next preceding the applicable interest payment date (the "Record Date"). Interest on the Bonds shall be paid by check or draft on County funds mailed by the Paying Agent to such registered owners at their addresses appearing on the registration books on the Record Date.

Debt Service Funds

All of the revenues collected on account of the Levied Taxes for the payment of the principal of or interest on the Bonds, including applicable amounts on deposit in the Union County Levy Abatement Subaccount, shall be deposited in one of two separate funds to be known as the "**Debt Service Fund**" and the "**Surplus Fund**". Such revenues deposited into the Debt Service Fund are hereby allocated and set aside for the sole purpose of paying the principal of and interest on the Bonds authorized by the Bond Ordinance as and when the same shall mature and come due. There shall be deposited or credited first into the Debt Service Fund all revenues received for the payment of the principal of or interest on the Bonds on account of the Levied Taxes, or otherwise, as provided in the Bond Ordinance. To the extent the amount to be deposited in or credited to the Debt Service Fund together with the amount on deposit in the Union County Levy Abatement Subaccount (to be transferred to and deposited in or credited to the Debt Service Fund) would cause the balance in the Debt Service Fund to exceed the amount of principal and interest on the Bonds becoming due during at least the next 12 months, the County Treasurer shall next deposit or credit to the Surplus Fund the revenues received for the payment of the principal of or interest on the Bonds on account of the Levied Taxes, or otherwise.

Levied Taxes for the payment of principal of or interest on the Bonds, and any other funds to pay Bonds shall be paid over or caused to be paid over by the County to the Paying Agent no later than the last to occur of: (i) the County's business day next following receipt; or (ii) 30 days before the interest and/or applicable principal payment date preceding the next occurring June 1 or December 1.

In the event that the County shall be required to transfer monies from other funds held by the County to pay principal and interest on the Bonds as required by the Bond Ordinance, then the County Treasurer shall reimburse the County for such amounts prior to transferring any of the revenues received from any excess Levied Taxes to the Debt Service Fund or the Surplus Fund.

Limited Bonds

The Bonds shall be issued as "limited bonds" under the provisions of Section 15.01 of the Local Government Debt Reform Act (the "Debt Reform Act"), and as such it is not necessary to submit the proposition of the issuance of the Bonds to the voters of the County for approval; and the full faith and credit of the County are irrevocably pledged to the punctual payment of the principal of and interest on the Bonds. The Bonds shall be direct and general obligations of the County, and the County shall be obligated to levy ad valorem taxes upon all the taxable property within the County's corporate limits for the payment of the Bonds and the interest thereon, without limitation as to rate, but limited as to amount, under such Section 15.01. Although the Bonds constitute general obligations of the County and no limit exists on the rate of such direct annual Levied Taxes, the amount of such Levied Taxes is limited by the provisions of the Property Tax Extension Limitation Law of the State of Illinois, as amended (the "Limitation Law"). The Limitation Law provides that the annual amount of the Levies Taxes to be extended to pay the Bonds and all other limited bonds hereafter issued by the County shall not exceed the debt service extension base (as defined in the Limitation Law) of the County (the "Base") less the

amount extended to pay certain other non-referendum bonds heretofore and hereafter issued by the County.

The County is authorized to issue from time to time additional limited bonds payable from the Base and additional non-referendum bonds payable from property taxes unlimited as to rate or amount, as permitted by law, and to determine the lien priority of payments to be made from the Base to pay the County's limited bonds.

Notwithstanding any other provision of the Bond Ordinance, the annual amount of the Levied Taxes to be extended by the County Clerk to pay the Bonds and all other limited bonds (as defined in the Debt Reform Act) hereafter issued by the County shall not exceed the Base, determined from the County's 1996 levies for certain prior non-referendum bonds, with a "CPI" adjustment. No limit, however, exists on the rate of the direct annual tax levied as referenced in the Bond Ordinance, and the Bonds shall constitute a general obligation of the County. The amount of the Base is $202,946.78 per year and all levies for limited bonds will be less than the Base. The Base calculations are shown below.

Union County, Illinois

Debt Service Extension Base ("DSEB") Calculations

DSEB levy year 2008	$185,675.00
Levy year 2009 CPI increase 0.1%	185.68
DSEB levy year 2009	185,860.68
Levy year 2010 CPI increase 2.7%	5,018.24
DSEB levy year 2010	190,878.91
Levy year 2011 CPI increase 1.5%	2,863.18
DSEB levy year 2011	193,742.10
Levy year 2012 CPI increase 3.0%	5,812.26
DSEB levy year 2012	199,554.36
Levy year 2013 CPI increase 1.7%	3,392.42
DSEB levy year 2013	202,946.78

Limited Tax Bond Coverage

Levy Year	Limited Tax Debt Service Ext. Base	Levies For Prior Bonds	Limited Tax Debt Service Remaining	Tax Levy For This Issue*	Total Levies All Issues	Coverage
2014	$202,947	$0	$202,947	$202,363	$202,363	1.00
2015	202,947	0	202,947	198,872	198,872	1.02
2016	202,947	0	202,947	201,022	201,022	1.01
2017	202,947	0	202,947	198,122	198,122	1.02
2018	202,947	0	202,947	199,910	199,910	1.02
2019	202,947	0	202,947	201,055	201,055	1.01
2020	202,947	0	202,947	201,482	201,482	1.01
2021	202,947	0	202,947	201,197	201,197	1.01
2022	202,947	0	202,947	200,332	200,332	1.01
2023	202,947	0	202,947	198,947	198,947	1.02
2024	202,947	0	202,947	201,968	201,968	1.00
2025	202,947	0	202,947	199,420	199,420	1.02
2026	202,947	0	202,947	132,762	132,762	1.53

Optional Redemption

The Bonds due on and after December 1, 2025 are subject to redemption in whole or in part on any date on and after December 1, 2024, at a price of par plus accrued interest to the date of redemption. If the County redeems less than all of the Bonds, the County may redeem them in any order of maturity, and selected by lot within a maturity if less than all of the Bonds of a maturity are to be called.

Notice of Redemption

Notice of the call for any redemption identifying the Bonds, or portions of the Bonds, to be redeemed shall be given for the County by the Bond Registrar by mailing a copy of the redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of each of the Bonds (or part thereof) to be redeemed at the address shown on the registration books, provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of Bonds as to which there was not such failure or defect. Whenever any Bond is called for redemption and prepayment as provided in the Bond Ordinance, all interest on such Bond shall cease from and after the date is fixed for its redemption, provided funds are available for its prepayment at the price specified in the Bond Ordinance.

Certain Risk Factors

Certain proceeds in connection with the Bonds are to be invested, if at all, solely and only in investments ("Qualified Tax-Exempt Investments") (i) the interest on which is not includible in gross income under Section 103 of the Code, and (ii) which are not specified private activity bonds (as defined in Section 57(a)(5)(C) of the Code, i.e., "non-AMT" bonds). Amounts in the Debt Service Fund with respect to the Bonds shall be invested only in obligations described in (i) and (ii). Not adhering to this investment restriction may cause the Bonds to become taxable.

THE SELF-INSURANCE PROGRAM

The Prior Bonds were issued in relation to the County's self-insurance program (as further described herein, see "**THE SOUTHERN ILLINOIS COUNTIES INSURANCE TRUST**"). Illinois local governmental entities, including the County, are exposed under law to certain risks of liability as municipal corporations and corporate entities while they are engaged in the performance of their governmental and proprietary functions (the "Corporate Risks"). Additionally, Illinois counties are permitted by law to assume the risk of certain liabilities and expenses of, and possible claims against, their officers and employees. The County, by ordinance, has assumed such risks within the limits provided by law (the "Assumed Risks").

The County is authorized to insure against claims and liabilities arising out of the Corporate Risks and the Assumed Risks (together, the "Combined Risks") either through commercial insurance sources or through a defined and funded self-insurance program. Due to the cost of commercially provided insurance coverage, the County Boards of the Illinois Counties of Pulaski and Union (together, all of such Counties are herein the "Participants"), established an advanced risk containment program (the "Program") to pool certain resources of the Participants to provide joint self-insurance and purchase insurance policies as permitted by the Counties Code (55 ILCS 5/1-1001 et seq.) as supplemented by the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/1-101 et seq.), the Intergovernmental Cooperation Act (5 ILCS 220/1 et seq.), and Section 10 (Intergovernmental Cooperation) of Article VII (Local Government) of the Constitution of the State of Illinois, (as defined herein, see "**THE SOUTHERN ILLINOIS COUNTIES INSURANCE TRUST – The Program**") and, among other things, established a Contribution Account (the **"**Contribution Account**"**).

THE SOUTHERN ILLINOIS COUNTIES INSURANCE TRUST

The Program

Pursuant to the Acts, the original program participants approved and executed a Trust Agreement, dated as of April 1, 1989 (as supplemented and amended, with Pulaski and Union Counties as Participants and Members the "Trust Agreement), and certain officers or employees of the Participants who have been selected to serve as trustees (the "Trustees") under the Trust Agreement. The Southern Illinois Counties Insurance Trust ("SICIT") Program established pursuant to the Trust Agreement is intended to provide limited insurance coverage for, among other things, any or all of the following categories of liabilities and risks:

1. General Liability;
2. Automotive Liability;
3. Police and Professional Liability;
4. Public Official Liability;
5. Worker's Compensation and Employer's Liability;
6. Automobile Physical Damage;
7. Property Damage; and
8. Inland Marine.

Such coverage includes joint self-insurance up to a specific dollar amount to be determined by the Trustees on an annual basis and excess insurance coverage to be purchased from commercial re-insurers above the Program's self-insurance limits.

The Program funding was originally established in 1989 with an initial Contribution Fund of $2,500,000. For its share, the County issued $1,210,000 initial aggregate principal amount of General Obligation Self-Insurance Bonds, Series 1989. The County's last contribution to the Program was made by its $1,740,000 General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (the "Prior Bonds").

Dissolution of the SICIT

The Participants of the SICIT intend to dissolve the Program. The SICIT is currently in existence for the purpose of phasing out outstanding claims that originated prior to January 1, 2014. The County no longer considers itself self-insured. The County has purchased an insurance policy (Illinois Counties Risk Management Trust) (the "New Policy") through Snedeker Risk Management, Ltd., Havana, Illinois. Any claim against the County originating on or after January 1, 2014 will be applied to the New Policy. The proceeds from the sale of the Bonds will not be used to supplementally fund the SICIT. Instead, the sole purpose for the Bond proceeds is to refund the Prior Bonds.

THE REFUNDING PLAN

Bond proceeds will be used to advance refund the County's General Obligation Self-Insurance Bonds (Alternate Revenue Source) (the "Prior Bonds"), Series 2006, maturing on and after December 1, 2016, listed below:

General Obligation Self-Insurance Bonds (ARS), Series 2006

Outstanding Amount	Maturity December 1	Refunded Amount	Redemption Price	Redemption Date
$ 100,000	2014	$ -	-	At maturity
105,000	2015	-	-	At maturity
280,000	2016	280,000	100%	At maturity
300,000	2017	300,000	100%	12/1/2016
305,000	2018	305,000	100%	12/1/2016
315,000	2019	315,000	100%	12/1/2016
335,000	2020	335,000	100%	12/1/2016

Bond proceeds will be deposited with Hometown National Bank, LaSalle, Illinois, as Escrow Agent for the Prior Bonds, under an Escrow Agreement, and used to pay the redemption price of the Prior Bonds on the December 1, 2016 redemption date. Remaining Bond proceeds will be used to pay the costs of issuing the Bonds.

Certain Verifications

Dunbar, Breitweiser & Co., LLP, Bloomington, Illinois, independent certified public accountants (the "Verifier"), upon delivery of the Bonds, will deliver to the County, Bond Counsel and the

Underwriter a report stating that the Verifier has reviewed the mathematical accuracy of certain computations based on certain assumptions relating to (1) the sufficiency of the initial deposit of cash and principal and interest received from the Government Securities held in escrow by the Escrow Agent to meet the timely payment of the principal of, interest on and redemption price of the Prior Bonds when due and (2) the actuarial yields on the Bonds and the Government Securities, such computations with respect to such yields to be used to support the opinion of Bond Counsel regarding the tax-exempt status of the Bonds. The Verifier will express no opinion on the attainability of any such assumptions or the tax-exempt status of the Bonds.

REGISTRATION, TRANSFER AND EXCHANGE

See also **Appendix A**, **"BOOK-ENTRY FORM"** for information on registration, transfer and exchange of book-entry Bonds.

The County shall cause books (the "Bond Register") for the registration and for the transfer of the Bonds to be kept at the designated corporate trust office of the Bond Registrar.

For provisions applicable to the Bonds while they are in the Book-Entry System, see APPENDIX A. Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Ordinance. Upon surrender for transfer or exchange of any Bond at the designated corporate trust office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such registered owner's attorney duly authorized in writing, the County shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denomination, for a like aggregate principal amount. The execution by the County of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously retired.

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

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

No service charge shall be made for any transfer or exchange of Bonds, but the County or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental

charge that may be imposed in connection with any transfer or exchange of Bonds, except in the case of issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

SOURCES AND USES OF FUNDS

Bonds

Sources of Funds:	
Par Amount of Bonds	$ 2,030,000.00*
Reoffering Premium	_____.__
Total Sources of Funds	$_____.__
Uses of Funds:	
Deposit to Escrow Account	$_____.__
Costs of Issuance(1)	_____.__
Total Uses of Funds	$_____.__

(1) Costs of Issuance include underwriter's discount, bond rating fees, counsel fees, and other costs associated with the issuance of the Bonds.

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. Elected County officials include the County Clerk and Recorder, Treasurer and Collector, State's Attorney,

* Preliminary, subject to change.

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:

Union	Members	Contract Expiration
Laborers Local 773	13	11/30/2014(3)
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.
(3) Six (6) members of Local 773 are still in contract negotiations.

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.

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. 2007 - 2011
Union County	**$36,700**	**$59,900**	**$88,200**
City of Anna	37,700	57,300	79,000
City of Jonesboro	36,600	54,400	83,600
State of Illinois	80,900	130,800	198,500

Median Family Income

	1990	2000	Est. 2007 - 2011
Union County	**$24,875**	**$37,710**	**$51,024**
City of Anna	21,550	30,912	40,913
City of Jonesboro	24,932	40,066	41,488
State of Illinois	38,664	55,545	69,658

Source: U.S. Census Bureau.

Average Annual Unemployment Rates

Calendar Year	Union County	State of Illinois
2008	8.8%	6.4%
2009	11.0	10.0
2010	12.1	10.4
2011	11.4	9.7
2012	11.0	8.9
2013*	10.9	8.3

*As of November, 2013.

Source: Illinois Department of Employment Security.

Largest Area Employers

Employer	Service or Product	Approximate Number of Employees
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 January 2, 2014)

	Amount Applicable		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	15,900,000	*	893	8.54%	2.85%
Less: Self-Supported Debt(1)	(13,870,000)		(779)	(7.45%)	(2.48%)
Total Direct General Obligation Debt(2)	2,030,000	*	114	1.09%	0.36%
Total Overlapping Bonded Debt	8,842,193		497	4.75%	1.58%
Total Direct & Overlapping Debt	$ 10,872,193	*	$ 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.

*Preliminary, subject to change.

Legal Debt Margin

(as of January 2, 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	
The Bonds	2,030,000	*
Total Direct General Obligation Debt	15,900,000	*
Less Self-Supporting Debt[1]	(13,870,000)	
Total Net Direct Debt[2]	2,030,000	*
Available Legal Debt Margin	**$ 3,324,415**	

(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.

*Preliminary, subject to change.

Detailed Overlapping Bonded Debt

(as of January 2, 2013)

	Outstanding	Applicable to County	
Taxing Body	**Debt[1]**	**Percent**	**Amount**
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 January 2, 2014)

Dated Date	Series 2010A		Series 2010B		Series 2010C		Series 2014*						
Par Amount	$1,070,000		$12,635,000		$725,000		$2,030,000						
Maturity	9/1/2042		9/1/2041		9/1/2014		12/1/2033						
Fiscal Year Ending 11/30	Principal	Interest	Principal	Interest	Principal	Interest	Estimated Principal*	Estimated 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	15,735,000	1.04%
2015	-	79,715	280,000	535,782	-	-	120,000	82,363	400,000	697,860	1,097,860	15,335,000	3.55%
2016	-	79,715	285,000	529,594	-	-	140,000	58,873	425,000	668,182	1,093,182	14,910,000	6.23%
2017	-	79,715	295,000	522,740	-	-	145,000	56,023	440,000	658,478	1,098,478	14,470,000	8.99%
2018	-	79,715	300,000	514,495	-	-	145,000	53,123	445,000	647,333	1,092,333	14,025,000	11.79%
2019	-	79,715	310,000	505,622	-	-	150,000	49,910	460,000	635,247	1,095,247	13,565,000	14.69%
2020	-	79,715	320,000	495,950	-	-	155,000	46,055	475,000	621,720	1,096,720	13,090,000	17.67%
2021	-	79,715	330,000	485,550	-	-	160,000	41,483	490,000	606,748	1,096,748	12,600,000	20.75%
2022	-	79,715	345,000	474,396	-	-	165,000	36,198	510,000	590,309	1,100,309	12,090,000	23.96%
2023	-	79,715	355,000	462,287	-	-	170,000	30,333	525,000	572,335	1,097,335	11,565,000	27.26%
2024	-	79,715	370,000	449,365	-	-	175,000	23,948	545,000	553,028	1,098,028	11,020,000	30.69%
2025	-	79,715	390,000	435,416	-	-	185,000	16,969	575,000	532,100	1,107,100	10,445,000	34.31%
2026	-	79,715	400,000	420,206	-	-	190,000	9,420	590,000	509,341	1,099,341	9,855,000	38.02%
2027	-	79,715	420,000	404,086	-	-	130,000	2,763	550,000	486,564	1,036,564	9,305,000	41.48%
2028	-	79,715	440,000	385,249	-	-	-	-	440,000	464,964	904,964	8,865,000	44.25%
2029	-	79,715	460,000	365,515	-	-	-	-	460,000	445,230	905,230	8,405,000	47.14%
2030	-	79,715	485,000	344,884	-	-	-	-	485,000	424,599	909,599	7,920,000	50.19%
2031	-	79,715	505,000	323,131	-	-	-	-	505,000	402,846	907,846	7,415,000	53.36%
2032	-	79,715	530,000	299,335	-	-	-	-	530,000	379,050	909,050	6,885,000	56.70%
2033	-	79,715	555,000	274,357	-	-	-	-	555,000	354,072	909,072	6,330,000	60.19%
2034	-	79,715	585,000	248,203	-	-	-	-	585,000	327,918	912,918	5,745,000	63.87%
2035	-	79,715	610,000	220,634	-	-	-	-	610,000	300,349	910,349	5,135,000	67.70%
2036	-	79,715	645,000	191,888	-	-	-	-	645,000	271,603	916,603	4,490,000	71.76%
2037	-	79,715	675,000	161,493	-	-	-	-	675,000	241,208	916,208	3,815,000	71.76%
2038	-	79,715	710,000	129,683	-	-	-	-	710,000	209,398	919,398	3,105,000	80.47%
2039	-	79,715	745,000	96,224	-	-	-	-	745,000	175,939	920,939	2,360,000	85.16%
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	94.62%
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	$ 2,030,000	$ 507,457	$ 15,900,000	$ 12,706,233	$ 28,606,233		

Source: The County's 2012 Annual Financial Statements. See **APPENDIX B** for a complete copy of the County's 2012 Annual Financial Report.

*Preliminary, subject to change.

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 County Assessor 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 County Assessors establish 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 County Assessor 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 County Assessor 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 County Assessor, as revised by the County Board of Review, 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 farms 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 and thereafter, the maximum reduction is $4,000 for 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 75% are granted an exemption of $5,000 and (ii) those veterans with a service-connected disability of less than 75%, 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 Bonds.

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	0.19601	0.18877	0.20080	0.20065	0.19598
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	0.16976	0.16330	0.16370	0.16972	0.17036
Total	$ 7.42162	$ 6.83731	$ 6.92230	$ 7.44460	$ 6.91237

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

Year	Extension	Collection	Percent Collected
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(1)	2,424,816	2,305,357	95.07%

(1) Still in process of collecting.

Source: Union County Clerk and Treasurer's Office.

Largest County Taxpayers(1)

Name	2012 E.A.V.	% of County's E.A.V.
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 B"** for a copy of the County's Fiscal Year 2012 audited financial statements.

Union County

Balance Sheet

General Fund Summary

For Years Ending November 30th

ASSETS	2008	2009	2010[1]	2011[1]	2012[2]
Cash & Cash Equivalents	$ 31,242	$ 194,046	$ 258,621	$ 56,669	$ 1,962,790
Stamps on Hand	11,210	12,000	12,000	12,000	12,000
TOTAL ASSETS	**42,452**	**206,046**	**270,621**	**68,669**	**1,974,790**
LIABILITIES & FUND BALANCE					
Liabilities:					
Due to other Funds	665,000	515,000	515,000	465,000	-
TOTAL LIABILITIES	665,000	515,000	515,000	465,000	-
Fund Balances:					
Reserved for Inventory	11,210	12,000	12,000	12,000	12,000
Unreserved for Debt Service In:					
General Fund	(633,758)	(320,954)	(256,379)	(408,331)	1,962,790
TOTAL FUND BALANCES	(622,548)	(308,954)	(244,379)	(396,331)	1,974,790
TOTAL LIABILITIES & FUND BALANCE	**$ 42,452**	**$ 206,046**	**$ 270,621**	**$ 68,669**	**$ 1,974,790**

(1) The County restated its 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 public facility 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 2008 – 2012. See APPENDIX A for a copy of the County's 2012 Audited Financial Statements.

Union County

Statement of Revenues, Expenditures, and Changes in Fund Balances

General Fund Summary

For Years Ending November 30th

Receipts/Revenues	**2008**	**2009**	**2010[7]**	**2011[7]**	**2012**
Property & Replacement Taxes	$ 598,059	$ 971,116	$ 672,588	$ 716,166	$ 3,522,409 (1)
County Share of Illinois Income Tax	871,664	770,473	738,298	820,543	841,766
County Share of Sales Tax	505,181	485,859	521,152	513,832	527,711
Salary Reimbursements	178,642	275,867	254,988	158,097	380,426
Service Fees, Fines, Licenses & Commissions	879,335	837,928	757,592	615,254	615,254
Interest Income	14,833	8,431	65,804	3,603	13,930
Other Receipts & Reimbursements	56,914	183,486	113,290	192,273	472,502
Total Receipts/Revenues	**$3,104,628**	**$3,533,160**	**$ 3,123,712**	**$ 3,019,768**	**$ 6,373,998**
Disbursements/Expenditures					
Current:					
General Government	830,790	859,432	1,232,591	1,305,759	1,930,596
Public Safety	1,088,283	1,117,924	1,008,603	935,509	1,171,183
Corrections	98,729	121,955	97,584	116,910	140,288
Judiciary & Legal	695,549	705,495	739,034	740,835	724,810
Health & Welfare	245,186	296,101	-	-	-
Other Expenditures & Reimbursements	140,933	86,859	-	-	-
Total Disbursements/Expenditures	**$3,099,470**	**$3,187,766**	**$ 3,077,812**	**$ 3,099,013**	**$ 3,966,877**
Excess (Deficiency) of Revenues over Expenditures	**5,158**	**345,394**	**45,900**	**(79,245)**	**2,407,121**
Other Financing Sources (Uses):					
Proceeds from Self-Insurance Bonds	-	-	-	-	-
Transfers In	-	-	18,675 (4)	-	-
Transfers Out	(36,724) (2)	(31,800) (3)	-	(72,707) (5)	(36,000) (6)
Total Other Financing Sources (Uses):	(36,724)	(31,800)	18,675	(72,707)	(36,000)
Net Change In Fund Balances	**(31,566)**	**313,594**	**64,575**	**(151,952)**	**2,371,121**
Fund Balances - Beginning of Year	(590,982)	(622,548)	(308,954)	(244,379)	(396,331)
Fund Balances - End of Year	**$ (622,548)**	**$ (308,954)**	**$ (244,379)**	**$ (396,331)**	**$ 1,974,790**

(1) In FY2012 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 $24,724 to the Animal Control Fund.

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

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

(5) Constitutes transfers 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.

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

(7) 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 2008 – 2012. See APPENDIX A for a copy of the County's 2012 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 statue. 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

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	$204,010	100%	$ -
12/31/10	217,411	100%	-
12/31/09	212,923	100%	-

Three-Year Trend Information for the SLEP Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	$18,395	100%	$ -
12/31/10	18,713	100%	-
12/31/09	16,257	100%	-

Three-Year Trend Information for the ECO Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	$52,418	100%	$ -
12/31/10	50,064	100%	-
12/31/09	48,512	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)
12/31/11	$4,790,799	$4,820,381	$29,582	99.39%	$1,742,183	1.70%
12/31/10	5,671,413	6,947,822	1,276,409	81.63%	2,203,983	57.91%
12/31/09	5,489,200	7,024,885	1,535,685	78.14%	2,190,571	70.10%

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)
12/31/11	$1,488,974	$1,222,804	($266,170)	121.77%	$421,901	0.00%
12/31/10	2,344,124	2,645,738	301,614	88.60%	631,792	47.74%
12/31/09	2,038,369	2,706,321	667,952	75.32%	622,858	107.24%

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)
12/31/11	$1,059,185	$1,582,462	$523,277	66.93%	$309,733	168.94%
12/31/10	1,279,965	1,613,672	333,707	79.32%	379,481	87.94%
12/31/09	1,240,279	1,466,736	226,460	84.56%	385,324	58.77%

APPROVAL OF LEGALITY

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Evans, Froehlich, Beth & Chamley, Bond Counsel, who has been retained by, and acts as Bond Counsel to the County. Ice Miller LLP, Chicago, Illinois, will serve as Disclosure Counsel for the County. Certain legal matters will be passed upon for the Underwriter by Ungaretti & Harris LLP, Chicago, Illinois. The proposed form of the opinion of Bond Counsel is included herein as "**APPENDIX C—Form of Bond Counsel Opinion**." 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 Preliminary 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 Preliminary Official Statement, except that Bond Counsel has, at the request of the County, reviewed only those portions of this Preliminary Official Statement involving the description of the Bonds and the security for the Bonds.

NO LITIGATION CERTIFICATE

Simultaneously with the delivery of the Bonds, the County will furnish to the Underwriter a certificate of a County officer which shall state, among other things, that there is no controversy, suit or other proceeding of any kind pending or to such officer's knowledge, threatened in any court (either State or Federal) restraining or enjoining the issuance or delivery of the Bonds or questioning (i) the proceedings under which the Bonds are to be issued, (ii) the validity of the

Bonds, (iii) the pledge by the County of the moneys under the Bond Ordinance or (iv) the legal existence of the County or the title to office of the present officials of the County.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM’s financial strength is rated “AA-” (stable outlook) by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 12, 2013, S&P published a report in which it affirmed AGM's "AA-" (stable outlook) financial strength rating. AGM can give no assurance as to any further ratings action that S&P may take.

On January 17, 2013, Moody's issued a press release stating that it had downgraded AGM's insurance financial strength rating to "A2" (stable outlook) from "Aa3". AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Capitalization of AGM

At September 30, 2013, AGM's consolidated policyholders' surplus and contingency reserves were $3,458,464,281 and its total net unearned premium reserve was $1,902,038,053, in each case, in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (filed by AGL with the SEC on March 1, 2013);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 (filed by AGL with the SEC on May 10, 2013);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 (filed by AGL with the SEC on August 9, 2013); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 (filed by AGL with the SEC on November 12, 2013).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to

above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "**BOND INSURANCE – Assured Guaranty Municipal Corp.**" or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "**BOND INSURANCE**."

INVESTMENT RATING

S&P is expected to assign its rating of "AA-" (stable outlook) to the Bonds based upon a municipal bond insurance policy to be issued by AGM concurrently with the delivery of the Bonds. See "**BOND INSURANCE**" herein. There is no assurance that such rating will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Any rating assigned represents only the view of the rating agency. The definitions furnished by the rating agency for its rating may be obtained from the rating agency. The County does not have an underlying rating.

TAX MATTERS

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 or refinanced therewith, and certain other matters. The County has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable 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 County's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not treated as an item of tax preference for purposes of the federal alternative minimum tax for individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the County with respect to certain material facts within the County'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 (with certain exceptions) 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 certain tax-exempt interest, including 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.

The issue price (the "*Issue Price*") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the "*OID Bonds*") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the County complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from 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 OID 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 owners of OID

Bonds should consult their own tax advisors as to whether original issue discount is taken into account in computing adjusted current earning, which is 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. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of 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 Bonds subsequent to the initial public offering should consult their own tax advisors.

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 an OID Bond, its Issue Price plus accreted original issue discount (the "*Revised Issue Price*"), 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. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. 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.

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

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 may treat the County as a taxpayer and the Bond holders 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.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

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

Ownership of the Bonds may result in other federal, state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such federal, state and local collateral consequences.

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

The County will enter into a Continuing Disclosure Certificate and Agreement (the "Undertaking") for the benefit of the registered owners and 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. 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**".

Pursuant to the issuance of the County's General Obligation Self-Insurance Refunding Bonds, Series 2002 (the "2002 Bonds"), the County entered into a continuing disclosure undertaking (the "2002 Undertaking") to file notice of certain material events as required by the Rule. At the time of issuance, the 2002 Bonds were insured by Financial Guaranty Insurance Company ("FGIC")

and FGIC was rated “AAA” by Standard & Poor's Financial Services LLC ("S&P"). Since that time, S&P has had subsequent rating downgrades of FGIC and FGIC filed for bankruptcy in 2010. Despite the 2002 Undertaking, the County had not provided notice concerning the rating change on the 2002 Bonds that resulted from the rating downgrade of FGIC. Notice of the FGIC downgrade has since been filed electronically through the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rule Making Board (the "MSRB"), but not in a timely manner as was covenanted in the 2002 Undertaking.

Pursuant to issuing the 2002 Bonds and its General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (the "2006 Bonds"), the County entered into the applicable prior continuing disclosure undertakings (the "2002 Undertaking" and "2006 Undertaking") to disseminate its audited financial statements annually with respect to the 2002 Bonds and 2006 Bonds as required by the Rule. Under the 2002 Undertaking and the 2006 Undertaking, the County covenanted to file its audited financial statements at least annually to the repository, if any, designated by the State of Illinois as the state information depository (the "SID"). Pursuant to the 2002 Undertaking and the 2006 Undertaking and since the issuance of the 2002 Bonds and 2006 Bonds, the County filed its audited financial statements and annual financial information with the MSRB on EMMA; however, with the exception of fiscal years 2009 and 2011, the County's filings were made outside the required timeframe as covenanted in the 2002 Undertaking and the 2006 Undertaking.

Pursuant to the issuance of the County's Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010A (Recovery Zone Economic Development Bonds (Direct Payment)), Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010B (Build America Bonds (Direct Payment)), Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010C (collectively, the “2010 Bonds”), the County entered into applicable continuing disclosure undertakings (the "2010 Undertaking") to disseminate its audited financial statements annually with respect to the 2010 Bonds as required by the Rule. Under the 2010 Undertakings for the 2010 Bonds, the County covenanted to file its audited financial statements within 60 days after receipt of the auditor and annual financial information within 180 days for the 2010 Bonds of its fiscal year end (November 30) with the MSRB. Pursuant to the 2010 Undertaking and since the issuance of the 2010 Bonds, the County filed its audited financial statements and annual financial information with the MSRB on EMMA; however, the County's filings were made outside the required timeframe of the 2010 Undertakings.

Pursuant to the bond ordinance for the 2006 Bonds, the County covenanted to support the debt service on the 2006 Bonds from a revenue source ("2006 Bonds Pledged Revenues") and secured by the issuer's general obligation, full faith and credit, including a levy of ad valorem taxes without limit as to rate or amount ("Pledge Taxes"). Since the issuance of the 2006 Bonds, the County has been paying the debt service due on the 2006 Bonds, in part, from the Pledged Taxes in lieu of the 2006 Bonds Pledged Revenues. Until such time as the County pays debt service on the above bonds with the 2006 Bonds Pledged Revenues, they shall constitute an indebtedness of the County, to be counted against their debt limit. This is a default under the County's bond ordinance covenants; however, it is not a payment default. Historically, the County has timely met its debt service obligations on the 2006 Bonds as they come due. The County has since made a non-payment related default material events disclosure as required by the Rule. This disclosure has been filed with the MSRB on EMMA.

Pursuant to the 2010 Undertaking, the County covenanted to file notice of certain material events as required by the Rule. At the time of issuance, the 2010 Bonds were insured by Assured Guaranty Municipal Corp. ("AGM") and AGM was rated "AAA" by Standard and Poor's Financial Services, LLC, a part of McGraw Hill Financial ("S&P"). Since that time S&P has downgraded AGM to "AA- (stable outlook)." Despite the 2010 Undertaking, the County had not provided notice concerning the rating change on the 2010 Bonds that resulted from the rating downgrade of AGM. Notice of the AGM downgrades has since been filed by the County regarding the rating change on the 2010 Bonds with the MSRB through EMMA, but not in a timely manner as was agreed upon in the 2010 Undertaking.

Pursuant to the issuance of the 2010 Bonds, the County covenanted to pay principal and interest, in part, from the one percent (1%) public facility sales tax (the "Sales Taxes") 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.

The County's failure to comply under the 2002 Undertaking, the 2006 Undertaking, and the 2010 Undertaking does not constitute a default under the bond ordinances for the 2002 Bonds, 2006 Bonds nor the 2010 Bonds.

The County has enacted measures to ensure compliance with all of its continuing disclosure obligations. County officials will conduct an annual review of disclosure obligations during the first week of April each year. Such review will determine what steps need to be taken to ensure timely filing of its obligations under all of its continuing disclosure undertakings.

Registered and beneficial owners of the Bonds are limited to the remedies described in the Undertakings, as described below. See "**THE UNDERTAKING – Consequences of Failure of the County to Provide Information**."

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the County 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 County.

Financial Information Disclosure

The County covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, (as described below, constituting the "Annual Report") electronically through the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rule Making Board (the "MSRB") in accordance with the rules and

procedures established by the MSRB, as hereinafter provided. The County is required to deliver such information constituting the Annual Report to the MSRB electronically through the EMMA system, within 210 days (and if later as to the audited financial statements, when available) of the County's fiscal year for each twelve (12) month period ending November 30, together with the opinion of such independent certified public accountants engaged by the County and all notes thereto. All submissions are to be in a word-searchable PDF form.

Audited Financial Statements. Such Audited Financial Statements are the County's annual audited financial statements, which are completed on a modified accrual basis of accounting consistent with generally accepted accounting principles applicable to government entities.

Annual Financial Information. Annual Financial Information means updated information with respect to the captions in the Preliminary Official Statement as follows:

- UNION COUNTY
- SOCIO-ECONOMIC INFORMATION
- DEBT INFORMATION
- TAX BASE INFORMATION
- FINANCIAL INFORMATION
- EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Disclosure

The County shall disclose the following events within 10 business days of the occurrence of any of the following events, if material (with respect to which any determination of materiality shall be made by the County in accordance with standards established by federal securities laws), to the MSRB, in each case (i) in an electronic format as prescribed by the MSRB and (ii) accompanied by identifying information as prescribed in MSRB:

- principal and interest payment delinquencies;
- non-payment related defaults; if material
- 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 other material events affecting the tax exempt status of the Bonds; the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities;
- modifications to rights of Bondholders; if material
- bond calls and tender offers; if material
- defeasances;
- rating changes;
- bankruptcy, insolvency, receivership or similar event of the obligated person[*]

[*] This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the

- release, substitution or sale of property securing repayment of the Bonds; if material
- the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing; if material
- appointment of a successor or additional trustee or the change of name of a trustee; if material.

Consequences of Failure of the County to Provide Information

The County shall give notice in a timely manner to the MSRB through the EMMA system, of any failure to provide disclosure of Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the County to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek specific performance by court order, to cause the County to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the County to comply with the Undertaking shall be an action to compel performance.

Amendment; Modification

Notwithstanding any other provision of the Undertaking, the County may amend or modify the Undertaking, if either:

(a) (i) The amendment or modification 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 County, or type of business conducted;

(ii) The Undertaking, as amended or modified, would have complied with the requirements of the Rule on the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or modification does not materially impair the interests of the beneficial owners of the Bonds, as determined by any person selected by the County that is unaffiliated with the County or Bond Counsel; or

(b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the Rule, as then in effect.

Termination of Undertaking

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assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

The Undertaking shall be terminated if the County shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the County 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 Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the County 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 County 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 County may, at its sole discretion, utilize an agent (the "Dissemination Agent) in connection with the dissemination of any information required to be provided by the County pursuant to the terms of the Rule and the Undertaking. Further, the County may, at its sole discretion, retain counsel or others with expertise in securities matters for the purpose of assisting the County in making judgments with respect to the scope of its obligations.

The initial Dissemination Agent is:

County Treasurer
Union County
309 W. Market Street
Room 123
Jonesboro, Illinois 62952
(618) 833-5621

UNDERWRITING

Bernardi Securities, Inc. (the “Underwriter”) has agreed to purchase the Bonds from the County at a price of _____% of the principal amount thereof plus accrued interest to the date of delivery. The Underwriter intends to reoffer the Bonds at a price of _____% of the principal amount of the Bonds.

The Underwriter must purchase and pay for all of the Bonds if any are purchased. The Bonds are being offered for sale at initial prices stated on the cover of the Preliminary Official Statement, plus accrued interest. After the initial offer, the offering price and other selling terms may be changed. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers. The Underwriter may engage in secondary market trading in the Bonds subject to applicable securities laws. However, the Underwriter is not obligated to repurchase any of the Bonds at the request of any owner thereof.

DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT

This Preliminary Official Statement has been prepared for distribution to prospective purchasers and the Underwriter of the County's General Obligation Refunding Limited Bonds, Series 2014, dated the Date of Delivery. All statements and data presented herein have been obtained from reliable sources and are believed to be correct but are not guaranteed by the County.

CERTIFICATION OF PRELIMINARY OFFICIAL STATEMENT

The County will provide to the Underwriter simultaneously with the delivery of the Bonds, a County officer's certificate which shall state, among other things, that to the best of the knowledge and belief of such officer, this Preliminary Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds, was true and correct in all material respects and does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary to make the statement herein, in light of the circumstances under which they were made, not misleading in any material respect.

MISCELLANEOUS

This Preliminary Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds. Any statement made in this Preliminary Official Statement involving matters of opinion is intended merely as an opinion and not as a representation of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

/s/ Don Denny
Chairman of the Board of Commissioners
The County of Union, Illinois

APPENDIX A
Book-Entry Form

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered 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, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of 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 affect 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 the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County 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 County or the 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 County, 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 County or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Registrar, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records to the Registrar. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Registrar's DTC account.

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

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

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

APPENDIX B

Audited Financial Statements for Year Ending November 30, 2012

UNION COUNTY, ILLINOIS
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
November 30, 2012

TANNER MARLO CPAs INC.
509 ½ EAST DEYOUNG STREET
MARION, ILLINOIS 62959

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TANNER MARLO CPAS, INC
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Union County
County Courthouse
Jonesboro, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for Union County, Illinois, as of and for the year ended November 30, 2012, which collectively comprise the County's basic financial statements as listed in the accompanying table of contents. These basic financial statements are the responsibility of Union County's management. Our responsibly is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Union County Emergency Telephone System Board, which represents a significant portion of the County's Proprietary type funds. Those financial statements were audited by other auditors, whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the 911 Fund, is based on the report of other auditors.

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

As discussed in Note A, Union County prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each

major fund, and the aggregate remaining fund information of Union County, Illinois as of November 30, 2012, and the respective changes in cash basis financial position thereof for the year ended in conformity with the basis of cash receipts and disbursements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2013 on our consideration of Union County, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That 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 performed for the purpose of forming an opinion on the basic financial statements of Union County, Illinois taken as a whole. The other supplementary information as listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Union County, Illinois. Such information has been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion based on our audit and the report of other auditors is fairly stated in all material respects in relation to the basic financial statements taken as a whole on the cash basis of accounting.

The required supplementary information, as listed in the accompanying table of contents, including Management's Discussion and Analysis and the General Fund Budgetary Comparison Schedule, is not a required part of the basic financial statements, but is supplementary information required by Governmental Accounting Standards Board. We and other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

TANNER MARLO CPAs INC.
Certified Public Accountants & Consultants
Marion, IL 62959

May 16, 2013

TANNER MARLO CPAS, INC
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Union County Board of Commissioners
Courthouse
Jonesboro, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Union County, Illinois as of and for the year ended November 30, 2012, which collectively comprises Union County, Illinois' basic financial statements and have issued our report thereon dated May 16, 2013. 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 Union County, Illinois' 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 Union County, Illinois' 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 material weaknesses. 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. Reportable conditions are described in the accompanying schedule.

A material weakness is a reportable 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 caused by error or fraud 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information of the County Board, management, the oversight audit agency and other audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

TANNER MARLO CPAs INC.
Certified Public Accountants & Consultants
Marion, IL 62959

May 16, 2013

UNION COUNTY, ILLINOIS
SCHEDULE OF FINDINGS
YEAR ENDED NOVEMBER 30, 2012

MATERIAL WEAKNESSES:

No matters are reportable.

SIGNIFICANT DEFICIENCIES:

No matters are reportable.

OTHER MATTERS:

Prior Year Comments

Audit Adjustments

During the course of an audit engagement, an auditor will propose adjustments of financial statement amounts. Management evaluates our proposals and records those adjustments, which, in their judgment, are required to prevent the financial statements from being misstated. During our audit we noted audit adjustments from the prior year were not posted to the County's books. In order to correct fund balances for some funds, these adjustments had to be recorded again in fiscal year 2012.

We will be working with management in the coming year to resolve this issue and assist in recording these adjustments.

Outstanding Checks

During our audit we noted several checks that had been outstanding for more than six months. Outstanding checks greater than 180 days old are no longer valid and should be removed from the list of outstanding checks. The State of Illinois has escheat laws that govern the disposition of unclaimed property.

We recommend the Board of Commissioners consult with the States Attorney's office to determine the proper disposition of the old checks. In addition, the Board should develop a policy going forward to address checks that become old and no longer valid.

Current Year Comments

Tax Levy and Appropriation Allocations

The tax levy for the County has allocations to restricted funds which may need to be redistributed for better cost matching of services. We recommend a review of the tax levy and appropriation to match revenues generated to costs incurred and evaluate on an annual basis with the states attorney, Board of Commissioners, and county auditor prior to levy.

Management Discussion and Analysis

As management of Union County, we offer readers of Union County's financial statements this narrative overview and analysis of the financial activities of Union County for the fiscal year ending November 30, 2012.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Union County's basic financial statements. Union County's basic financial statements: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Union County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Union County's finance assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Union County is improving or deteriorating.

The statement of activities presents information showing how the government's assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change that occurs, regardless of the timing of related cash

flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal period (e.g., uncollected taxes and earned but unused sick day and vacation leave).

Both of the government-wide financial statements distinguish functions of Union County that are principally supported by taxes and intergovernment revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government activities of Union County include general government, public safety, roads and bridges. The business-type activities of Union County include an Ambulance Service and 9-1-1. The government-wide financial statement can be found attached to this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Union County, like other county, state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Union County can be divided into three categories: government funds, proprietary funds, and fiduciary funds.

Government Funds

Government funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on
near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Union County maintains individual government funds. Information is presented separately in the governmental fund balance sheets and in the governmental fund statement of revenue and expenditures, and changes in fund balance.

Union County adopts an annual appropriated budget for the General fund, County highway funds Municipal Retirement & Social Security, Tuberculosis, County Ambulance, Cemetery fund, Liability Insurance & Unemployment Compensation, General Assistance, Co-Operative Extension, Law Library, County Tourism County Hotel/Motel tax and Public Safety. A budgetary comparison statement is provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found attached with this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The basic fiduciary fund financial statements are attached as a part of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found attached with this report.

Contact and Requests

This financial report is designed to provide a general overview of Union County's finances for all those with an interest in the government's finances. Question concerning any of the information provided in this report or request for additional financial information should be addressed to the Union County Commissioners, 309 W. Market St. Room 100, Jonesboro, Illinois 62952.

UNION COUNTY, ILLINOIS
STATEMENT OF NET ASSETS- CASH BASIS
November 30, 2012

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	$ 9,853,071	$ 673,097	$ 10,526,168
Stamps on hand	12,000	-	12,000
Loans receivable	153,796	-	153,796
Due from other funds	-	-	-
Total Assets	$ 10,018,867	$ 673,097	$ 10,691,964
Liabilities:			
Due to other funds	$ -	$ -	$ -
General obligation bond	16,290,000	-	16,290,000
Total Liabilities	16,290,000	-	16,290,000
Net Assets:			
Restricted for:			
Inventory	12,000	-	12,000
Revolving loan fund	227,609	-	227,609
Debt Service	5,848,743	-	5,848,743
Unrestricted	(12,359,485)	673,097	(11,686,388)
Total Net Assets	$ (6,271,133)	$ 673,097	$ (5,598,036)

See accompanying notes to financial statements.

UNION COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES-CASH BASIS
For the Year Ended November 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges For Services	Grants	Governmental Activities	Business-type Activities	Total
Government Activities						
Governmental Activities						
General Government	$ (2,383,789)	$ 663,675		$ (1,720,114)	$ -	$ (1,720,114)
Highways and streets	(2,263,987)	494,733	-	(1,769,254)	-	(1,769,254)
Public safety and judiciary	(2,660,134)	136,767	36,958	(2,486,409)	-	(2,486,409)
Health and welfare	(53,940)	-	-	(53,940)	-	(53,940)
Other	(1,063,158)	-	-	(1,063,158)	-	(1,063,158)
Debt Service	(7,373,200)	-		(7,373,200)	-	(7,373,200)
Total Governmental Activities	(15,798,208)	1,295,175	36,958	(14,466,075)	-	(14,466,075)
Business-Type Activities						
Ambulance	(1,100,285)	647,066	-	-	(453,219)	(453,219)
911	(309,135)	211,421	-	-	(97,714)	(97,714)
Animal Control	(69,742)	50,774	-	-	(18,968)	(18,968)
Total Business-Type Activities	(1,479,162)	909,261	-	-	(569,901)	(569,901)
Total Government Activities	$ (17,277,370)	$ 2,204,436	$ 36,958	$ (14,466,075)	$ (569,901)	$ (15,035,976)
General Revenues						
Public safety tax				$ 1,256,412	$ -	$ 1,256,412
Property and replacement taxes				4,493,752	262,896	4,756,648
Sales, service and utility taxes				527,711	-	527,711
Motor fuel tax				754,949	-	754,949
State income tax				841,766	-	841,766
Interest income				32,713	9,168	41,881
Other receipts and reimbursements				1,797,521	5,861	1,803,382
Transfers				(24,000)	24,000	-
Total General Revenues				9,680,824	301,925	9,982,749
Change in Net Assets				(4,785,251)	(267,976)	(5,053,227)
Net Assets - Beginning of Year				(1,485,882)	941,073	(544,809)
Net Assets - End of Year				$ (6,271,133)	$ 673,097	$ (5,598,036)

The notes to the financial statements are an integral part of this statement.

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
GOVERNMENTAL FUNDS
November 30,2012

	General	Liability Insurance	County Highway	Revolving Loan Fund	Other Governmental Funds	Totals
ASSETS						
Cash and cash equivalents	$ 1,962,790	$ 644,578	$ 152,111	$ 73,813	$ 7,019,779	$ 9,853,071
Stamps on hand	12,000	-	-	-	-	12,000
Loans receivable	-	-	-	153,796	-	153,796
Due from other funds	-	-	-		-	-
Total Assets	$ 1,974,790	$ 644,578	$ 152,111	$ 227,609	$ 7,019,779	$ 10,018,867
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-	-	-
Fund balances (Deficit):						
Reserved for inventory	12,000	-	-	-	-	12,000
Reserved for revolving loan fund	-	-	-	227,609	-	227,609
Reserved for debt service	-	-	-	-	5,848,743	5,848,743
Unreserved reported in:						
General Fund	1,962,790	-	-	-	-	1,962,790
Special revenue funds	-	644,578	152,111	-	1,171,036	1,967,725
Total Fund Balances	1,974,790	644,578	152,111	227,609	7,019,779	10,018,867
Total Liabilities and Fund Balances	$ 1,974,790	$ 644,578	$ 152,111	$ 227,609	$ 7,019,779	$ 10,018,867

Reconciliation to Statement of Net Assets:

Total fund balance for governmental funds	$ 10,018,867
Amounts reported for governmental activities in the statement of net assets are different because:	
Liabilities, including capital debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds.	(16,290,000)
Net assets of governmental activities	$ (6,271,133)

See accompanying notes to financial statements.

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-CASH BASIS
GOVERNMENTAL FUNDS
November 30,2012

	General	Liability Insurance	County Highway	Revolving Loan Fund	Other Governmental Funds	Totals
Revenues:						
Public safety tax	$ -	$ -	$ -	$ -	$ 1,256,412	$ 1,256,412
Property and replacement taxes	3,522,409	-	117,605	-	853,738	4,493,752
County share of Illinois income tax	841,766	-	-	-	-	841,766
County share of sales tax	527,711	-	-	-	-	527,711
Salary reimbursements	380,426	-	-	-	501,801	882,227
Service fee, fines, licenses and commissions	615,254	-	81,901	-	185,188	882,343
Interest income	13,930	1,693	2,275	8,811	6,004	32,713
Equipment rental	-	-	412,832	-	-	412,832
Motor fuel tax allotments	-	-	-	-	754,949	754,949
Grants and entitlements	-	-	-	-	36,958	36,958
Other receipts and reimbursements	472,502	50,000	212,786	-	180,006	915,294
Total Revenues	6,373,998	51,693	827,399	8,811	3,775,056	11,036,957
Expenditures:						
General government	1,930,596	-	-	-	33,347	1,963,943
Public safety	1,171,183	-	-	-	392,561	1,563,744
Corrections	140,288	-	-	-	-	140,288
Judiciary and legal	724,810	-	-	-	231,292	956,102
Health and wellness	-	-	-	-	53,940	53,940
Highways and streets	-	-	780,926	-	1,483,061	2,263,987
Other expenditures and reimbursements	-	488,222	-	-	7,948,136	8,436,358
Total Expenditures	3,966,877	488,222	780,926	-	10,142,337	15,378,362
Excess(Deficiency) of Revenues Over Expenditures	2,407,121	(436,529)	46,473	8,811	(6,367,281)	(4,341,405)
Other Financing Sources(Uses):						
Repayment of debt	-	-	-	-	(869,846)	(869,846)
Transfers in	-	-	-	-	149,544	149,544
Transfers out	(36,000)	-	-	-	(137,544)	(173,544)
Total Other Financing Sources(Uses)	(36,000)	-	-	-	(857,846)	(893,846)
NET CHANGE IN FUND BALANCES	2,371,121	(436,529)	46,473	8,811	(7,225,127)	(5,235,251)
FUND BALANCES(deficit), BEGINNING OF YEAR	(396,331)	1,081,107	105,638	218,798	14,244,906	15,254,118
FUND BALANCES(deficit), END OF YEAR	$ 1,974,790	$ 644,578	$ 152,111	$ 227,609	$ 7,019,779	$ 10,018,867

Reconciliation to change in net assets:	
Net change in fund balance for governmental funds	$ (4,341,405)
Amounts reported for governmental activities in the statement of activities are different because:	
Net activity in long term debt	(443,846)
Change in net assets of governmental activities	$ (4,785,251)

See accompanying notes to financial statements.

UNION COUNTY, ILLINOIS
STATEMENT OF NET ASSETS- CASH BASIS
PROPRIETARY FUNDS
November 30, 2012

	Major		Non-Major	
	Ambulance Fund	911 Fund	Animal Control	Total
ASSETS:				
Current Assets:				
Cash and cash equivalents	$ 139,060	$ 519,831	$ 14,206	673,097
Total Assets	$ 139,060	$ 519,831	$ 14,206	$ 673,097
NET ASSETS				
Unrestricted	$ 139,060	$ 519,831	$ 14,206	$ 673,097
Total Net Assets	$ 139,060	$ 519,831	$ 14,206	$ 673,097

See accompanying notes to financial statements.

UNION COUNTY, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
November 30, 2012

	Major		Non-Major	
	Ambulance Fund	911 Fund	Animal Control	Total
Operating Revenues				
Charges for services	$ 647,066	$ 211,421	$ 50,774	$ 909,261
Property and replacement taxes	262,896		-	262,896
Other receipts and reimbursements	920		4,941	5,861
Total Operating Revenues	910,882	211,421	55,715	1,178,018
Operating Expenses:				
Salaries	649,222	162,314	56,895	868,431
Fringe benefits	92,274	-	-	92,274
Telephone	-	63,644	1,430	65,074
Utilities	20,642	-	5,266	25,908
Supplies	34,950	12,451	3,214	50,615
Office expense	8,602	-	137	8,739
Travel	3,384	-	507	3,891
Maintenance and repairs	93,252	48,840	1,558	143,650
Equipment	183,531	8,431	137	192,099
Miscellaneous	14,428	13,455	598	28,481
Total Operating Expenses	1,100,285	309,135	69,742	1,479,162
Operating Income (Loss)	(189,403)	(97,714)	(14,027)	(301,144)
Nonoperating Revenues				
Interest income	3,855	5,264	49	9,168
Total Nonoperating Revenues	3,855	5,264	49	9,168
Net Income(Loss) Before Contributions and Transfers	(185,548)	(92,450)	(13,978)	(291,976)
Transfers in	-	-	24,000	24,000
Change in net assets	(185,548)	(92,450)	10,022	(267,976)
Total net assets-beginning	324,608	612,281	4,184	941,073
Total net assets-ending	$ 139,060	$ 519,831	$ 14,206	$ 673,097

See accompanying notes to financial statements.

UNION COUNTY, ILLINOIS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES-CASH BASIS
AGENCY FUNDS
November 30, 2012

	Circuit Clerk Bond Fund	General Assistance Earnfare	Total
Assets:			
Cash and cash equivalents	$ 350,127	$ 13,244	$ 363,371
Total Assets	$ 350,127	$ 13,244	$ 363,371
Liabilities:			
Escrow liability	$ 350,127	$ -	$ 350,127
Due to General Assistance Program	-	7,552	7,552
Total Liabilities	350,127	7,552	357,679
Net Assets	$ 350,127	$ 5,692	$ 355,819

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note A.3, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

1. Reporting Entity

Union County operates under a Board of County Commissioners form of government and provides the following services: public safety, highways and streets, education, judiciary, corrections, health and social services, county improvements, and general administrative services. The County, for financial purposes, includes all of the funds relevant to the operations of Union County. The County is considered to be a primary government pursuant to GASB Statement 14 since it is legally separate and fiscally independent. The County has no component units which are legally separate entities from the County for which the County is financially accountable or whose relationship with the County is such that exclusion would cause the County's statements to be misleading or incomplete.

2. Basis of Presentation-Fund Accounting

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the County as a whole. They include all funds of the County except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary categories. The County's fiduciary funds are presented separately. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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

The funds of the County are described below:

Governmental Funds

General Fund

The General Fund is the operating fund of the County and is always classified as a major fund. It is established to account for all financial resources except those required to be accounted for in another fund. General tax receipts and other sources of receipts used to finance the fundamental operations of the County are included in this fund.

Special Revenue Funds
Special Revenue Funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Debt Service Fund
The Debt Service Fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from the Enterprise Funds.

Fiduciary Funds

These funds account for assets held by the County as a trustee or agent for individuals, private organizations, and other units of governments. These funds are as follows:

Agency Funds
Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity.

Proprietary Funds

These funds account for operations that are organized to be self-supporting through user charges. The government applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. The following is the County's proprietary fund:

Enterprise Funds
Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs of providing services to the general public on a counting basis be recovered through user changes/

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and how they are reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The County maintains its accounting records for all funds on the cash basis. Accordingly, revenue is recognized and recorded when cash is received and expenditures are recognized and recorded when checks are written. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund. This differs from the generally accepted accounting principles of recording revenues and expenditures of Governmental Funds when they become measurable and available, and when the related liabilities is incurred.

4. Budgets and Budgetary Accounting

The County's budget is prepared so that each fund's budgeted revenue received and expenditures disbursed can be compared to the actual revenue received and expenditures disbursed.

Total fund disbursements may not legally exceed the budgeted disbursements. The budget lapses at the end of each fiscal year.

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to November 15, a proposed operating budget for the fiscal year commencing the following December 1, is submitted to the County Board. The operating budget includes proposed expenditures and the means of financing them.
2. The Budget is made available for the public inspection for fifteen days prior to final action thereon.
3. Prior to December 1, the budget is formally approved by the Board action.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
5. Budgets for the General and Special Revenue Funds are adopted on the cash basis of accounting.

5. Cash and Cash Equivalents

For purposes of the statement of cash flows of the enterprise fund, the County considers all cash and certificates of deposit to be cash and cash equivalents.

6. Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

7. Property and Equipment

The County does not capitalize fixed assets and does not maintain fixed asset records. Assets are expended when purchased.

8. Encumbrances

The County does not maintain information concerning encumbrances. Therefore, no amounts for encumbrances are reported in the financial statements.

9. Accumulated Unpaid Vacation and Sick Pay

Most County Employees are covered under a union contract and are entitled to certain compensated absences based on their employment contract. These compensated absences do accumulate if not used by the employee in the year ended. Upon termination, employees are compensated for unused vacation pay. As a result of the use of cash basis accounting, liabilities related to accrued compensated absences are not recorded in the government-wide or fund financial statements. Expenditures/expenses related to compensated absences are recorded when paid.

10. Estimates

The preparation of financial statements in conformity with the United States generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

11. Differences from GAAP

As discussed in Note A.2, the County reports both the government-wide and fund financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

NOTE B-PROPERTY TAXES

The County's property tax is levied each year on all taxable real property located in the County on or before the last Tuesday in December. The levy was passed by the Commissioners on November 25, 2011. Property taxes attach as an enforceable lien on property as of January 1, and are payable in two installments in December and February. The County receives significant distributions of tax receipts approximately one month after these due dates. Property taxes are not recognized as revenue until they are received.

NOTE C-DEPOSITS AND INVESTMENTS

Authorized Deposits and Investments

Illinois Compiled Statutes authorize the County to invest in interest bearing savings accounts, certificates of deposit and time deposits, shares or other forms of securities legally insurable by savings and loan associates, bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America, and short term discount obligations of the Federal National Mortgage Association.

Deposits

At November 30, 2012 the carrying amount of the County's deposits with financial institutions was $10,526,168 and the bank balance was $10,671,349.

Custodial Credit Risk-Custodial risk is the risk that in the event of a bank failure, the County's deposits may not be returned to the County. Due to the nature of the certificates of deposit, they are included as deposit balances on the balance sheet. As of November 30, 2012, the County has no uninsured/uncollateralized deposits.

At November 30, 2012, of the bank balance of $10,671,349, $1,323,772 was covered by federal depository insurance, $9,347,577was collateralized by pledged bank assets in the County's name, and no funds were left uninsured/uncollateralized.

Investments

Interest Rate Risk-Interest rate risk is the risk that the fair value of an investment will decline as interest increases. The County's investment policy is described in the paragraph below. Due to the County's type of investments at November 30, 2012, certificates of deposits, interest rate risk is not significant.

Credit Risk-Credit risk is the risk that the financial counter party will fail to meet its defined obligations. State statutes authorize the County to invest only in direct obligations of the U.S. Governments or its agencies; direct obligations of any financial institution that is insured by the Federal Deposit Insurance Corporation; short-term obligations of corporations rated A or better by at least two standard rating services; obligations of the State of Illinois and its political subdivisions; insured accounts of credit unions located in the State of Illinois; The Illinois Funds; certain money market mutual funds where the portfolio if limited to U.S. Government securities; and certain repurchase agreements. Credit quality ratings disclosures do not apply to debt securities of the U.S. government.

Custodial Credit Risk-For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

NOTE D-LOANS RECEIVABLE/REVOLVING LOAN PROGRAM

The County has established a Revolving Loan Program through the use of funds from the Illinois Department of Commerce and Community Affairs. These funds are to be used to promote economic development in the County by providing low interest loans. As the funds are recaptured from the loans, they may be used to make other economic development loans. As of November 30, 2012, the County had the following loans receivable through the revolving loans program:

	Loan Amount	Date	Interest Rate	Maturity Date	Balance at 11/30/11
Amy D. Mezo	$ 40,000	6/14/2006	5%	1/14/2022	$ 22,067
Open Gate Custom Meats	50,000	5/07/2010	5%	6/01/2026	39,563
McCann & Son's A/C & Heating	25,250	11/19/2004	5%	2/19/2015	6,565
Boars Nest Bed & Breakfast	30,000	12/05/2005	5%	6/05/2020	14,898
Fill Up Mart	25,000	8/14/2010	5%	9/05/2025	20,097
Stegle Plumbing	25,000	11/21/2011	5%	8/21/2026	23,857
TLC Metals	30,000	10/27/2010	5%	11/1/2024	26,749
	$225,250				$153,796

As of November 30, 2012, all loans were considered current.

NOTE E-RETIREMENT COMMITMENTS

Illinois Municipal Retirement Fund-Defined Benefit Pension Plan

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 required 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 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. SLEP members are required to contribute 7.50 percent of their annual covered salary. ECO members are required to contribute 7.50 percent of their annual covered salary. The member rate is established by the state statue. The County is required to contribute at an actuarially determined rate. The employer rate for calendar year 2012, based on the 2011 valuation, was 18.39 percent of payroll for SLEP member, 19.48 percent of payroll for ECO members and 13.67 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, 2011 was 20 years for ECO members and all other employees and 2 years for SLEP members.

For December 1, 2012, 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. The required contribution was determined as part of the December 31, 2011 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 2007-2009 experience study.

NOTE F-LEGAL DEBT MARGIN

The County is subjected to the Municipal Finance Law of Illinois, which limits the amount of net bonded debt the County may have outstanding to 5.75 percent of the assessed valuation.

At November 30, 2012 the statutory limit for the County was $10,288,029 providing a remaining debt margin of $8,033,029.

NOTE G-LONG-TERM DEBT

Bonds Payable

Union County, Illinois issued General Obligation Self-Insurance Refunding Bonds, Series 2002 on May 14, 2002. These bonds were issued to refinance the County's portion of continuing costs of establishing a joint self-insurance program with other Illinois counties pursuant to the Southern Illinois Counties Insurance Trust. The refinancing consisted of refunding the Series 1993 and 1995 bonds. The interest on the General Obligation Self-Insurance Refunding Bonds, Series 2002 is payable, on June 1 and December 1 of each year commencing on June 1, 2002.

Union County, Illinois issued General Obligation Self-Insurance Bonds, Series 2006 on October 16, 2006. These bonds were issued to finance the County's portion of a "Recapitalization Project for Southern Illinois Counties Insurance Trust" in order to ensure the future financial viability of the Trust. The interest on the General Obligation Self-Insurance Refunding Bonds, Series 2006 is payable on June 1 and December 1 of each year commencing on June 1, 2007.

The interest rates on both Bonds, Series 2002 and Series 2006, vary and are outlined below. The Union Trust Corporation of Streator, Illinois, is the paying agent. The bonds are direct general obligations of Union County, Illinois, and contain a pledge of the County's full faith and credit for the payment of the principal and interest on the bonds. The bond payment schedules including interest rates are as follows:

Series 2002

Fiscal Year Ending November 30	Interest Rate	Principal	Interest	Total Payments
2013	4.500%	165,000	23,705	188,705
2014	4.600%	170,000	16,280	186,280
2015	4.700%	180,000	8,460	188,460
		$ 515,000	$ 48,445	$ 563,448

Series 2006

Fiscal Year Ending November 30	Interest Rate	Principal	Interest	Total Payments
2013	4.75%	-	82,670	82,670
2014	4.00%	100,000	82,670	182,670
2015	4.05%	105,000	78,670	183,670
2016	4.10%	280,000	74,418	354,418
2017	4.20%	300,000	62,938	362,938
2018	4.25%	305,000	50,338	355,338
2019	-	-	-	-
2020	5.75%	650,000	56,636	706,636
		$1,740,000	$ 488,340	$2,228,340

Union County Illinois issued General Obligation Recovery Zone Economic Development Bonds, Series 2010A, General Obligation Build America Bonds, Series 2010B, and General Obligation Bonds, Series 2010C on December 8, 2010. These bonds were issued to finance the construction of a new courthouse facility. All of the associated bonds are payable on September 1 and March 1 of each year commencing on September 1, 2012.

The Bank of New York Mellon Trust Company, N.A., is the paying agent. The bonds are direct general obligations of Union County, Illinois, and contain a pledge of the County's full faith and credit for the payment of the principal and interest on the bonds. The bond payment schedules are as follows:

Series 2010A

Fiscal Year Ending November 30	Principal	Interest	Total
2013	-	79,715	79,715
2014	-	79,715	79,715
2015	-	79,715	79,715
2016	-	79,715	79,715
2017-2021	-	398,575	398,575
2022-2026	-	398,575	398,575
2027-2031	-	398,575	398,575
2032-2036	-	398,575	398,575
2037-2041	215,000	398,575	613,575
2042	855,000	63,697	918,697
	$1,070,000	$2,375,432	$3,445,432

Series 2010B

Fiscal Year Ending November 30	Principal	Interest	Total
2013	-	824,280	824,280
2014	-	824,280	824,280
2015	280,000	814,760	1,094,760
2016	285,000	804,215	1,089,215
2017-2021	1,555,000	3,883,625	5,438,625
2022-2026	1,860,000	3,448,720	5,308,720
2027-2031	2,310,000	2,901,405	5,211,405
2032-2036	2,925,000	1,822,166	4,747,166
2037-2041	3,420,000	726,774	4,146,774
	$12,635,000	$16,050,225	$28,685,225

Series 2010C

Fiscal Year Ending November 30	Principal	Interest	Total
2013	165,000	10,065	175,065
2014	165,000	6,188	171,188
	$330,000	$16.253	$346,253

The annual cash flow requirement for next four years of bond and interest is as follows:

Fiscal Year Ending November 30	Principal	Interest	Total
2013	330,000	1,020,435	1,350,435
2014	435,000	1,009,133	1,444,133
2015	565,000	981,605	1,546,605
2016	565,000	958,348	1,523,348
	$ 1,895,000	$ 3,969,521	$ 5,864,521

NOTE H-RISK MANAGEMENT AND LITIGATION

The County is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers compensation and public official liability. To limit exposure to these risks, Union County participates in the Southern Illinois Counties Insurance Trust. The Trust is setup to provide Pulaski and Union Counties with basic insurance coverage. The trust is funded by insurance premiums from each of the participants along with bond proceeds issued by each county to provide the insurance reserves. Total bond proceeds for providing the initial reserve was $4,500,000 with a self-insured retention of $250,000. During 2006, the Trust's members approved a "Recapitalization Project for Southern Illinois Counties Insurance Trust." This project included the issuance of a total of $4 million in bonds by the respective members in order to ensure the future financial viability of the Trust as well as a self-imposed assessment of $200,000. The County's policy is to record any related expenditures in the year in which they are notified of a loss.

NOTE I-EXPENDITURES IN EXCESS OF BUDGET

Excess of expenditures over appropriations in individual funds for the year ended November 30, 2012, are as follows:

Fund	Expenditures	Budget
General	$3,889,505	$3,966,877
County Bridge	$ 82,979	$ 61,500
Public Safety	$ 354,923	$ 335,500
County Tourism	$ 67,494	$ 42,000
Animal Control	$ 69,742	$ 67,700
County Ambulance	$1,100,285	$ 984,000

NOTE J-RESTRICTED ASSETS

Certain resources are classified as restricted assets on the balance sheet because their use is limited to a specific purpose. A summary of restricted assets at November 30, 2012 is as follows:

Restricted Assets	
Revenue Stamps	
Inventory	$ 12,000
Revolving Loan Fund	
Cash	73,813
Loans receivable	153,796
Debt Service	
Cash	5,848,743
	$ 6,088,352

NOTE K-INTERFUND TRANSFERS

The following is a schedule of operating transfers as included in the Statement of Net Assets of the County.

	Transfers In	Transfers out
Major Funds:		
General Fund	$ -	$ 36,000
Total Major Funds	-	36,000
Nonmajor Governmental Funds:		
Animal Control	24,000	-
Cemetery Fund	12,000	-
County Motor Fuel Tax	-	80,000
County Unit Road District - MFT	80,000	-
Hard Road	-	57,544
Township Bridge	57,544	-
Total Nonmajor Funds	173,544	137.544
TOTAL ALL FUNDS	$ 173,544	$ 173,544

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

NOTE L-CONSTRUCTION IN PROGRESS

Union County, Illinois is currently in the process of building a new courthouse facility. As of November 30, 2012, the county has expended a total of $9,169,489 in construction costs and other fees associated with the ongoing project.

REQUIRED SUPPLEMENTARY INFORMATION

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS
GENERAL FUND
November 30, 2012

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Property and replacement taxes	$ 276,500	$ 276,500	$ 3,522,409	$ 3,245,909
County share of IL income tax	700,000	700,000	841,766	141,766
County share of sales tax	600,000	600,000	527,711	(72,289)
Service fees, licenses and commissions	730,290	730,290	615,254	(115,036)
Interest income	4,900	4,900	13,930	9,030
Salary reimbursements	138,500	138,500	380,426	241,926
Other receipts and reimbursements	504,700	504,700	472,502	(32,198)
Total revenues	2,954,890	2,954,890	6,373,998	3,419,108
GENERAL GOVERNMENT				
Board of Commissioners				
Salaries	24,000	24,000	18,231	5,769
Travel and expense	1,000	1,000	1,462	(462)
Printing	1,000	1,000	-	1,000
Office supplies	100	100	-	100
	26,100	26,100	19,693	6,407
County Clerk				
Salary-County Clerk	54,000	54,000	53,604	396
Salary-Deputies	62,940	62,940	63,206	(266)
Salary-part-time	3,500	3,500	3,475	25
Salary-overtime	2,000	2,000	430	1,570
Fees-vital statistics	200	200	200	-
Microfilm	2,500	2,500	40	2,460
Office Supplies	3,000	3,000	3,336	(336)
Postage and box rent	2,500	2,500	2,356	144
Ledgers and binders	1,000	1,000	154	846
Association dues	250	250	660	(410)
Photocopy supplies	1,500	1,500	879	621
Equipment service contract	3,000	3,000	3,146	(146)
Maintenance-equipments	2,900	2,900	-	2,900
Travel	500	500	34	466
Miscellaneous	500	500	233	267
	140,290	140,290	131,753	8,537
Collector and Treasurer				
Salary-Treasurer	54,000	54,000	52,360	1,640
Salary-Overtime	5,000	5,000	4,193	807
Salary-Deputies	60,964	60,964	30,361	30,603
Equipment and repair	300	300	1,058	(758)
Postage and envelopes	4,500	4,500	4,941	(441)
Office supplies	1,500	1,500	5,510	(4,010)
Publishing	2,500	2,500	2,998	(498)
Dues	260	260	150	110
Travel and expense	500	500	-	500
	129,524	129,524	101,571	27,953
Subtotal general government				
Carried forward	295,914	295,914	253,017	42,897

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS (CONTINUED)
GENERAL FUND
November 30, 2012

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
General Government brought forward	$ 295,914	$ 295,914	$ 253,017	$ 42,897
Other expenditures and reimbursements				
County audit and budget preparation	33,000	33,000	62,585	(29,585)
Hotel/Motel administration	5,000	5,000	5,000	-
SIEG agent salary	50,000	50,000	44,373	5,627
Merit board	500	500	150	350
Social security	264,000	264,000	336,269	(72,269)
Health insurance	300,000	300,000	288,977	11,023
Computer Service	10,000	10,000	69,649	(59,649)
Contingencies	149,108	149,108	115,987	33,121
Loan repayment	550,000	550,000	465,000	85,000
Public service contracts	34,600	34,600	37,500	(2,900)
	1,396,208	1,396,208	1,425,490	(29,282)
Supervisor of Assessment				
Salary-Supervisor	44,000	44,000	43,535	465
Salary-Deputies	90,921	90,921	68,144	22,777
Salary- Part-time	-	-	6,631	(6,631)
Soil mapping	3,900	3,900	-	3,900
Travel	3,000	3,000	2,059	941
Postage	6,000	6,000	-	6,000
Publication of notices	12,000	12,000	4,465	7,535
Office supplies	2,500	2,500	1,138	1,362
Photocopy supplies	1,500	1,500	274	1,226
Equipment	1,000	1,000	-	1,000
Miscellaneous	325	325	325	-
	165,146	165,146	126,571	38,575
Elections				
Salaries	21,931	21,931	18,455	3,476
Postage	2,500	2,500	2,008	492
Publishing	7,000	7,000	5,918	1,082
Office supplies	65,000	65,000	64,343	657
Computer	6,300	6,300	4,704	1,596
Election polling places	500	500	1,287	(787)
Judge school	500	500	500	-
Judges pay, rent and mileage	26,000	26,000	28,303	(2,303)
	129,731	129,731	125,518	4,213
Total general government	$ 1,986,999	$ 1,986,999	$ 1,930,596	$ 56,403

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS (CONTINUED)
GENERAL FUND
November 30, 2012

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
PUBLIC SAFETY				
Sheriff's Department				
Salary-Sheriff	$ 56,185	$ 56,185	$ 56,045	$ 140
Salary-Deputies	212,818	212,818	209,156	3,662
Salary-Public Safety	1,500	1,500	1,579	(79)
Salary-Secretary	35,919	35,919	34,963	956
Salary-Custodian	28,067	28,067	27,931	136
Salary-Other	38,000	38,000	32,986	5,014
Salary-Civil Process Server	7,500	7,500	6,512	988
Salary-Holiday Buy Back	25,000	25,000	19,505	5,495
Salary-Custodial-part-time	800	800	485	315
Salary-Overtime	23,000	23,000	31,998	(8,998)
Uniforms	3,000	3,000	2,488	512
New Vehicle & equipment	46,000	46,000	46,075	(75)
Postage	1,200	1,200	734	466
Laundry Service	2,300	2,300	1,745	555
Travel-Transportation of prisoners	500	500	730	(230)
Sheriff dues	2,000	2,000	2,020	(20)
Food-Prisoners	800	800	685	115
Office Supplies	3,500	3,500	24,540	(21,040)
Gasoline	55,000	55,000	43,854	11,146
Repairs	20,000	20,000	27,571	(7,571)
Operating Supplies	7,000	7,000	6,202	798
Computer	7,000	7,000	7,144	(144)
Computer Maintenance	8,500	8,500	9,962	(1,462)
Photocopy Supplies	1,000	1,000	1,046	(46)
Ledgers and Binders	550	550	464	86
	587,139	587,139	596,420	(9,281)
County Coroner				
Salary-Coroner	11,910	11,910	10,536	1,374
Salary-Deputy	3,300	3,300	3,483	(183)
Telephone	600	600	163	437
Court Reporter	100	100	-	100
Dues	325	325	325	-
Training	750	750	282	468
Medical	10,800	10,800	11,324	(524)
Office supplies	300	300	-	300
Equipment	300	300	720	(420)
	28,385	28,385	26,833	1,552

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS (CONTINUED)
GENERAL FUND
November 30, 2012

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Courthouse and Jail				
Maintenance-building	$ 20,000	$ 20,000	$ 30,184	$ (10,184)
Housing prisoners	263,000	263,000	328,660	(65,660)
Juvenile detention	30,000	30,000	62,617	(32,617)
Telephone	30,000	30,000	92,113	(62,113)
Utilities	36,000	36,000	41,313	(5,313)
Laundry	200	200	-	200
	379,200	379,200	554,887	(175,687)
Emergency Services and Disaster Operations				
Salaries	12,875	12,875	11,389	1,486
Salaries-secretary	200	200	-	200
Maintenance vehicle	500	500	-	500
Telephone	1,500	1,500	1,452	48
Utilities	2,000	2,000	1,955	45
Travel	700	700	465	235
Postage	50	50	42	8
Dues	45	45	-	45
Training	500	500	-	500
Public service contracts	1,000	1,000	444	556
Office supplies	500	500	243	257
Gas and oil	400	400	396	4
Miscellaneous	1,000	1,000	865	135
Equipment	3,500	3,500	2,625	875
	24,770	24,770	19,876	4,894
Total Public Safety	991,109	991,109	1,171,183	(180,074)
CORRECTIONS				
Probation				
Union County share of area wide expense	140,288	140,288	140,288	-
Total Corrections	140,288	140,288	140,288	-

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS (CONTINUED)
GENERAL FUND
November 30, 2012

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
JUDICIARY AND LEGAL				
Circuit Clerk				
Salary-Circuit Clerk	$ 54,000	$ 54,000	$ 53,568	$ 432
Salary-Assistant Circuit Clerk	34,920	34,920	34,354	566
Salary-Deputy Clerk	152,339	152,339	121,678	30,661
Travel	500	500	294	206
Equipment	600	600	369	231
Office and Court Supplies	4,500	4,500	4,970	(470)
Postage and box rent	10,000	10,000	9,290	710
Photocopy supplies	1,100	1,100	340	760
Miscellaneous	350	350	-	350
Dues-Circuit Clerk	350	350	385	(35)
	258,659	258,659	225,248	33,411
Court Expense				
Postage	200	200	190	10
Legal services/court	130,000	130,000	141,271	(11,271)
Dues	400	400	400	-
Circuit court jurors	15,000	15,000	4,878	10,122
Office Supplies	1,200	1,200	959	241
Maintenance Contracts	1,200	1,200	1,200	-
Circuit court expense	1,200	1,200	758	442
Miscellaneous	500	500	183	317
Equipment	5,000	5,000	5,116	(116)
	154,700	154,700	154,955	(255)
State Attorney				
States Attorney salary	128,959	128,959	128,959	-
Secretary salary	59,914	59,914	56,764	3,150
Assistant States Attorney	58,710	58,710	57,826	884
Salary-part-time	18,867	18,867	27,080	(8,213)
Dues	1,000	1,000	-	1,000
Photocopy supplies	-	-	836	(836)
Office Supplies	4,500	4,500	3,589	911
Appellate Service	7,000	7,000	7,000	-
Travel	1,750	1,750	4,196	(2,446)
Postage	1,250	1,250	2,548	(1,298)
Miscellaneous	7,000	7,000	6,311	689
	288,950	288,950	295,109	(6,159)
Subtotal judiciary and legal carried forward	702,309	702,309	675,312	26,997

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS (CONTINUED)
GENERAL FUND
November 30, 2012

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Subtotal judiciary and legal carried forward	$ 702,309	$ 702,309	$ 675,312	$ 26,997
Judicial Security				
Salary	66,000	66,000	49,498	16,502
Travel	1,500	1,500	-	1,500
Laundry Services	400	400	-	400
Training	100	100	-	100
Uniforms	400	400	-	400
Equipment	400	400	-	400
	68,800	68,800	49,498	19,302
Total judiciary and legal	771,109	771,109	724,810	46,299
Total expenditures	3,889,505	3,889,505	3,966,877	(77,372)
Excess (Deficiency) of revenues over Expenditures	(934,615)	(934,615)	2,407,121	3,496,480
Other financing sources (uses):				
Operating transfers in (out)	(137,000)	(137,000)	(36,000)	101,000
Total other financing sources	(137,000)	(137,000)	(36,000)	101,000
Excess (Deficiency) of revenues and other Financing sources over expenditures	(1,071,615)	(1,071,615)	2,371,121	3,597,480

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS
MAJOR SPECIAL REVENUE FUNDS
November 30, 2012

	Liability Insurance				County Highway			
	Budgeted Amounts			Variance with Final Budget Positive(Negative)	Budgeted Amounts			Variance with Final Budget Positive(Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues								
Property and replacement taxes	$ 25,000	$ 25,000	$ -	$ (25,000)	$ 290,050	$ 290,050	$ 117,605	$ (172,445)
Service fee, fines, licenses and commissions	-	-	-	-	140,000	140,000	81,901	(58,099)
Interest income	2,500	2,500	1,693	(807)	1,000	1,000	2,275	1,275
Equipment rental	-	-	-	-	560,000	560,000	412,832	(147,168)
Other receipts and reimbursements	-	-	50,000	50,000	38,650	38,650	212,786	174,136
	27,500	27,500	51,693	24,193	1,029,700	1,029,700	827,399	(202,301)
Expenses								
Highways and streets	-	-	-	-	979,001	979,001	780,926	198,075
Other expenditures and reimbursements	500,000	500,000	488,222	11,778	-	-	-	-
	500,000	500,000	488,222	11,778	979,001	979,001	780,926	198,075
Excess of revenues over expenditures	(472,500)	(472,500)	(436,529)	12,415	50,699	50,699	46,473	(400,376)
Other financing sources(uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	100,000	100,000	-	100,000
Total other financing sources(uses)	-	-	-	-	100,000	100,000	-	100,000
Net change in fund balances	(472,500)	(472,500)	(436,529)	12,415	150,699	150,699	46,473	(300,376)
Fund balance, beginning of year			1,081,107				105,638	
Fund balance, end of year			$ 644,578				$ 152,111	

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS
MAJOR SPECIAL REVENUE FUNDS (CONTINUED)
November 30, 2012

	Revolving Loan Fund			
	Budgeted Amounts			Variance with Final Budget Positive(Negative)
	Original	Final	Actual	
Revenues				
Interest	$ -	$ -	$ 8,811	$ 8,811
	-	-	8,811	8,811
Expenses				
Administrative	-	-	-	-
	-	-	-	-
Excess of revenues over expenditures	-	-	8,811	8,811
Net change in fund balances	-	-	8,811	8,811
Fund balance, beginning of year			218,798	
Fund balance, end of year			$ 227,609	

OTHER SUPPLEMENTARY INFORMATION

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
November 30,2012

	Other General Government	Other Highways and Streets	Public Safety and Judiciary	Health & Welfare	Other	Debt Service Fund	Totals
Assets							
Cash and cash equivalents	$ 40,479	$ 633,811	$ 323,526	$ 26,674	$ 146,546	$ 5,848,743	$ 7,019,779
Total Assets	$ 40,479	$ 633,811	$ 323,526	$ 26,674	$ 146,546	$ 5,848,743	$ 7,019,779
Fund Balance							
Unreserved	$ 40,479	$ 633,811	$ 323,526	$ 26,674	$ 146,546	$ 5,848,743	$ 7,019,779
Total Fund Balance	$ 40,479	$ 633,811	$ 323,526	$ 26,674	$ 146,546	$ 5,848,743	$ 7,019,779

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
November 30,2012

	Other General Government	Other Highways and Streets	Public Safety and Judiciary	Health & Welfare	Other	Debt Service Fund	Totals
Revenues							
Public safety tax	$ -	$ -	$ 230,073	$ -	$ -	$ 1,026,339	$ 1,256,412
Property and other taxes	-	315,483	-	-	256,182	282,073	853,738
Interest income	69	2,077	1,052	120	687	1,999	6,004
Fees and fines	48,421	-	136,767	-	-	-	185,188
Salary reimbursements	-	501,801	-	-	-	-	501,801
Motor fuel tax allotments	-	754,949	-	-	-	-	754,949
Grants and entitlements	-	-	36,958	-	-	-	36,958
Other revenues	-	6,280	106,482	33,571	22,091	11,582	180,006
Total Revenues	48,490	1,580,590	511,332	33,691	278,960	1,321,993	3,775,056
Expenditures							
Salaries and labor	-	403,831	445,759	25,431	11,872	-	886,893
Fringe benefits	-	54,317	98	3,069	451,007	-	508,491
Equipment purchases	-	-	155,473	-	1,008	-	156,481
Materials and supplies	-	-	21,082	36	-	-	21,118
Construction, repairs, and maintenance	-	992,163	-	-	-	7,373,200	8,365,363
Public health	-	-	-	17,306	-	-	17,306
Occupancy	-	-	-	7,832	-	-	7,832
Other expenditures	33,347	32,750	1,441	266	111,049	-	178,853
Total Expenditures	33,347	1,483,061	623,853	53,940	574,936	7,373,200	10,142,337
Excess(Deficiency) of revenue received Over expenditures disbursed	15,143	97,529	(112,521)	(20,249)	(295,976)	(6,051,207)	(6,367,281)
Other Financing Sources(Uses):							
Repayment of Debt	-	-	-	-	-	(869,846)	(869,846)
Transfers in	-	137,544	-	-	12,000	-	149,544
Transfers out	-	(137,544)	-	-	-	-	(137,544)
Total Other Financing Sources(Uses)	-	-	-	-	12,000	(869,846)	(857,846)
Net change in fund balances	15,143	97,529	(112,521)	(20,249)	(283,976)	(6,921,053)	(7,225,127)
Fund balance, December 1, 2011	25,336	536,282	436,047	46,923	430,522	12,769,796	14,244,906
Fund balance, November 30, 2012	$ 40,479	$ 633,811	$ 323,526	$ 26,674	$ 146,546	$ 5,848,743	$ 7,019,779

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER GENERAL GOVERNMENT
November 30,2012

	Automation Fee Treasurer	Automation Fund County Clerk	GIS Fund	Totals
Assets				
Cash and cash equivalents	$ 3,363	$ 1,229	$ 35,887	$ 40,479
Total Assets	$ 3,363	$ 1,229	$ 35,887	$ 40,479
Fund Balance				
Unreserved	$ 3,363	$ 1,229	$ 35,887	$ 40,479
Total Fund Balance	$ 3,363	$ 1,229	$ 35,887	$ 40,479

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER HIGHWAYS AND STREETS
November 30,2012

	Hard Road	County Bridge	Federal Aid Matching	County Unit Road District	County Unit Road District - Bridge	County Motor Fuel Tax	County Unit Road District - MFT	Township Bridge	Totals
Assets									
Cash and cash equivalents	$ -	$ 10,711	$ 96,309	$ 47,266	$ 88,084	$ 205,556	$ 27,110	$ 158,775	$ 633,811
Total Assets	$ -	$ 10,711	$ 96,309	$ 47,266	$ 88,084	$ 205,556	$ 27,110	$ 158,775	$ 633,811
Fund Balance									
Unreserved	$ -	$ 10,711	$ 96,309	$ 47,266	$ 88,084	$ 205,556	$ 27,110	$ 158,775	$ 633,811
Total Fund Balance	$ -	$ 10,711	$ 96,309	$ 47,266	$ 88,084	$ 205,556	$ 27,110	$ 158,775	$ 633,811

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-PUBLIC SAFETY AND JUDICIARY
November 30,2012

	Public Safety	Law Enforcement Drug Fund	Court Automation Fee	Law Library	State's Attorney Drug Fund	Court Document Storage	Sheriff's DUI Fund	Totals
Assets								
Cash and cash equivalents	$ 20,075	$ 45,122	$ 101,088	$ 2,072	$ 3,014	$ 139,318	$ 12,837	$ 323,526
Total Assets	$ 20,075	$ 45,122	$ 101,088	$ 2,072	$ 3,014	$ 139,318	$ 12,837	$ 323,526
Fund Balance								
Unreserved	$ 20,075	$ 45,122	$ 101,088	$ 2,072	$ 3,014	$ 139,318	$ 12,837	$ 323,526
Total Fund Balance	$ 20,075	$ 45,122	$ 101,088	$ 2,072	$ 3,014	$ 139,318	$ 12,837	$ 323,526

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-HEALTH AND WELFARE
November 30,2012

	Southern Seven Health Fund	General Assistance	Tuberculosis	Arrestee Medical Cost Fund	Totals
Assets					
Cash and cash equivalents	$ -	$ 2,942	$ 865	$ 22,867	$ 26,674
Total Assets	$ -	$ 2,942	$ 865	$ 22,867	$ 26,674
Fund Balance					
Unreserved	$ -	$ 2,942	$ 865	$ 22,867	$ 26,674
Total Fund Balance	$ -	$ 2,942	$ 865	$ 22,867	$ 26,674

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER
November 30,2012

	Illinois Municipal Retirement	Cooperative Extension Fund	County Tourism	Indemnity Fund	Hotel/ Motel Tax	Cemetery Fund	Totals
Assets							
Cash and cash equivalents	$ 70,835	$ 12,557	$ 22,546	$ 39,609	$ 560	$ 439	$ 146,546
Total Assets	$ 70,835	$ 12,557	$ 22,546	$ 39,609	$ 560	$ 439	$ 146,546
Fund Balance							
Unreserved	$ 70,835	$ 12,557	$ 22,546	$ 39,609	$ 560	$ 439	$ 146,546
Total Fund Balance	$ 70,835	$ 12,557	$ 22,546	$ 39,609	$ 560	$ 439	$ 146,546

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER GENERAL GOVERNMENT
November 30,2012

	Automation Fee Treasurer	Automation Fund County Clerk	GIS Fund	Totals
Revenues Received				
Fees and fines	$ 2,907	$ 17,770	$ 27,744	$ 48,421
Interest income	39	30	-	69
Other revenues	-	-	-	-
Total Revenues	2,946	17,800	27,744	48,490
Expenditures				
Salaries and labor	-	-	-	-
Other expenditures and reimbursements	11,330	19,725	2,292	33,347
Total Expenditures	11,330	19,725	2,292	33,347
Excess (Deficiency) of revenue received over expenditures disbursed	(8,384)	(1,925)	25,452	15,143
Fund balance, December 1, 2011	11,747	3,154	10,435	25,336
Fund balance, November 30, 2012	$ 3,363	$ 1,229	$ 35,887	$ 40,479

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER HIGHWAYS AND STREETS
November 30,2012

	Hard Road	County Bridge	Federal Aid Matching	County Unit Road District	County Unit Road District - Bridge	County Motor Fuel Tax	County Unit Road District - MFT	Township Bridge	Totals
Revenues									
Property and replacement tax	$ -	$ 40,143	$ 45,794	$115,203	$114,343	$ -	$ -	$ -	$ 315,483
Interest income	-	163	264	225	106	739	322	258	2,077
Salary reimbursements	-	-	-	2,088	27,776	125,692	257,464	88,781	501,801
Motor fuel tax allotments	-	-	-	-	-	289,175	465,774	-	754,949
Other revenues	-	-	-	1,307	-	-	4,973	-	6,280
Total Revenues	-	40,306	46,058	118,823	142,225	415,606	728,533	89,039	1,580,590
Expenditures									
Salaries and labor	-	7,452	-	9,026	15,837	153,382	218,134	-	403,831
Fringe benefits	-	548	-	-	3,581	11,757	38,431	-	54,317
Construction, maintenance, and repairs	-	74,979	17,462	45,017	44,369	164,051	605,902	40,383	992,163
Other expenditures	-	-	5,000	27,750	-	-	-	-	32,750
Total Expenditures	-	82,979	22,462	81,793	63,787	329,190	862,467	40,383	1,483,061
Excess(Deficiency) of revenue received									
Over expenditures disbursed	-	(42,673)	23,596	37,030	78,438	86,416	(133,934)	48,656	97,529
Other Financing Sources(Uses):									
Transfers in	-	-	-	-	-	-	80,000	57,544	137,544
Transfers out	(57,544)	-	-	-	-	(80,000)	-	-	(137,544)
Total Other Financing Sources(Uses)	(57,544)	-	-	-	-	(80,000)	80,000	57,544	-
Net change in fund balances	(57,544)	(42,673)	23,596	37,030	78,438	6,416	(53,934)	106,200	97,529
Fund balance, December 1, 2011	57,544	53,384	72,713	10,236	9,646	199,140	81,044	52,575	536,282
Fund balance, November 30, 2012	$ -	$ 10,711	$ 96,309	$ 47,266	$ 88,084	$ 205,556	$ 27,110	$ 158,775	$ 633,811

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-PUBLIC SAFETY AND JUDICIARY
November 30,2012

	Public Safety	Law Enforcement Drug Fund	Court Automation Fee	Law Library	State's Attorney Drug Fund	Court Document Storage	Sheriff's DUI Fund	Totals
Revenues								
Public safety tax	$230,073	$ -	$ -	$ -	$ -	$ -	$ -	$230,073
Interest income	236	-	387	6	9	414	-	1,052
Fees and fines	-	-	62,952	16,650	-	54,787	2,378	136,767
Grants and entitlements	-	36,958	-	-	-	-	-	36,958
Other revenues	90,000	14,510	-	-	1,907	-	65	106,482
Total Revenues	320,309	51,468	63,339	16,656	1,916	55,201	2,443	511,332
Expenditures								
Salaries and labor	354,923	30,633	31,861	-	-	28,342	-	445,759
Fringe benefits	-	98	-	-	-	-	-	98
Equipment purchases	-	3,128	97,001	-	125	53,006	2,213	155,473
Materials and supplies	-	-	5,965	15,117	-	-	-	21,082
Other expenditures	-	1,441	-	-	-	-	-	1,441
Total Expenditures	354,923	35,300	134,827	15,117	125	81,348	2,213	623,853
Excess(Deficiency) of revenue received								
Over expenditures disbursed	(34,614)	16,168	(71,488)	1,539	1,791	(26,147)	230	(112,521)
Other Financing Sources(Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources(Uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(34,614)	16,168	(71,488)	1,539	1,791	(26,147)	230	(112,521)
Fund balance, December 1, 2011	54,689	28,954	172,576	533	1,223	165,465	12,607	436,047
Fund balance, November 30, 2012	$ 20,075	$ 45,122	$ 101,088	$ 2,072	$ 3,014	$139,318	$ 12,837	$323,526

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-HEALTH AND WELFARE
November 30,2012

	Southern Seven Health Fund	General Assistance	Tuberculosis	Arrestee Medical Cost Fund	Totals
Revenues					
Property and replacement tax	$ -	$ -	$ -	$ -	$ -
Interest income	6	7	4	103	120
Other revenues	-	29,819	-	3,752	33,571
Total Revenues	6	29,826	4	3,855	33,691
Expenditures					
Salaries and labor	-	25,431	-	-	25,431
Fringe benefits	-	3,069	-	-	3,069
Occupancy	-	7,832	-	-	7,832
Materials and supplies	-	36	-	-	36
Public health	17,306	-	-	-	17,306
Other expenditures	-	266	-	-	266
Total Expenditures	17,306	36,634	-	-	53,940
Excess(Deficiency) of revenue received					
Over expenditures disbursed	(17,300)	(6,808)	4	3,855	(20,249)
Fund balance, December 1, 2011	17,300	9,750	861	19,012	46,923
Fund balance, November 30, 2012	$ -	$ 2,942	$ 865	$ 22,867	$ 26,674

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER
November 30,2012

	Illinois Municipal Retirement	Cooperative Extension Fund	County Tourism	Indemnity Fund	Hotel/ Motel Tax	Cemetery Fund	Totals
Revenues							
Property and other taxes	$152,786	$ 31,553	$ 71,843	$ -	$ -	$ -	$256,182
Interest income	492	-	85	102	2	6	687
Fees and fines	-	-	-	-	-	-	-
Other revenues	22,091	-	-	-	-	-	22,091
Total Revenues	175,369	31,553	71,928	102	2	6	278,960
Expenditures							
Salaries and labor	-	-	-	-	-	11,872	11,872
Fringe benefits	451,007	-	-	-	-	-	451,007
Equipment purchases	-	-	-	-	-	1,008	1,008
Other expenditures	-	43,555	67,494	-	-	-	111,049
Total Expenditures	451,007	43,555	67,494	-	-	12,880	574,936
Excess(Deficiency) of revenue received							
Over expenditures disbursed	(275,638)	(12,002)	4,434	102	2	(12,874)	(295,976)
Other Financing Sources(Uses):							
Transfers in	-	-	-	-	-	12,000	12,000
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources(Uses)	-	-	-	-	-	12,000	12,000
Net change in fund balances	(275,638)	(12,002)	4,434	102	2	(874)	(283,976)
Fund balance, December 1, 2011	346,473	24,559	18,112	39,507	558	1,313	430,522
Fund balance, November 30, 2012	$ 70,835	$ 12,557	$ 22,546	$ 39,609	$ 560	$ 439	$146,546

IMRF TREND INFORMATION

UNION COUNTY, ILLINOIS
IMRF REQUIRED SUPLLEMENTAL INFORMATION
ELECTED COUNTY OFFICIALS

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	55,893	100%	$ -
12/31/2011	52,418	100%	$ -
12/31/2010	50,064	100%	$ -
12/31/2009	48,512	100%	$ -
12/31/2008	83,616	100%	$ -
12/31/2007	111,713	100%	$ -
12/31/2006	102,004	100%	$ -
12/31/2005	93,221	100%	$ -
12/31/2004	101,159	100%	$ -
12/31/2003	92,845	100%	$ -

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage
12/31/2012	1,088,622	1,628,751	540,129	66.84%	317,859	169.93%
12/31/2011	1,059,185	1,582,462	523,277	66.93%	309,733	168.94%
12/31/2010	1,279,965	1,613,672	333,707	79.32%	379,481	87.94%
12/31/2009	1,240,279	1,466,736	226,460	84.56%	385,324	58.77%
12/31/2008	1,562,816	1,628,478	65,662	95.97%	376,141	17.46%
12/31/2007	1,642,774	1,366,115	(276,659)	120.25%	338,114	0.00%
12/31/2006	1,507,027	1,765,859	258,832	85.34%	348,970	74.17%
12/31/2005	1,217,937	1,829,340	611,403	66.58%	301,297	202.92%
12/31/2004	1,162,042	1,824,790	662,748	63.68%	349,427	189.67%
12/31/2003	1,093,531	1,835,208	741,677	59.59%	343,617	215.84%

UNION COUNTY, ILLINOIS
IMRF REQUIRED SUPLLEMENTAL INFORMATION
SHERRIF'S LAW ENFORCEMENT PERSONNEL (SLEP)

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	18,526	100%	$ -
12/31/2011	18,395	100%	$ -
12/31/2010	18,713	100%	$ -
12/31/2009	16,257	100%	$ -
12/31/2008	38,871	100%	$ -
12/31/2007	78,247	100%	$ -
12/31/2006	67,584	100%	$ -
12/31/2005	64,057	100%	$ -
12/31/2004	29,408	100%	$ -
12/31/2003	30,722	100%	$ -

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage
12/31/2012	1,618,419	1,492,334	(126,085)	108,45%	480,955	0.00%
12/31/2011	1,488,974	1,222,804	(266,170)	121.77%	421,901	0.00%
12/31/2010	2,344,124	2,645,738	301,614	88.60%	631,792	47.74%
12/31/2009	2,038,369	2,706,321	667,952	75.32%	622,858	107.24%
12/31/2008	2,366,028	2,345,964	(20,064)	100.86%	560,909	0.00%
12/31/2007	2,347,612	2,129,927	(217,685)	110.22%	588,763	0.00%
12/31/2006	2,136,963	2,045,499	(91,464)	104.47%	513,166	0.00%
12/31/2005	1,964,550	1,942,270	(22,280)	101.15%	450,428	0.00%
12/31/2004	1,770,403	1,751,479	(18,924)	101.08%	453,131	0.00%
12/31/2003	1,680,122	1,721,449	41,327	97.60%	491,551	8.14%

UNION COUNTY, ILLINOIS
IMRF REQUIRED SUPLLEMENTAL INFORMATION
ALL OTHER IMRF PERSONNEL

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	206,793	100%	$ -
12/31/2011	204,010	100%	$ -
12/31/2010	217,411	100%	$ -
12/31/2009	212,923	100%	$ -
12/31/2008	215,363	100%	$ -
12/31/2007	209,724	100%	$ -
12/31/2006	191,895	100%	$ -
12/31/2005	183,459	100%	$ -
12/31/2004	143,116	100%	$ -
12/31/2003	186,729	100%	$ -

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage
12/31/2012	5,301,422	5,569,288	267,866	95.19%	1,997,180	14.41%
12/31/2011	4,790,799	4,820,381	29,582	99.39%	1,742,183	1.70%
12/31/2010	5,671,413	6,947,822	1,276,409	81.63%	2,203,983	57.91%
12/31/2009	5,489,200	7,024,885	1,535,685	78.14%	2,190,571	70.10%
12/31/2008	6,202,015	6,534,826	332,811	94.91%	2,094,967	15.89%
12/31/2007	5,845,624	6,309,255	463,631	92.65%	1,980,401	23.41%
12/31/2006	5,535,035	6,155,533	620,498	89.92%	1,960,113	31.66%
12/31/2005	5,255,058	5,933,678	678,620	88.56%	2,033,912	33.37%
12/31/2004	5,220,666	5,598,375	377,709	93.25%	1,880,629	20.08%
12/31/2003	5,342,025	5,454,071	112,046	97.95%	1,891,886	5.92%

APPENDIX C

Form of Bond Counsel Opinion

_____, 2014

The County of Union, Illinois
$_____ General Obligation Refunding Limited Bonds
Series 2014

We hereby certify that we have acted as bond counsel for, and have examined, among other things, a certified copy of the proceedings of the Board of Commissioners of The County of Union, Illinois (the **"County"**), and certain other documents, in connection with the issuance by the County of its General Obligation refunding Limited Bonds, Series 2014 (the **"Bonds"**), issued in fully registered form in the aggregate principal amount of $_____, dated _____, 2014, bearing interest and maturing in the principal amount on December 1 in each year, as follows:

Year	Principal Amount($)	Interest Rate(%)
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		

The Bonds bear interest payable on each June 1 and December 1, commencing _____ 1, 2014 at the rates percent per annum set forth above.

[Insert and adapt, as applicable: Bonds maturing on December 1, 20___ and 20___ are Term Bonds (the **"term Bonds"**), subject to mandatory sinking fund redemption in the principal amount on December 1 of each of the years, as follows:

Dec. 1, 20___ Term Bonds		Dec. 1, 20___ Term Bonds	
Year	Principal Amount($)	Year	Principal Amount($)

*To be paid at maturity unless previously retired.]

[Insert and adapt, as applicable: Bonds maturing on and after December 1, 20___ are subject to redemption and prepayment prior to maturity in the principal amount from such maturities or in any order of maturity designated by the County (but in inverse order if there is no

designation) at the option of the County, in whole at any time or in part (if in part, in integral multiples of $5,000), selected by lot within a maturity, on any date on and after December 1, 20___, at a redemption price equal to the principal amount of Bonds being redeemed together with accrued interest to the date fixed for redemption.]

The Bonds are issued as general obligation **"limited bonds"** under the Local Government Debt Reform Act, payable from levies of taxes without limit as to rate, but limited as to amount as **"limited bonds"** as provided in the Local Government Debt Reform Act. the Bonds are issued to refinance the County's participation in a self-insurance program by refunding outstanding general obligation alternate self-insurance bonds.

Both principal of and interest on the Bonds are payable by check or draft on County funds by Hometown National Bank, in LaSalle, Illinois (including it successors, the **"Paying Agent"**). Interest on the Bonds is payable by check or draft to the order of the registered owners thereof, and mailed to such registered owners at their addresses as they appear on the registration books kept by Hometown National Bank, as Registrar (including its successors, the **"Bond Registrar"**), at the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding each interest payment date. Payment of the principal of the Bonds shall be made only upon presentation and surrender thereof to the Paying Agent.

The Bonds are subject to redemption and prepayment prior to their maturity, at the option of the County, at the times, at the redemption prices, and subject to the conditions set forth in the authorizing ordinance of the County adopted _____, 2014, pursuant to which the Bonds are issued (the **"Ordinance"**). The Bonds recite that they are issued under authority of the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/1-101 *et. seq.*), and the Counties Code (55 ILCS 5/1-1 *et. seq.*), as supplemented and amended, for the purpose of providing funds to refinance the County's costs of establishing a self- insurance program, including pursuant to a joint self-insurance Trust Agreement between the members of the Southern Illinois Counties Insurance Trust (**"SICIT"**), of which the County is presently a Member, and the trustees named therein.

In rendering this opinion, we have assumed that the proceeds of the Bonds will be applied and invested in accordance with the provisions of the Ordinance and as set forth in related agreements and certificates of the County and the Trust. In addition, we have examined originals or certified copies of such other instruments, certificates and documents of the County and SICIT as we have deemed necessary or appropriate for the purposes of this opinion. In connection with such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have relied upon opinions of counsel and applicable certificates.

Based on such examination, we are of the opinion that:

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

(2) The Bonds are valid and legally binding general obligation limited bonds of the County, payable, both as to principal and interest, from taxes levied without limitation as to rate but limited as to amount as limited bonds on all property taxable for such purposes in the County.

(3) Under existing statutes, regulations, rulings and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. We are also of the opinion that the Bonds are not arbitrage bonds within the meaning of Sections 103(b)(2) or 148 of the Internal Revenue Code of 1986, as amended (the **"Code"**), or private activity Bonds within the meaning of Section 141 of the Code or hedge bonds within the meaning of Section 149(g) of the Code. The interest on the Bonds may become includable in gross income retroactive to the date of issuance if the County fails to comply, as covenanted in various documents executed on behalf of the County in connection with the issuance of the Bonds, with certain requirements of the Code which must be satisfied subsequent to the issuance of the Bonds. Such subsequent requirements relate to, among other things, the use, expenditure and investment of Bond proceeds and the timely payment of certain investment earnings to the United States.

(4) Interest on the Bonds is not an item of tax preference for purposes of determining alternative minimum taxable income for individuals and corporations under the Code. However, interest on the Bonds is included in determining adjusted current earning of a corporation, and thus interest on the Bonds is includable in the tax base for computing a corporation's liability with respect to the alternative minimum tax imposed on corporations. Additionally, Treasury Regulations require certain S corporations to include interest on the Bonds in determining their excess net passive income subject to the regular corporate income tax under Section 1375 of the Code. Also, interest on the Bonds may be subject to a branch profits tax when held by certain foreign corporations.

(5) Ownership of tax-exempt obligations such as the Bonds may have collateral, adverse federal income tax consequences to property and casualty insurance companies, individual recipients of social security or railroad retirement benefits or taxpayers deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations.

(6) The interest on the Bonds is not exempt from income taxation by the State of Illinois.

(7) We are also of the opinion that the Bonds constitute **"qualified tax-exempt obligations"** under Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished in connection with the Official Statement related to the Bonds.

In rendering this opinion, we have relied upon certifications of the County with respect to certain material facts within the County'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.

Respectively yours,

APPENDIX D

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on 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 unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

SPECIMEN

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

SPECIMEN

OFFICIAL STATEMENT DATED FEBRUARY 5, 2014

New Issue S&P Insured Rating: "AA-" (Stable Outlook) (AGM Insured)

*Subject to compliance by the County with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Bonds is excludable from 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 is taken into account in computing the corporate alternative minimum tax. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "**TAX MATTERS**" herein for a more complete discussion. The County has designated the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exemption provided by Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "**QUALIFIED TAX-EXEMPT OBLIGATIONS**" herein.*

THE COUNTY OF UNION, ILLINOIS
$2,040,000 General Obligation Refunding Limited Bonds, Series 2014

Dated: Date of Delivery **Due: As Shown on the Inside Cover**

The $2,040,000 General Obligation Refunding Limited Bonds, Series 2014 (the "Bonds") are being issued by The County of Union, Illinois (the "County"). Hometown National Bank, LaSalle, Illinois, will act as the Paying Agent, Bond Registrar and Escrow Agent for the Bonds (the "Paying Agent" and "Bond Registrar"). The Bank of New York Mellon Trust Company N.A., St. Louis, Missouri, will act as the Tax Escrow Agent for the Bonds (the "Tax Escrow Agent"). Interest on the Bonds is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2014. Interest on the Bonds is payable to the registered owners of record appearing on the registration books maintained by the Bond Registrar on behalf of the County for such purpose at the designated corporate trust office of the Bond Registrar as of the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the applicable interest payment date (the "Record Date"). The Bonds will be issued using a global book-entry only system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. Individual purchases will be made in book-entry form only in denominations of $5,000 principal amount or any authorized integral multiple thereof.

PURPOSE AND SECURITY

The Bonds are being issued to (i) advance refund certain of the County's General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (the "Prior Bonds") and (ii) pay costs of issuance of the Bonds. See **"THE BONDS – Authority and Purpose"** herein.

In the opinion of Evans, Froehlich, Beth & Chamley, Champaign, Illinois, Bond Counsel, the Bonds are general obligations of the County for which its full faith and credit have been irrevocably pledged and are payable from ad valorem taxes to be levied on all taxable property within the County (the "**Levied Taxes**") without limitation as to rate, but limited as to amount for the Bonds as "limited Bonds". See "**THE BONDS – Limited Bonds**" herein. The County and its officers will comply with all present and future applicable laws in order to assure that the Levied Taxes be levied, extended, collected and initially deposited into the Tax Escrow Account (defined herein), for transfer to the Paying Agent for the Bonds, all as provided in the Bond Ordinance and the Tax Escrow Agreement (the "Tax Escrow Agreement") executed by and among the County, the County Treasurer and the Tax Escrow Agent. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization 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 **"THE BONDS – Security"** herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. ("AGM"). See the heading "**BOND INSURANCE**" and **APPENDIX D.** herein.

ASSURED GUARANTY MUNICIPAL

OPTIONAL REDEMPTION

The Bonds maturing on and after December 1, 2025 are subject to optional redemption, as a whole or in part, on any date on and after December 1, 2024 at a price of par plus accrued interest to the redemption date. See **"THE BONDS – Optional Redemption"** herein.

THE COUNTY HAS DESIGNATED THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" PURSUANT TO SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

The Bonds are offered subject to prior sale, when, as and if issued by the County and accepted by the Underwriter, and subject to the approval of the legality by Evans, Froehlich, Beth & Chamley, Champaign, Illinois, Bond Counsel. Ice Miller LLP, Chicago, Illinois, will serve as Disclosure Counsel for the County. Certain legal matters will be passed upon for the Underwriter by Ungaretti & Harris LLP, Chicago, Illinois. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about February 20, 2014.

BERNARDI SECURITIES INC.

MUNICIPAL BOND SPECIALISTS

MATURITIES, INTEREST RATES, YIELDS AND CUSIPS
THE COUNTY OF UNION, ILLINOIS
$2,040,000 General Obligation Refunding Limited Bonds, Series 2014

Due December 1,	Amount	Interest Rate	Yield	CUSIP[1]
2014	$120,000	2.00%	0.85%*	906179DL7
2015	140,000	2.00%	1.00%*	906179DM5
2016	145,000	2.00%	1.15%*	906179DN3
2017	145,000	2.00%	1.45%*	906179DP8
2018	150,000	2.50%	1.85%*	906179DQ6
2019	155,000	2.50%	2.30%*	906179DR4
2020	160,000	3.50%	2.80%*	906179DS2
2021	165,000	3.50%	3.10%*	906179DT0
2022	170,000	3.60%	3.60%	906179DU7
2023	175,000	3.85%	3.85%	906179DV5
2024	185,000	4.00%	4.00%	906179DW3
2025	190,000	4.10%	4.10%	906179DX1
2026	140,000	4.20%	4.20%	906179DY9

(1) CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc.

* Premium bonds. See "**TAX MATTERS**" herein for more information.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this Official Statement, may be supplemented or corrected by the County from time to time (collectively, the "Official Statement"), and shall be treated as a near final Official Statement with respect to the Bonds described herein.

This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports, or other documents are referred to herein, reference should be made to such statutes, 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.

No dealer, broker, salesman or other person has been authorized by the County 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 either of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and from other sources that are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date as of which information is given in this Official Statement.

The information contained in this Official Statement has been furnished by the County and by DTC and other sources, which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by and is not to be construed as a representation of the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

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

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Exhibit D - Specimen Municipal Bond Insurance Policy".

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE BOND ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939 IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE CRIMINAL OFFENSE.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE BONDS. SPECIFICALLY, THE UNDERWRITER MAY OVERALLOT BONDS IN CONNECTION WITH THE OFFERING, AND MAY BID FOR, AND PURCHASE, THE BONDS IN THE OPEN MARKET. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS.

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified to their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included in this Official Statement they will be furnished by the County on request.

THE COUNTY OF UNION, ILLINOIS
309 W. Market Street
Room 116
Jonesboro, Illinois 62952

COUNTY BOARD CHAIRMAN
Don Denny

COUNTY BOARD VICE-CHAIRMAN
Richard Cunningham

COUNTY BOARD OF COMMISSIONERS
Dale Russell
Max Miller
Danny Hartline

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Chicago, Illinois

UNDERWRITER
Bernardi Securities, Inc.
Chicago, Illinois

BOND ISSUE SUMMARY

This Bond issue summary is expressly qualified by the entire Official Statement which should be reviewed in its entirety by potential investors.

Issuer:	The County of Union, Illinois.
Issue:	$2,040,000 General Obligation Refunding Limited Bonds, Series 2014.
Dated Date:	Date of Delivery.
Interest Due:	Interest on the Bonds is payable to registered owners as of the Record Date, semiannually on June 1 and December 1, commencing December 1, 2014.
Principal Due:	Serially, maturing on December 1, 2014 through December 1, 2026.
Purpose:	The Bonds are being issued to (i) advance refund certain of the County's General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (the "Prior Bonds") and (ii) pay costs of issuance of the Bonds. See **"THE BONDS – Authority and Purpose"** herein.
Security:	The Bonds are general obligations of the County for which its full faith and credit have been irrevocably pledged and are payable from ad valorem taxes to be levied on all taxable property within the County (the "**Levied Taxes**") without limitation as to rate, but limited as to amount for the Bonds as "limited Bonds". See "**THE BONDS – Limited Bonds**" herein. The County and its officers will comply with all present and future applicable laws in order to assure that the Levied Taxes be levied, extended, collected and initially deposited into the Tax Escrow Account (defined herein), for transfer to the Paying Agent for the Bonds, all as provided in the Bond Ordinance and the Tax Escrow Agreement (the "Tax Escrow Agreement") executed by and among the County, the County Treasurer and the Tax Escrow Agent. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization 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 **"THE BONDS – Security"** herein.
Limited Bonds:	The Bonds shall be issued as "limited bonds" under the provisions of Section 15.01 of the Local Government Debt Reform Act, and as such it is not necessary to submit the proposition of the issuance of the Bonds to the voters of the County for approval. The Bonds shall be direct and general obligations of the County, and the County shall be obligated to levy ad valorem taxes upon all the taxable property within the County's corporate limits for the payment of the Bonds and the interest thereon, without limitation as to rate, but limited as to amount, under such Section 15.01. Although the Bonds constitute general obligations of the County and no limit exists on the rate of such direct annual Levied Taxes, the amount of such Levied Taxes is limited by the provisions of the Property Tax Extension Limitation Law of the State of Illinois, as amended. See "**THE BONDS – Limited Bonds**" and "**PROPERTY ASSESSMENT AND TAX INFORMATION – Illinois Property Tax Extension Limitation Law**" herein for more information.
Optional Redemption:	The County may, at its option, redeem the Bonds maturing on and after December 1, 2025 prior to maturity in whole or in part in authorized integral multiples of $5,000 principal amount from such maturities, or in such order of maturity, as shall be specified by the County (but in inverse order of maturity if there is no such specification) and selected by lot within a single maturity, on any date on and after December 1, 2024, at a redemption price equal to the principal amount to be redeemed plus interest accrued to the redemption date. See **"THE BONDS – Optional Redemption"** herein.

Paying Agent/Bonds Registrar/Escrow Agent: Hometown National Bank, LaSalle, Illinois will act as the Paying Agent and Bond Registrar for the Bonds (the "Paying Agent" and "Bond Registrar") and Escrow Agent for the Prior Bonds.

Tax Escrow Agent: The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri.

Bank Qualification: The County has designated the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "**QUALIFIED TAX-EXEMPT OBLIGATIONS**" herein.

Investment Rating: "AA-" (stable outlook) based upon a municipal bond insurance policy to be issued by Assured Guaranty Municipal Corp. ("AGM"). See "**INVESTMENT RATING**" herein.

Bond Insurance: The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. ("AGM"). See the heading "**BOND INSURANCE**" and **APPENDIX D** herein.

Tax Exemption: Evans, Froehlich, Beth & Chamley, Champaign, Bond Counsel will provide an opinion as to the legality and certain matters related to the tax treatment of the Bonds as discussed under **"TAX MATTERS"** in this Official Statement.

Underwriter: Bernardi Securities, Inc., Chicago, Illinois.

Statement of Long-Term Bonded Indebtedness

(as of February 6, 2014)

	Amount Applicable	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)	(13,870,000)	(779)	(7.45%)	(2.48%)
Total Direct General Obligation Debt(2)	2,040,000	115	1.10%	0.37%
Total Overlapping Bonded Debt	8,842,193	497	4.75%	1.58%
Total Direct & Overlapping Debt	$ 10,882,193	$ 611	5.84%	1.95%

(1) Pursuant to Illinois law, 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.

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OFFICIAL STATEMENT

THE COUNTY OF UNION, ILLINOIS

$2,040,000 General Obligation Refunding Limited Bonds, Series 2014

INTRODUCTION

This Official Statement, including the cover page and Appendices hereto, is provided by The County of Union, Illinois (the "County"), to furnish information in connection with its issuance of $2,040,000 General Obligation Refunding Limited Bonds, Series 2014 (the "Bonds").

Brief descriptions of the Bonds and the County are included in this Official Statement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the authorizing ordinance for the Bonds, adopted on January 10, 2014 (the "Bond Ordinance"), and any other documents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the forms thereof included in the Bond Ordinance.

THE BONDS

Authority and Purpose

The Bonds are issued pursuant to the Counties Code (55 ILCS 5/1-1001 *et seq.*), the Local Government Debt Reform Act (30 ILCS 350/1 *et seq.*, including without limitation particularly Section 15.01 thereof concerning "limited bonds", the Property Tax Extension Limitation Law (35 ILCS 200/18-185 *et seq.*), the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/1-101 *et seq.*), the Intergovernmental Cooperation Act (5 ILCS 220/1 *et seq.*), and Section 10 (Intergovernmental Cooperation) of Article VII (Local Government) of the Constitution of the State of Illinois, the Registered Bond Act (30 ILCS 310/1), the Illinois Bond Replacement Act (30 ILCS 315/1 *et seq.*) and the Bond Authorization Act (30 ILCS 305/0.01 *et seq.*) (collectively, as supplemented and amended, the "Acts"), and pursuant to the Bond Ordinance.

The Bonds are being issued to (i) advance refund certain of the County's General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (the "Prior Bonds") and (ii) pay costs of issuance of the Bonds. See "**THE REFUNDING PLAN**" herein.

Security

The Bonds are general obligations of the County for which its full faith and credit have been irrevocably pledged and are payable from ad valorem taxes to be levied on all taxable property within the County (the "Levied Taxes") without limitation as to rate, but limited as to amount as "limited bonds". The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

The County covenants and agrees with the Bondholders that so long as any of the Bonds remain outstanding and unless and to the extent that moneys are then irrevocably on deposit in the Debt Service Fund (defined herein), the County will take no action or fail to take any action which in any way would adversely affect the ability of the County to levy and collect the foregoing Levied Taxes. The County and its officers will comply with all present and future applicable laws in order to assure that the Levied Taxes shall be levied, extended, collected and deposited into the Tax Escrow Account, for transfer to the Paying Agent for the Bonds, all as provided in the Bond Ordinance and the Tax Escrow Agreement (the "Tax Escrow Agreement") executed by and among the County, the County Treasurer and The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri (the "Tax Escrow Agent"). Such Levied Taxes when received by or on behalf of the County shall be directly deposited into the Tax Escrow Account.

The Tax Escrow Agreement for the Bonds requires that the Levied Taxes when collected, be transferred over by the County Treasurer/Collector promptly to the Tax Escrow Agent. The actual transfer of Levied Taxes to the Tax Escrow Agent is subject to the County directing its respective County Treasurer/Collector to pay the Levied Taxes to the Tax Escrow Agent pursuant to the Tax Escrow Agreement. All receipts of Levied Taxes by the Tax Escrow Agent shall be segregated, and transferred to the Paying Agent for the payment of the principal of and interest on the Bonds.

Description

The Bonds are to be dated the Date of Delivery and will mature on December 1 in each of the years and in the amounts shown on the inside cover of this Official Statement. Interest on the Bonds will be payable semiannually on June 1 and December 1, with the Bonds commencing December 1, 2014, computed on the basis of a 360-day year of twelve 30-day months.

Hometown National Bank, LaSalle, Illinois, will act as the Paying Agent and Bond Registrar for the Bonds (the “Paying Agent” and “Bond Registrar”). The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the designated payment office of the Paying Agent. The Bonds will be registered using a global book-entry only system. The Depository Trust Company (DTC), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers.

Interest on the Bonds shall be payable on each interest payment date to the registered owners of record appearing on the registration books maintained by the Bond Registrar on behalf of the County for such purpose, at the designated corporate trust office of the Bond Registrar as of the close of business on the fifteenth (15th) (whether or not a business day) of the calendar month next preceding the applicable interest payment date (the "Record Date"). Interest on the Bonds shall be paid by check or draft on County funds mailed by the Paying Agent to such registered owners at their addresses appearing on the registration books on the Record Date.

Debt Service Funds

All of the revenues collected on account of the Levied Taxes for the payment of the principal of or interest on the Bonds, including applicable amounts on deposit in the Union County Levy Abatement Subaccount, shall be deposited in one of two separate funds to be known as the "**Debt Service Fund**" and the "**Surplus Fund**". Such revenues deposited into the Debt Service Fund are hereby allocated and set aside for the sole purpose of paying the principal of and interest on the Bonds authorized by the Bond Ordinance as and when the same shall mature and come due. There shall be deposited or credited first into the Debt Service Fund all revenues received for the payment of the principal of or interest on the Bonds on account of the Levied Taxes, or otherwise, as provided in the Bond Ordinance. To the extent the amount to be deposited in or credited to the Debt Service Fund together with the amount on deposit in the Union County Levy Abatement Subaccount (to be transferred to and deposited in or credited to the Debt Service Fund) would cause the balance in the Debt Service Fund to exceed the amount of principal and interest on the Bonds becoming due during at least the next 12 months, the County Treasurer shall next deposit or credit to the Surplus Fund the revenues received for the payment of the principal of or interest on the Bonds on account of the Levied Taxes, or otherwise.

Levied Taxes for the payment of principal of or interest on the Bonds, and any other funds to pay Bonds shall be paid over or caused to be paid over by the County to the Paying Agent no later than the last to occur of: (i) the County's business day next following receipt; or (ii) 30 days before the interest and/or applicable principal payment date preceding the next occurring June 1 or December 1.

In the event that the County shall be required to transfer monies from other funds held by the County to pay principal and interest on the Bonds as required by the Bond Ordinance, then the County Treasurer shall reimburse the County for such amounts prior to transferring any of the revenues received from any excess Levied Taxes to the Debt Service Fund or the Surplus Fund.

Limited Bonds

The Bonds shall be issued as "limited bonds" under the provisions of Section 15.01 of the Local Government Debt Reform Act (the "Debt Reform Act"), and as such it is not necessary to submit the proposition of the issuance of the Bonds to the voters of the County for approval; and the full faith and credit of the County are irrevocably pledged to the punctual payment of the principal of and interest on the Bonds. The Bonds shall be direct and general obligations of the County, and the County shall be obligated to levy ad valorem taxes upon all the taxable property within the County's corporate limits for the payment of the Bonds and the interest thereon, without limitation as to rate, but limited as to amount, under such Section 15.01. Although the Bonds constitute general obligations of the County and no limit exists on the rate of such direct annual Levied Taxes, the amount of such Levied Taxes is limited by the provisions of the Property Tax Extension Limitation Law of the State of Illinois, as amended (the "Limitation Law"). The Limitation Law provides that the annual amount of the Levies Taxes to be extended to pay the Bonds and all other limited bonds hereafter issued by the County shall not exceed the debt service extension base (as defined in the Limitation Law) of the County (the "Base") less the

amount extended to pay certain other non-referendum bonds heretofore and hereafter issued by the County.

The County is authorized to issue from time to time additional limited bonds payable from the Base and additional non-referendum bonds payable from property taxes unlimited as to rate or amount, as permitted by law, and to determine the lien priority of payments to be made from the Base to pay the County's limited bonds.

Notwithstanding any other provision of the Bond Ordinance, the annual amount of the Levied Taxes to be extended by the County Clerk to pay the Bonds and all other limited bonds (as defined in the Debt Reform Act) hereafter issued by the County shall not exceed the Base, determined from the County's 1996 levies for certain prior non-referendum bonds, with a "CPI" adjustment. No limit, however, exists on the rate of the direct annual tax levied as referenced in the Bond Ordinance, and the Bonds shall constitute a general obligation of the County. The amount of the Base is $202,946.78 per year and all levies for limited bonds will be less than the Base. The Base calculations are shown below.

Union County, Illinois

Debt Service Extension Base ("DSEB") Calculations

DSEB levy year 2008	$185,675.00
Levy year 2009 CPI increase 0.1%	185.68
DSEB levy year 2009	185,860.68
Levy year 2010 CPI increase 2.7%	5,018.24
DSEB levy year 2010	190,878.91
Levy year 2011 CPI increase 1.5%	2,863.18
DSEB levy year 2011	193,742.10
Levy year 2012 CPI increase 3.0%	5,812.26
DSEB levy year 2012	199,554.36
Levy year 2013 CPI increase 1.7%	3,392.42
DSEB levy year 2013	202,946.78
Levy year 2014 CPI increase 1.5%	3,044.20
DSEB levy year 2014	205,990.98

Limited Tax Bond Coverage

Levy Year	Limited Tax Debt Service Ext. Base	Levies For Prior Bonds	Limited Tax Debt Service Remaining	Tax Levy For This Issue	Total Levies All Issues	Coverage
2014	$205,990	$0	$205,990	$169,899	$169,899	1.21
2015	205,990	0	205,990	201,528	201,528	1.02
2016	205,990	0	205,990	203,728	203,728	1.01
2017	205,990	0	205,990	200,828	200,828	1.03
2018	205,990	0	205,990	202,928	202,928	1.02
2019	205,990	0	205,990	204,178	204,178	1.01
2020	205,990	0	205,990	205,303	205,303	1.00
2021	205,990	0	205,990	204,703	204,703	1.01
2022	205,990	0	205,990	203,928	203,928	1.01
2023	205,990	0	205,990	202,808	202,808	1.02
2024	205,990	0	205,990	206,070	206,070	1.00
2025	205,990	0	205,990	203,670	203,670	1.01
2026	205,990	0	205,990	145,880	145,880	1.41

Optional Redemption

The Bonds due on and after December 1, 2025 are subject to redemption in whole or in part on any date on and after December 1, 2024, at a price of par plus accrued interest to the date of redemption. If the County redeems less than all of the Bonds, the County may redeem them in any order of maturity, and selected by lot within a maturity if less than all of the Bonds of a maturity are to be called.

Notice of Redemption

Notice of the call for any redemption identifying the Bonds, or portions of the Bonds, to be redeemed shall be given for the County by the Bond Registrar by mailing a copy of the redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of each of the Bonds (or part thereof) to be redeemed at the address shown on the registration books, provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of Bonds as to which there was not such failure or defect. Whenever any Bond is called for redemption and prepayment as provided in the Bond Ordinance, all interest on such Bond shall cease from and after the date is fixed for its redemption, provided funds are available for its prepayment at the price specified in the Bond Ordinance.

Certain Risk Factors

Certain proceeds in connection with the Bonds are to be invested, if at all, solely and only in investments ("Qualified Tax-Exempt Investments") (i) the interest on which is not includible in gross income under Section 103 of the Code, and (ii) which are not specified private activity bonds (as defined in Section 57(a)(5)(C) of the Code, i.e., "non-AMT" bonds). Amounts in the Debt Service Fund with respect to the Bonds shall be invested only in obligations described in (i) and (ii). Not adhering to this investment restriction may cause the Bonds to become taxable.

THE SELF-INSURANCE PROGRAM

The Prior Bonds were issued in relation to the County's self-insurance program (as further described herein, see "**THE SOUTHERN ILLINOIS COUNTIES INSURANCE TRUST**"). Illinois local governmental entities, including the County, are exposed under law to certain risks of liability as municipal corporations and corporate entities while they are engaged in the performance of their governmental and proprietary functions (the "Corporate Risks"). Additionally, Illinois counties are permitted by law to assume the risk of certain liabilities and expenses of, and possible claims against, their officers and employees. The County, by ordinance, has assumed such risks within the limits provided by law (the "Assumed Risks").

The County is authorized to insure against claims and liabilities arising out of the Corporate Risks and the Assumed Risks (together, the "Combined Risks") either through commercial insurance sources or through a defined and funded self-insurance program. Due to the cost of commercially provided insurance coverage, the County Boards of the Illinois Counties of Pulaski and Union (together, all of such Counties are herein the "Participants"), established an advanced risk containment program (the "Program") to pool certain resources of the Participants to provide joint self-insurance and purchase insurance policies as permitted by the Counties Code (55 ILCS 5/1-1001 et seq.) as supplemented by the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/1-101 et seq.), the Intergovernmental Cooperation Act (5 ILCS 220/1 et seq.), and Section 10 (Intergovernmental Cooperation) of Article VII (Local Government) of the Constitution of the State of Illinois, (as defined herein, see "**THE SOUTHERN ILLINOIS COUNTIES INSURANCE TRUST – The Program**") and, among other things, established a Contribution Account (the **"**Contribution Account**"**).

THE SOUTHERN ILLINOIS COUNTIES INSURANCE TRUST

The Program

Pursuant to the Acts, the original program participants approved and executed a Trust Agreement, dated as of April 1, 1989 (as supplemented and amended, with Pulaski and Union Counties as Participants and Members the "Trust Agreement), and certain officers or employees of the Participants who have been selected to serve as trustees (the "Trustees") under the Trust Agreement. The Southern Illinois Counties Insurance Trust ("SICIT") Program established pursuant to the Trust Agreement is intended to provide limited insurance coverage for, among other things, any or all of the following categories of liabilities and risks:

1. General Liability;
2. Automotive Liability;
3. Police and Professional Liability;
4. Public Official Liability;
5. Worker's Compensation and Employer's Liability;
6. Automobile Physical Damage;
7. Property Damage; and
8. Inland Marine.

Such coverage includes joint self-insurance up to a specific dollar amount to be determined by the Trustees on an annual basis and excess insurance coverage to be purchased from commercial re-insurers above the Program's self-insurance limits.

The Program funding was originally established in 1989 with an initial Contribution Fund of $2,500,000. For its share, the County issued $1,210,000 initial aggregate principal amount of General Obligation Self-Insurance Bonds, Series 1989. The County's last contribution to the Program was made by its $1,740,000 General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (the "Prior Bonds").

Dissolution of the SICIT

The Participants of the SICIT intend to dissolve the Program. The SICIT is currently in existence for the purpose of phasing out outstanding claims that originated prior to January 1, 2014. The County no longer considers itself self-insured. The County has purchased an insurance policy (Illinois Counties Risk Management Trust) (the "New Policy") through Snedeker Risk Management, Ltd., Havana, Illinois. Any claim against the County originating on or after January 1, 2014 will be applied to the New Policy. The proceeds from the sale of the Bonds will not be used to supplementally fund the SICIT. Instead, the sole purpose for the Bond proceeds is to refund the Prior Bonds.

THE REFUNDING PLAN

Bond proceeds will be used to advance refund the County's General Obligation Self-Insurance Bonds (Alternate Revenue Source) (the "Prior Bonds"), Series 2006, maturing on and after December 1, 2016, listed below:

General Obligation Self-Insurance Bonds (ARS), Series 2006

Outstanding Amount	Maturity December 1	Refunded Amount	Redemption Price	Redemption Date
$ 100,000	2014	$ -	-	At maturity
105,000	2015	-	-	At maturity
280,000	2016	280,000	100%	At maturity
300,000	2017	300,000	100%	12/1/2016
305,000	2018	305,000	100%	12/1/2016
315,000	2019	315,000	100%	12/1/2016
335,000	2020	335,000	100%	12/1/2016

Bond proceeds will be deposited with Hometown National Bank, LaSalle, Illinois, as Escrow Agent for the Prior Bonds, under an Escrow Agreement, and used to pay the redemption price of the Prior Bonds on the December 1, 2016 redemption date. Remaining Bond proceeds will be used to pay the costs of issuing the Bonds.

Certain Verifications

Dunbar, Breitweiser & Co., LLP, Bloomington, Illinois, independent certified public accountants (the "Verifier"), upon delivery of the Bonds, will deliver to the County, Bond Counsel and the

Underwriter a report stating that the Verifier has reviewed the mathematical accuracy of certain computations based on certain assumptions relating to (1) the sufficiency of the initial deposit of cash and principal and interest received from the Government Securities held in escrow by the Escrow Agent to meet the timely payment of the principal of, interest on and redemption price of the Prior Bonds when due and (2) the actuarial yields on the Bonds and the Government Securities, such computations with respect to such yields to be used to support the opinion of Bond Counsel regarding the tax-exempt status of the Bonds. The Verifier will express no opinion on the attainability of any such assumptions or the tax-exempt status of the Bonds.

REGISTRATION, TRANSFER AND EXCHANGE

See also **Appendix A**, **"BOOK-ENTRY FORM"** for information on registration, transfer and exchange of book-entry Bonds.

The County shall cause books (the "Bond Register") for the registration and for the transfer of the Bonds to be kept at the designated corporate trust office of the Bond Registrar.

For provisions applicable to the Bonds while they are in the Book-Entry System, see APPENDIX A. Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Ordinance. Upon surrender for transfer or exchange of any Bond at the designated corporate trust office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such registered owner's attorney duly authorized in writing, the County shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denomination, for a like aggregate principal amount. The execution by the County of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously retired.

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

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

No service charge shall be made for any transfer or exchange of Bonds, but the County or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental

charge that may be imposed in connection with any transfer or exchange of Bonds, except in the case of issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

SOURCES AND USES OF FUNDS

Bonds

Sources of Funds:		
Par Amount of Bonds	$	2,040,000.00
Reoffering Premium		27,313.75
Total Sources of Funds	$	2,067,313.75
Uses of Funds:		
Deposit to Escrow Account	$	1,951,245.98
Costs of Issuance[1]		116,067.77
Total Uses of Funds	$	2,067,313.75

(1) Costs of Issuance include underwriter's discount, bond insurance fees, counsel fees, and other costs associated with the issuance of the Bonds.

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. Elected County officials include the County Clerk and Recorder, Treasurer and 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:

Union	Members	Contract Expiration
Laborers Local 773	13	11/30/2014[3]
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.
(3) Six (6) members of Local 773 are still in contract negotiations.

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.

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. 2007 - 2011
Union County	**$36,700**	**$59,900**	**$88,200**
City of Anna	37,700	57,300	79,000
City of Jonesboro	36,600	54,400	83,600
State of Illinois	80,900	130,800	198,500

Median Family Income

	1990	2000	Est. 2007 - 2011
Union County	**$24,875**	**$37,710**	**$51,024**
City of Anna	21,550	30,912	40,913
City of Jonesboro	24,932	40,066	41,488
State of Illinois	38,664	55,545	69,658

Source: U.S. Census Bureau.

Average Annual Unemployment Rates

Calendar Year	Union County	State of Illinois
2008	8.8%	6.4%
2009	11.0	10.0
2010	12.1	10.4
2011	11.4	9.7
2012	11.0	8.9
2013*	10.9	8.3

*As of November, 2013.

Source: Illinois Department of Employment Security.

Largest Area Employers

Employer	Service or Product	Approximate Number of Employees
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 Applicable	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)	(13,870,000)	(779)	(7.45%)	(2.48%)
Total Direct General Obligation Debt(2)	2,040,000	115	1.10%	0.37%
Total Overlapping Bonded Debt	8,842,193	497	4.75%	1.58%
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
The Bonds		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)

	Outstanding	Applicable to County	
Taxing Body	**Debt[1]**	**Percent**	**Amount**
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		12/1/2033						
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 2012 Annual Financial Statements. See **APPENDIX B** for a complete copy of the County's 2012 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 County Assessor 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 County Assessors establish 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 County Assessor 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 County Assessor 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 County Assessor, as revised by the County Board of Review, 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 farms 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 and thereafter, the maximum reduction is $4,000 for 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 75% are granted an exemption of $5,000 and (ii) those veterans with a service-connected disability of less than 75%, 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 Bonds.

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	0.19601	0.18877	0.20080	0.20065	0.19598
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	0.16976	0.16330	0.16370	0.16972	0.17036
Total	$ 7.42162	$ 6.83731	$ 6.92230	$ 7.44460	$ 6.91237

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

Year	Extension	Collection	Percent Collected
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(1)	2,424,816	2,305,357	95.07%

(1) Still in process of collecting.

Source: Union County Clerk and Treasurer's Office.

Largest County Taxpayers(1)

Name	2012 E.A.V.	% of County's E.A.V.
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 B"** for a copy of the County's Fiscal Year 2012 audited financial statements.

Union County

Balance Sheet

General Fund Summary

For Years Ending November 30th

ASSETS	2008	2009	2010[1]	2011[1]	2012[2]
Cash & Cash Equivalents	$ 31,242	$ 194,046	$ 258,621	$ 56,669	$ 1,962,790
Stamps on Hand	11,210	12,000	12,000	12,000	12,000
TOTAL ASSETS	**42,452**	**206,046**	**270,621**	**68,669**	**1,974,790**
LIABILITIES & FUND BALANCE					
Liabilities:					
Due to other Funds	665,000	515,000	515,000	465,000	-
TOTAL LIABILITIES	665,000	515,000	515,000	465,000	-
Fund Balances:					
Reserved for Inventory	11,210	12,000	12,000	12,000	12,000
Unreserved for Debt Service In:					
General Fund	(633,758)	(320,954)	(256,379)	(408,331)	1,962,790
TOTAL FUND BALANCES	(622,548)	(308,954)	(244,379)	(396,331)	1,974,790
TOTAL LIABILITIES & FUND BALANCE	**$ 42,452**	**$ 206,046**	**$ 270,621**	**$ 68,669**	**$ 1,974,790**

(1) The County restated its 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 public facility 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 2008 – 2012. See APPENDIX A for a copy of the County's 2012 Audited Financial Statements.

Union County

Statement of Revenues, Expenditures, and Changes in Fund Balances

General Fund Summary

For Years Ending November 30th

Receipts/Revenues	**2008**	**2009**	**2010[7]**	**2011[7]**	**2012**
Property & Replacement Taxes	$ 598,059	$ 971,116	$ 672,588	$ 716,166	$ 3,522,409 (1)
County Share of Illinois Income Tax	871,664	770,473	738,298	820,543	841,766
County Share of Sales Tax	505,181	485,859	521,152	513,832	527,711
Salary Reimbursements	178,642	275,867	254,988	158,097	380,426
Service Fees, Fines, Licenses & Commissions	879,335	837,928	757,592	615,254	615,254
Interest Income	14,833	8,431	65,804	3,603	13,930
Other Receipts & Reimbursements	56,914	183,486	113,290	192,273	472,502
Total Receipts/Revenues	**$3,104,628**	**$3,533,160**	**$ 3,123,712**	**$ 3,019,768**	**$ 6,373,998**
Disbursements/Expenditures					
Current:					
General Government	830,790	859,432	1,232,591	1,305,759	1,930,596
Public Safety	1,088,283	1,117,924	1,008,603	935,509	1,171,183
Corrections	98,729	121,955	97,584	116,910	140,288
Judiciary & Legal	695,549	705,495	739,034	740,835	724,810
Health & Welfare	245,186	296,101	-	-	-
Other Expenditures & Reimbursements	140,933	86,859	-	-	-
Total Disbursements/Expenditures	**$3,099,470**	**$3,187,766**	**$ 3,077,812**	**$ 3,099,013**	**$ 3,966,877**
Excess (Deficiency) of Revenues over Expenditures	**5,158**	**345,394**	**45,900**	**(79,245)**	**2,407,121**
Other Financing Sources (Uses):					
Proceeds from Self-Insurance Bonds	-	-	-	-	-
Transfers In	-	-	18,675 (4)	-	-
Transfers Out	(36,724) (2)	(31,800) (3)	-	(72,707) (5)	(36,000) (6)
Total Other Financing Sources (Uses):	(36,724)	(31,800)	18,675	(72,707)	(36,000)
Net Change In Fund Balances	**(31,566)**	**313,594**	**64,575**	**(151,952)**	**2,371,121**
Fund Balances - Beginning of Year	(590,982)	(622,548)	(308,954)	(244,379)	(396,331)
Fund Balances - End of Year	**$ (622,548)**	**$ (308,954)**	**$ (244,379)**	**$ (396,331)**	**$ 1,974,790**

(1) In FY2012 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 $24,724 to the Animal Control Fund.

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

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

(5) Constitutes transfers 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.

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

(7) 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 2008 – 2012. See APPENDIX A for a copy of the County's 2012 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 statue. 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

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	$204,010	100%	$ -
12/31/10	217,411	100%	-
12/31/09	212,923	100%	-

Three-Year Trend Information for the SLEP Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	$18,395	100%	$ -
12/31/10	18,713	100%	-
12/31/09	16,257	100%	-

Three-Year Trend Information for the ECO Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	$52,418	100%	$ -
12/31/10	50,064	100%	-
12/31/09	48,512	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)
12/31/11	$4,790,799	$4,820,381	$29,582	99.39%	$1,742,183	1.70%
12/31/10	5,671,413	6,947,822	1,276,409	81.63%	2,203,983	57.91%
12/31/09	5,489,200	7,024,885	1,535,685	78.14%	2,190,571	70.10%

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)
12/31/11	$1,488,974	$1,222,804	($266,170)	121.77%	$421,901	0.00%
12/31/10	2,344,124	2,645,738	301,614	88.60%	631,792	47.74%
12/31/09	2,038,369	2,706,321	667,952	75.32%	622,858	107.24%

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)
12/31/11	$1,059,185	$1,582,462	$523,277	66.93%	$309,733	168.94%
12/31/10	1,279,965	1,613,672	333,707	79.32%	379,481	87.94%
12/31/09	1,240,279	1,466,736	226,460	84.56%	385,324	58.77%

APPROVAL OF LEGALITY

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Evans, Froehlich, Beth & Chamley, Bond Counsel, who has been retained by, and acts as Bond Counsel to the County. Ice Miller LLP, Chicago, Illinois, will serve as Disclosure Counsel for the County. Certain legal matters will be passed upon for the Underwriter by Ungaretti & Harris LLP, Chicago, Illinois. The proposed form of the opinion of Bond Counsel is included herein as "**APPENDIX C—Form of Bond Counsel Opinion**." 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 Bond Counsel has, at the request of the County, reviewed only those portions of this Official Statement involving the description of the Bonds and the security for the Bonds.

NO LITIGATION CERTIFICATE

Simultaneously with the delivery of the Bonds, the County will furnish to the Underwriter a certificate of a County officer which shall state, among other things, that there is no controversy, suit or other proceeding of any kind pending or to such officer's knowledge, threatened in any court (either State or Federal) restraining or enjoining the issuance or delivery of the Bonds or questioning (i) the proceedings under which the Bonds are to be issued, (ii) the validity of the

Bonds, (iii) the pledge by the County of the moneys under the Bond Ordinance or (iv) the legal existence of the County or the title to office of the present officials of the County.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM’s financial strength is rated “AA-” (stable outlook) by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 12, 2013, S&P published a report in which it affirmed AGM's "AA-" (stable outlook) financial strength rating. AGM can give no assurance as to any further ratings action that S&P may take.

On January 17, 2013, Moody's issued a press release stating that it had downgraded AGM's insurance financial strength rating to "A2" (stable outlook) from "Aa3". AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Capitalization of AGM

At September 30, 2013, AGM's consolidated policyholders' surplus and contingency reserves were $3,458,464,281 and its total net unearned premium reserve was $1,902,038,053, in each case, in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (filed by AGL with the SEC on March 1, 2013);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 (filed by AGL with the SEC on May 10, 2013);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 (filed by AGL with the SEC on August 9, 2013); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 (filed by AGL with the SEC on November 12, 2013).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to

above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "**BOND INSURANCE – Assured Guaranty Municipal Corp.**" or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "**BOND INSURANCE**."

INVESTMENT RATING

S&P is expected to assign its rating of "AA-" (stable outlook) to the Bonds based upon a municipal bond insurance policy to be issued by AGM concurrently with the delivery of the Bonds. See "**BOND INSURANCE**" herein. There is no assurance that such rating will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Any rating assigned represents only the view of the rating agency. The definitions furnished by the rating agency for its rating may be obtained from the rating agency. The County does not have an underlying rating.

TAX MATTERS

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 or refinanced therewith, and certain other matters. The County has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable 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 County's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not treated as an item of tax preference for purposes of the federal alternative minimum tax for individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the County with respect to certain material facts within the County'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 (with certain exceptions) 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 certain tax-exempt interest, including 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.

The issue price (the "*Issue Price*") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the "*OID Bonds*") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the County complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from 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 OID 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 owners of OID

Bonds should consult their own tax advisors as to whether original issue discount is taken into account in computing adjusted current earning, which is 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. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of 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 Bonds subsequent to the initial public offering should consult their own tax advisors.

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 an OID Bond, its Issue Price plus accreted original issue discount (the "*Revised Issue Price*"), 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. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. 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.

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

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 may treat the County as a taxpayer and the Bond holders 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.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

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

Ownership of the Bonds may result in other federal, state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such federal, state and local collateral consequences.

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

The County will enter into a Continuing Disclosure Certificate and Agreement (the "Undertaking") for the benefit of the registered owners and 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. 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**".

Pursuant to the issuance of the County's General Obligation Self-Insurance Refunding Bonds, Series 2002 (the "2002 Bonds"), the County entered into a continuing disclosure undertaking (the "2002 Undertaking") to file notice of certain material events as required by the Rule. At the time of issuance, the 2002 Bonds were insured by Financial Guaranty Insurance Company ("FGIC")

and FGIC was rated “AAA” by Standard & Poor's Financial Services LLC ("S&P"). Since that time, S&P has had subsequent rating downgrades of FGIC and FGIC filed for bankruptcy in 2010. Despite the 2002 Undertaking, the County had not provided notice concerning the rating change on the 2002 Bonds that resulted from the rating downgrade of FGIC. Notice of the FGIC downgrade has since been filed electronically through the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rule Making Board (the "MSRB"), but not in a timely manner as was covenanted in the 2002 Undertaking.

Pursuant to issuing the 2002 Bonds and its General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (the "2006 Bonds"), the County entered into the applicable prior continuing disclosure undertakings (the "2002 Undertaking" and "2006 Undertaking") to disseminate its audited financial statements annually with respect to the 2002 Bonds and 2006 Bonds as required by the Rule. Under the 2002 Undertaking and the 2006 Undertaking, the County covenanted to file its audited financial statements at least annually to the repository, if any, designated by the State of Illinois as the state information depository (the "SID"). Pursuant to the 2002 Undertaking and the 2006 Undertaking and since the issuance of the 2002 Bonds and 2006 Bonds, the County filed its audited financial statements and annual financial information with the MSRB on EMMA; however, with the exception of fiscal years 2009 and 2011, the County's filings were made outside the required timeframe as covenanted in the 2002 Undertaking and the 2006 Undertaking.

Pursuant to the issuance of the County's Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010A (Recovery Zone Economic Development Bonds (Direct Payment)), Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010B (Build America Bonds (Direct Payment)), Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010C (collectively, the “2010 Bonds”), the County entered into applicable continuing disclosure undertakings (the "2010 Undertaking") to disseminate its audited financial statements annually with respect to the 2010 Bonds as required by the Rule. Under the 2010 Undertakings for the 2010 Bonds, the County covenanted to file its audited financial statements within 60 days after receipt of the auditor and annual financial information within 180 days for the 2010 Bonds of its fiscal year end (November 30) with the MSRB. Pursuant to the 2010 Undertaking and since the issuance of the 2010 Bonds, the County filed its audited financial statements and annual financial information with the MSRB on EMMA; however, the County's filings were made outside the required timeframe of the 2010 Undertakings.

Pursuant to the bond ordinance for the 2006 Bonds, the County covenanted to support the debt service on the 2006 Bonds from a revenue source ("2006 Bonds Pledged Revenues") and secured by the issuer's general obligation, full faith and credit, including a levy of ad valorem taxes without limit as to rate or amount ("Pledge Taxes"). Since the issuance of the 2006 Bonds, the County has been paying the debt service due on the 2006 Bonds, in part, from the Pledged Taxes in lieu of the 2006 Bonds Pledged Revenues. Until such time as the County pays debt service on the above bonds with the 2006 Bonds Pledged Revenues, they shall constitute an indebtedness of the County, to be counted against their debt limit. This is a default under the County's bond ordinance covenants; however, it is not a payment default. Historically, the County has timely met its debt service obligations on the 2006 Bonds as they come due. The County has since made a non-payment related default material events disclosure as required by the Rule. This disclosure has been filed with the MSRB on EMMA.

Pursuant to the 2010 Undertaking, the County covenanted to file notice of certain material events as required by the Rule. At the time of issuance, the 2010 Bonds were insured by Assured Guaranty Municipal Corp. ("AGM") and AGM was rated "AAA" by Standard and Poor's Financial Services, LLC, a part of McGraw Hill Financial ("S&P"). Since that time S&P has downgraded AGM to "AA- (stable outlook)." Despite the 2010 Undertaking, the County had not provided notice concerning the rating change on the 2010 Bonds that resulted from the rating downgrade of AGM. Notice of the AGM downgrades has since been filed by the County regarding the rating change on the 2010 Bonds with the MSRB through EMMA, but not in a timely manner as was agreed upon in the 2010 Undertaking.

Pursuant to the issuance of the 2010 Bonds, the County covenanted to pay principal and interest, in part, from the one percent (1%) public facility sales tax (the "Sales Taxes") 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.

The County's failure to comply under the 2002 Undertaking, the 2006 Undertaking, and the 2010 Undertaking does not constitute a default under the bond ordinances for the 2002 Bonds, 2006 Bonds nor the 2010 Bonds.

The County has enacted measures to ensure compliance with all of its continuing disclosure obligations. County officials will conduct an annual review of disclosure obligations during the first week of April each year. Such review will determine what steps need to be taken to ensure timely filing of its obligations under all of its continuing disclosure undertakings.

Registered and beneficial owners of the Bonds are limited to the remedies described in the Undertakings, as described below. See "**THE UNDERTAKING – Consequences of Failure of the County to Provide Information**."

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the County 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 County.

Financial Information Disclosure

The County covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, (as described below, constituting the "Annual Report") electronically through the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rule Making Board (the "MSRB") in accordance with the rules and

procedures established by the MSRB, as hereinafter provided. The County is required to deliver such information constituting the Annual Report to the MSRB electronically through the EMMA system, within 210 days (and if later as to the audited financial statements, when available) of the County's fiscal year for each twelve (12) month period ending November 30, together with the opinion of such independent certified public accountants engaged by the County and all notes thereto. All submissions are to be in a word-searchable PDF form.

Audited Financial Statements. Such Audited Financial Statements are the County's annual audited financial statements, which are completed on a modified accrual basis of accounting consistent with generally accepted accounting principles applicable to government entities.

Annual Financial Information. Annual Financial Information means updated information with respect to the captions in the Official Statement as follows:

- UNION COUNTY
- SOCIO-ECONOMIC INFORMATION
- DEBT INFORMATION
- TAX BASE INFORMATION
- FINANCIAL INFORMATION
- EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Disclosure

The County shall disclose the following events within 10 business days of the occurrence of any of the following events, if material (with respect to which any determination of materiality shall be made by the County in accordance with standards established by federal securities laws), to the MSRB, in each case (i) in an electronic format as prescribed by the MSRB and (ii) accompanied by identifying information as prescribed in MSRB:

- principal and interest payment delinquencies;
- non-payment related defaults; if material
- 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 other material events affecting the tax exempt status of the Bonds; the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities;
- modifications to rights of Bondholders; if material
- bond calls and tender offers; if material
- defeasances;
- rating changes;
- bankruptcy, insolvency, receivership or similar event of the obligated person[*]

[*] This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the

- release, substitution or sale of property securing repayment of the Bonds; if material
- the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing; if material
- appointment of a successor or additional trustee or the change of name of a trustee; if material.

Consequences of Failure of the County to Provide Information

The County shall give notice in a timely manner to the MSRB through the EMMA system, of any failure to provide disclosure of Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the County to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek specific performance by court order, to cause the County to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the County to comply with the Undertaking shall be an action to compel performance.

Amendment; Modification

Notwithstanding any other provision of the Undertaking, the County may amend or modify the Undertaking, if either:

(a) (i) The amendment or modification 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 County, or type of business conducted;

(ii) The Undertaking, as amended or modified, would have complied with the requirements of the Rule on the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or modification does not materially impair the interests of the beneficial owners of the Bonds, as determined by any person selected by the County that is unaffiliated with the County or Bond Counsel; or

(b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the Rule, as then in effect.

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assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

Termination of Undertaking

The Undertaking shall be terminated if the County shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the County 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 Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the County 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 County 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 County may, at its sole discretion, utilize an agent (the "Dissemination Agent) in connection with the dissemination of any information required to be provided by the County pursuant to the terms of the Rule and the Undertaking. Further, the County may, at its sole discretion, retain counsel or others with expertise in securities matters for the purpose of assisting the County in making judgments with respect to the scope of its obligations.

The initial Dissemination Agent is:

County Treasurer
Union County
309 W. Market Street
Room 123
Jonesboro, Illinois 62952
(618) 833-5621

UNDERWRITING

Bernardi Securities, Inc. (the “Underwriter”) has agreed to purchase the Bonds from the County at a price of 98.839% of the principal amount thereof plus accrued interest to the date of delivery. The Underwriter intends to reoffer the Bonds at a price of 101.339% of the principal amount of the Bonds.

The Underwriter must purchase and pay for all of the Bonds if any are purchased. The Bonds are being offered for sale at initial prices stated on the cover of the Official Statement, plus accrued interest. After the initial offer, the offering price and other selling terms may be changed. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers. The Underwriter may engage in secondary market trading in the Bonds subject to applicable securities laws. However, the Underwriter is not obligated to repurchase any of the Bonds at the request of any owner thereof.

DISTRIBUTION OF OFFICIAL STATEMENT

This Official Statement has been prepared for distribution to prospective purchasers and the Underwriter of the County's General Obligation Refunding Limited Bonds, Series 2014, dated the Date of Delivery. All statements and data presented herein have been obtained from reliable sources and are believed to be correct but are not guaranteed by the County.

CERTIFICATION OF OFFICIAL STATEMENT

The County will provide to the Underwriter simultaneously with the delivery of the Bonds, a County officer's certificate which shall state, among other things, that to the best of the knowledge and belief of such officer, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds, was true and correct in all material respects and does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary to make the statement herein, in light of the circumstances under which they were made, not misleading in any material respect.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion is intended merely as an opinion and not as a representation of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

/s/ Don Denny
Chairman of the Board of Commissioners
The County of Union, Illinois

APPENDIX A
Book-Entry Form

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered 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, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of 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 affect 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 the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County 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 County or the 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 County, 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 County or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Registrar, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records to the Registrar. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Registrar's DTC account.

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

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

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

APPENDIX B

Audited Financial Statements for Year Ending November 30, 2012

UNION COUNTY, ILLINOIS
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
November 30, 2012

TANNER MARLO CPAs INC.
509 ½ EAST DEYOUNG STREET
MARION, ILLINOIS 62959

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TANNER MARLO CPAS, INC
Certified Public Accountants

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(618) 997-2100 FAX

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Union County
County Courthouse
Jonesboro, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for Union County, Illinois, as of and for the year ended November 30, 2012, which collectively comprise the County's basic financial statements as listed in the accompanying table of contents. These basic financial statements are the responsibility of Union County's management. Our responsibly is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Union County Emergency Telephone System Board, which represents a significant portion of the County's Proprietary type funds. Those financial statements were audited by other auditors, whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the 911 Fund, is based on the report of other auditors.

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

As discussed in Note A, Union County prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each

major fund, and the aggregate remaining fund information of Union County, Illinois as of November 30, 2012, and the respective changes in cash basis financial position thereof for the year ended in conformity with the basis of cash receipts and disbursements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2013 on our consideration of Union County, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That 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 performed for the purpose of forming an opinion on the basic financial statements of Union County, Illinois taken as a whole. The other supplementary information as listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Union County, Illinois. Such information has been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion based on our audit and the report of other auditors is fairly stated in all material respects in relation to the basic financial statements taken as a whole on the cash basis of accounting.

The required supplementary information, as listed in the accompanying table of contents, including Management's Discussion and Analysis and the General Fund Budgetary Comparison Schedule, is not a required part of the basic financial statements, but is supplementary information required by Governmental Accounting Standards Board. We and other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

TANNER MARLO CPAs INC.
Certified Public Accountants & Consultants
Marion, IL 62959

May 16, 2013

TANNER MARLO CPAS, INC
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Union County Board of Commissioners
Courthouse
Jonesboro, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Union County, Illinois as of and for the year ended November 30, 2012, which collectively comprises Union County, Illinois' basic financial statements and have issued our report thereon dated May 16, 2013. 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 Union County, Illinois' 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 Union County, Illinois' 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 material weaknesses. 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. Reportable conditions are described in the accompanying schedule.

A material weakness is a reportable 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 caused by error or fraud 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information of the County Board, management, the oversight audit agency and other audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

TANNER MARLO CPAs INC.
Certified Public Accountants & Consultants
Marion, IL 62959

May 16, 2013

UNION COUNTY, ILLINOIS
SCHEDULE OF FINDINGS
YEAR ENDED NOVEMBER 30, 2012

MATERIAL WEAKNESSES:

No matters are reportable.

SIGNIFICANT DEFICIENCIES:

No matters are reportable.

OTHER MATTERS:

Prior Year Comments

Audit Adjustments

During the course of an audit engagement, an auditor will propose adjustments of financial statement amounts. Management evaluates our proposals and records those adjustments, which, in their judgment, are required to prevent the financial statements from being misstated. During our audit we noted audit adjustments from the prior year were not posted to the County's books. In order to correct fund balances for some funds, these adjustments had to be recorded again in fiscal year 2012.

We will be working with management in the coming year to resolve this issue and assist in recording these adjustments.

Outstanding Checks

During our audit we noted several checks that had been outstanding for more than six months. Outstanding checks greater than 180 days old are no longer valid and should be removed from the list of outstanding checks. The State of Illinois has escheat laws that govern the disposition of unclaimed property.

We recommend the Board of Commissioners consult with the States Attorney's office to determine the proper disposition of the old checks. In addition, the Board should develop a policy going forward to address checks that become old and no longer valid.

Current Year Comments

Tax Levy and Appropriation Allocations

The tax levy for the County has allocations to restricted funds which may need to be redistributed for better cost matching of services. We recommend a review of the tax levy and appropriation to match revenues generated to costs incurred and evaluate on an annual basis with the states attorney, Board of Commissioners, and county auditor prior to levy.

Management Discussion and Analysis

As management of Union County, we offer readers of Union County's financial statements this narrative overview and analysis of the financial activities of Union County for the fiscal year ending November 30, 2012.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Union County's basic financial statements. Union County's basic financial statements: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Union County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Union County's finance assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Union County is improving or deteriorating.

The statement of activities presents information showing how the government's assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change that occurs, regardless of the timing of related cash

flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal period (e.g., uncollected taxes and earned but unused sick day and vacation leave).

Both of the government-wide financial statements distinguish functions of Union County that are principally supported by taxes and intergovernment revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government activities of Union County include general government, public safety, roads and bridges. The business-type activities of Union County include an Ambulance Service and 9-1-1. The government-wide financial statement can be found attached to this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Union County, like other county, state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Union County can be divided into three categories: government funds, proprietary funds, and fiduciary funds.

Government Funds

Government funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on
near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Union County maintains individual government funds. Information is presented separately in the governmental fund balance sheets and in the governmental fund statement of revenue and expenditures, and changes in fund balance.

Union County adopts an annual appropriated budget for the General fund, County highway funds Municipal Retirement & Social Security, Tuberculosis, County Ambulance, Cemetery fund, Liability Insurance & Unemployment Compensation, General Assistance, Co-Operative Extension, Law Library, County Tourism County Hotel/Motel tax and Public Safety. A budgetary comparison statement is provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found attached with this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The basic fiduciary fund financial statements are attached as a part of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found attached with this report.

Contact and Requests

This financial report is designed to provide a general overview of Union County's finances for all those with an interest in the government's finances. Question concerning any of the information provided in this report or request for additional financial information should be addressed to the Union County Commissioners, 309 W. Market St. Room 100, Jonesboro, Illinois 62952.

UNION COUNTY, ILLINOIS
STATEMENT OF NET ASSETS- CASH BASIS
November 30, 2012

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	$ 9,853,071	$ 673,097	$ 10,526,168
Stamps on hand	12,000	-	12,000
Loans receivable	153,796	-	153,796
Due from other funds	-	-	-
Total Assets	$ 10,018,867	$ 673,097	$ 10,691,964
Liabilities:			
Due to other funds	$ -	$ -	$ -
General obligation bond	16,290,000	-	16,290,000
Total Liabilities	16,290,000	-	16,290,000
Net Assets:			
Restricted for:			
Inventory	12,000	-	12,000
Revolving loan fund	227,609	-	227,609
Debt Service	5,848,743	-	5,848,743
Unrestricted	(12,359,485)	673,097	(11,686,388)
Total Net Assets	$ (6,271,133)	$ 673,097	$ (5,598,036)

See accompanying notes to financial statements.

UNION COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES-CASH BASIS
For the Year Ended November 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges For Services	Grants	Governmental Activities	Business-type Activities	Total
Government Activities						
Governmental Activities						
General Government	$ (2,383,789)	$ 663,675		$ (1,720,114)	$ -	$ (1,720,114)
Highways and streets	(2,263,987)	494,733	-	(1,769,254)	-	(1,769,254)
Public safety and judiciary	(2,660,134)	136,767	36,958	(2,486,409)	-	(2,486,409)
Health and welfare	(53,940)	-	-	(53,940)	-	(53,940)
Other	(1,063,158)	-	-	(1,063,158)	-	(1,063,158)
Debt Service	(7,373,200)	-		(7,373,200)	-	(7,373,200)
Total Governmental Activities	(15,798,208)	1,295,175	36,958	(14,466,075)	-	(14,466,075)
Business-Type Activities						
Ambulance	(1,100,285)	647,066	-	-	(453,219)	(453,219)
911	(309,135)	211,421	-	-	(97,714)	(97,714)
Animal Control	(69,742)	50,774	-	-	(18,968)	(18,968)
Total Business-Type Activities	(1,479,162)	909,261	-	-	(569,901)	(569,901)
Total Government Activities	$ (17,277,370)	$ 2,204,436	$ 36,958	$ (14,466,075)	$ (569,901)	$ (15,035,976)
General Revenues						
Public safety tax				$ 1,256,412	$ -	$ 1,256,412
Property and replacement taxes				4,493,752	262,896	4,756,648
Sales, service and utility taxes				527,711	-	527,711
Motor fuel tax				754,949	-	754,949
State income tax				841,766	-	841,766
Interest income				32,713	9,168	41,881
Other receipts and reimbursements				1,797,521	5,861	1,803,382
Transfers				(24,000)	24,000	-
Total General Revenues				9,680,824	301,925	9,982,749
Change in Net Assets				(4,785,251)	(267,976)	(5,053,227)
Net Assets - Beginning of Year				(1,485,882)	941,073	(544,809)
Net Assets - End of Year				$ (6,271,133)	$ 673,097	$ (5,598,036)

The notes to the financial statements are an integral part of this statement.

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
GOVERNMENTAL FUNDS
November 30,2012

	General	Liability Insurance	County Highway	Revolving Loan Fund	Other Governmental Funds	Totals
ASSETS						
Cash and cash equivalents	$ 1,962,790	$ 644,578	$ 152,111	$ 73,813	$ 7,019,779	$ 9,853,071
Stamps on hand	12,000	-	-	-	-	12,000
Loans receivable	-	-	-	153,796	-	153,796
Due from other funds	-	-	-		-	-
Total Assets	$ 1,974,790	$ 644,578	$ 152,111	$ 227,609	$ 7,019,779	$ 10,018,867
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-	-	-
Fund balances (Deficit):						
Reserved for inventory	12,000	-	-	-	-	12,000
Reserved for revolving loan fund	-	-	-	227,609	-	227,609
Reserved for debt service	-	-	-	-	5,848,743	5,848,743
Unreserved reported in:						
General Fund	1,962,790	-	-	-	-	1,962,790
Special revenue funds	-	644,578	152,111	-	1,171,036	1,967,725
Total Fund Balances	1,974,790	644,578	152,111	227,609	7,019,779	10,018,867
Total Liabilities and Fund Balances	$ 1,974,790	$ 644,578	$ 152,111	$ 227,609	$ 7,019,779	$ 10,018,867

Reconciliation to Statement of Net Assets:

Total fund balance for governmental funds	$ 10,018,867
Amounts reported for governmental activities in the statement of net assets are different because:	
Liabilities, including capital debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds.	(16,290,000)
Net assets of governmental activities	$ (6,271,133)

See accompanying notes to financial statements.

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-CASH BASIS
GOVERNMENTAL FUNDS
November 30,2012

	General	Liability Insurance	County Highway	Revolving Loan Fund	Other Governmental Funds	Totals
Revenues:						
Public safety tax	$ -	$ -	$ -	$ -	$ 1,256,412	$ 1,256,412
Property and replacement taxes	3,522,409	-	117,605	-	853,738	4,493,752
County share of Illinois income tax	841,766	-	-	-	-	841,766
County share of sales tax	527,711	-	-	-	-	527,711
Salary reimbursements	380,426	-	-	-	501,801	882,227
Service fee, fines, licenses and commissions	615,254	-	81,901	-	185,188	882,343
Interest income	13,930	1,693	2,275	8,811	6,004	32,713
Equipment rental	-	-	412,832	-	-	412,832
Motor fuel tax allotments	-	-	-	-	754,949	754,949
Grants and entitlements	-	-	-	-	36,958	36,958
Other receipts and reimbursements	472,502	50,000	212,786	-	180,006	915,294
Total Revenues	6,373,998	51,693	827,399	8,811	3,775,056	11,036,957
Expenditures:						
General government	1,930,596	-	-	-	33,347	1,963,943
Public safety	1,171,183	-	-	-	392,561	1,563,744
Corrections	140,288	-	-	-	-	140,288
Judiciary and legal	724,810	-	-	-	231,292	956,102
Health and wellness	-	-	-	-	53,940	53,940
Highways and streets	-	-	780,926	-	1,483,061	2,263,987
Other expenditures and reimbursements	-	488,222	-	-	7,948,136	8,436,358
Total Expenditures	3,966,877	488,222	780,926	-	10,142,337	15,378,362
Excess(Deficiency) of Revenues Over Expenditures	2,407,121	(436,529)	46,473	8,811	(6,367,281)	(4,341,405)
Other Financing Sources(Uses):						
Repayment of debt	-	-	-	-	(869,846)	(869,846)
Transfers in	-	-	-	-	149,544	149,544
Transfers out	(36,000)	-	-	-	(137,544)	(173,544)
Total Other Financing Sources(Uses)	(36,000)	-	-	-	(857,846)	(893,846)
NET CHANGE IN FUND BALANCES	2,371,121	(436,529)	46,473	8,811	(7,225,127)	(5,235,251)
FUND BALANCES(deficit), BEGINNING OF YEAR	(396,331)	1,081,107	105,638	218,798	14,244,906	15,254,118
FUND BALANCES(deficit), END OF YEAR	$ 1,974,790	$ 644,578	$ 152,111	$ 227,609	$ 7,019,779	$ 10,018,867

Reconciliation to change in net assets:	
Net change in fund balance for governmental funds	$ (4,341,405)
Amounts reported for governmental activities in the statement of activities are different because:	
Net activity in long term debt	(443,846)
Change in net assets of governmental activities	$ (4,785,251)

See accompanying notes to financial statements.

UNION COUNTY, ILLINOIS
STATEMENT OF NET ASSETS- CASH BASIS
PROPRIETARY FUNDS
November 30, 2012

	Major		Non-Major	
	Ambulance Fund	911 Fund	Animal Control	Total
ASSETS:				
Current Assets:				
Cash and cash equivalents	$ 139,060	$ 519,831	$ 14,206	673,097
Total Assets	$ 139,060	$ 519,831	$ 14,206	$ 673,097
NET ASSETS				
Unrestricted	$ 139,060	$ 519,831	$ 14,206	$ 673,097
Total Net Assets	$ 139,060	$ 519,831	$ 14,206	$ 673,097

See accompanying notes to financial statements.

UNION COUNTY, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
November 30, 2012

	Major		Non-Major	
	Ambulance Fund	911 Fund	Animal Control	Total
Operating Revenues				
Charges for services	$ 647,066	$ 211,421	$ 50,774	$ 909,261
Property and replacement taxes	262,896		-	262,896
Other receipts and reimbursements	920		4,941	5,861
Total Operating Revenues	910,882	211,421	55,715	1,178,018
Operating Expenses:				
Salaries	649,222	162,314	56,895	868,431
Fringe benefits	92,274	-	-	92,274
Telephone	-	63,644	1,430	65,074
Utilities	20,642	-	5,266	25,908
Supplies	34,950	12,451	3,214	50,615
Office expense	8,602	-	137	8,739
Travel	3,384	-	507	3,891
Maintenance and repairs	93,252	48,840	1,558	143,650
Equipment	183,531	8,431	137	192,099
Miscellaneous	14,428	13,455	598	28,481
Total Operating Expenses	1,100,285	309,135	69,742	1,479,162
Operating Income (Loss)	(189,403)	(97,714)	(14,027)	(301,144)
Nonoperating Revenues				
Interest income	3,855	5,264	49	9,168
Total Nonoperating Revenues	3,855	5,264	49	9,168
Net Income(Loss) Before Contributions and Transfers	(185,548)	(92,450)	(13,978)	(291,976)
Transfers in	-	-	24,000	24,000
Change in net assets	(185,548)	(92,450)	10,022	(267,976)
Total net assets-beginning	324,608	612,281	4,184	941,073
Total net assets-ending	$ 139,060	$ 519,831	$ 14,206	$ 673,097

See accompanying notes to financial statements.

UNION COUNTY, ILLINOIS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES-CASH BASIS
AGENCY FUNDS
November 30, 2012

	Circuit Clerk Bond Fund	General Assistance Earnfare	Total
Assets:			
Cash and cash equivalents	$ 350,127	$ 13,244	$ 363,371
Total Assets	$ 350,127	$ 13,244	$ 363,371
Liabilities:			
Escrow liability	$ 350,127	$ -	$ 350,127
Due to General Assistance Program	-	7,552	7,552
Total Liabilities	350,127	7,552	357,679
Net Assets	$ 350,127	$ 5,692	$ 355,819

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note A.3, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

1. Reporting Entity

Union County operates under a Board of County Commissioners form of government and provides the following services: public safety, highways and streets, education, judiciary, corrections, health and social services, county improvements, and general administrative services. The County, for financial purposes, includes all of the funds relevant to the operations of Union County. The County is considered to be a primary government pursuant to GASB Statement 14 since it is legally separate and fiscally independent. The County has no component units which are legally separate entities from the County for which the County is financially accountable or whose relationship with the County is such that exclusion would cause the County's statements to be misleading or incomplete.

2. Basis of Presentation-Fund Accounting

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the County as a whole. They include all funds of the County except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary categories. The County's fiduciary funds are presented separately. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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

The funds of the County are described below:

Governmental Funds

General Fund

The General Fund is the operating fund of the County and is always classified as a major fund. It is established to account for all financial resources except those required to be accounted for in another fund. General tax receipts and other sources of receipts used to finance the fundamental operations of the County are included in this fund.

Special Revenue Funds
Special Revenue Funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Debt Service Fund
The Debt Service Fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from the Enterprise Funds.

Fiduciary Funds

These funds account for assets held by the County as a trustee or agent for individuals, private organizations, and other units of governments. These funds are as follows:

Agency Funds
Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity.

Proprietary Funds

These funds account for operations that are organized to be self-supporting through user charges. The government applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. The following is the County's proprietary fund:

Enterprise Funds
Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs of providing services to the general public on a counting basis be recovered through user changes/

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and how they are reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The County maintains its accounting records for all funds on the cash basis. Accordingly, revenue is recognized and recorded when cash is received and expenditures are recognized and recorded when checks are written. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund. This differs from the generally accepted accounting principles of recording revenues and expenditures of Governmental Funds when they become measurable and available, and when the related liabilities is incurred.

4. Budgets and Budgetary Accounting

The County's budget is prepared so that each fund's budgeted revenue received and expenditures disbursed can be compared to the actual revenue received and expenditures disbursed.

Total fund disbursements may not legally exceed the budgeted disbursements. The budget lapses at the end of each fiscal year.

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to November 15, a proposed operating budget for the fiscal year commencing the following December 1, is submitted to the County Board. The operating budget includes proposed expenditures and the means of financing them.
2. The Budget is made available for the public inspection for fifteen days prior to final action thereon.
3. Prior to December 1, the budget is formally approved by the Board action.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
5. Budgets for the General and Special Revenue Funds are adopted on the cash basis of accounting.

5. Cash and Cash Equivalents

For purposes of the statement of cash flows of the enterprise fund, the County considers all cash and certificates of deposit to be cash and cash equivalents.

6. Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

7. Property and Equipment

The County does not capitalize fixed assets and does not maintain fixed asset records. Assets are expended when purchased.

8. Encumbrances

The County does not maintain information concerning encumbrances. Therefore, no amounts for encumbrances are reported in the financial statements.

9. Accumulated Unpaid Vacation and Sick Pay

Most County Employees are covered under a union contract and are entitled to certain compensated absences based on their employment contract. These compensated absences do accumulate if not used by the employee in the year ended. Upon termination, employees are compensated for unused vacation pay. As a result of the use of cash basis accounting, liabilities related to accrued compensated absences are not recorded in the government-wide or fund financial statements. Expenditures/expenses related to compensated absences are recorded when paid.

10. Estimates

The preparation of financial statements in conformity with the United States generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

11. Differences from GAAP

As discussed in Note A.2, the County reports both the government-wide and fund financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

NOTE B-PROPERTY TAXES

The County's property tax is levied each year on all taxable real property located in the County on or before the last Tuesday in December. The levy was passed by the Commissioners on November 25, 2011. Property taxes attach as an enforceable lien on property as of January 1, and are payable in two installments in December and February. The County receives significant distributions of tax receipts approximately one month after these due dates. Property taxes are not recognized as revenue until they are received.

NOTE C-DEPOSITS AND INVESTMENTS

Authorized Deposits and Investments

Illinois Compiled Statutes authorize the County to invest in interest bearing savings accounts, certificates of deposit and time deposits, shares or other forms of securities legally insurable by savings and loan associates, bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America, and short term discount obligations of the Federal National Mortgage Association.

Deposits

At November 30, 2012 the carrying amount of the County's deposits with financial institutions was $10,526,168 and the bank balance was $10,671,349.

Custodial Credit Risk-Custodial risk is the risk that in the event of a bank failure, the County's deposits may not be returned to the County. Due to the nature of the certificates of deposit, they are included as deposit balances on the balance sheet. As of November 30, 2012, the County has no uninsured/uncollateralized deposits.

At November 30, 2012, of the bank balance of $10,671,349, $1,323,772 was covered by federal depository insurance, $9,347,577was collateralized by pledged bank assets in the County's name, and no funds were left uninsured/uncollateralized.

Investments

Interest Rate Risk-Interest rate risk is the risk that the fair value of an investment will decline as interest increases. The County's investment policy is described in the paragraph below. Due to the County's type of investments at November 30, 2012, certificates of deposits, interest rate risk is not significant.

Credit Risk-Credit risk is the risk that the financial counter party will fail to meet its defined obligations. State statutes authorize the County to invest only in direct obligations of the U.S. Governments or its agencies; direct obligations of any financial institution that is insured by the Federal Deposit Insurance Corporation; short-term obligations of corporations rated A or better by at least two standard rating services; obligations of the State of Illinois and its political subdivisions; insured accounts of credit unions located in the State of Illinois; The Illinois Funds; certain money market mutual funds where the portfolio if limited to U.S. Government securities; and certain repurchase agreements. Credit quality ratings disclosures do not apply to debt securities of the U.S. government.

Custodial Credit Risk-For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

NOTE D-LOANS RECEIVABLE/REVOLVING LOAN PROGRAM

The County has established a Revolving Loan Program through the use of funds from the Illinois Department of Commerce and Community Affairs. These funds are to be used to promote economic development in the County by providing low interest loans. As the funds are recaptured from the loans, they may be used to make other economic development loans. As of November 30, 2012, the County had the following loans receivable through the revolving loans program:

	Loan Amount	Date	Interest Rate	Maturity Date	Balance at 11/30/11
Amy D. Mezo	$ 40,000	6/14/2006	5%	1/14/2022	$ 22,067
Open Gate Custom Meats	50,000	5/07/2010	5%	6/01/2026	39,563
McCann & Son's A/C & Heating	25,250	11/19/2004	5%	2/19/2015	6,565
Boars Nest Bed & Breakfast	30,000	12/05/2005	5%	6/05/2020	14,898
Fill Up Mart	25,000	8/14/2010	5%	9/05/2025	20,097
Stegle Plumbing	25,000	11/21/2011	5%	8/21/2026	23,857
TLC Metals	30,000	10/27/2010	5%	11/1/2024	26,749
	$225,250				$153,796

As of November 30, 2012, all loans were considered current.

NOTE E-RETIREMENT COMMITMENTS

Illinois Municipal Retirement Fund-Defined Benefit Pension Plan

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 required 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 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. SLEP members are required to contribute 7.50 percent of their annual covered salary. ECO members are required to contribute 7.50 percent of their annual covered salary. The member rate is established by the state statue. The County is required to contribute at an actuarially determined rate. The employer rate for calendar year 2012, based on the 2011 valuation, was 18.39 percent of payroll for SLEP member, 19.48 percent of payroll for ECO members and 13.67 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, 2011 was 20 years for ECO members and all other employees and 2 years for SLEP members.

For December 1, 2012, 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. The required contribution was determined as part of the December 31, 2011 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 2007-2009 experience study.

NOTE F-LEGAL DEBT MARGIN

The County is subjected to the Municipal Finance Law of Illinois, which limits the amount of net bonded debt the County may have outstanding to 5.75 percent of the assessed valuation.

At November 30, 2012 the statutory limit for the County was $10,288,029 providing a remaining debt margin of $8,033,029.

NOTE G-LONG-TERM DEBT

Bonds Payable

Union County, Illinois issued General Obligation Self-Insurance Refunding Bonds, Series 2002 on May 14, 2002. These bonds were issued to refinance the County's portion of continuing costs of establishing a joint self-insurance program with other Illinois counties pursuant to the Southern Illinois Counties Insurance Trust. The refinancing consisted of refunding the Series 1993 and 1995 bonds. The interest on the General Obligation Self-Insurance Refunding Bonds, Series 2002 is payable, on June 1 and December 1 of each year commencing on June 1, 2002.

Union County, Illinois issued General Obligation Self-Insurance Bonds, Series 2006 on October 16, 2006. These bonds were issued to finance the County's portion of a "Recapitalization Project for Southern Illinois Counties Insurance Trust" in order to ensure the future financial viability of the Trust. The interest on the General Obligation Self-Insurance Refunding Bonds, Series 2006 is payable on June 1 and December 1 of each year commencing on June 1, 2007.

The interest rates on both Bonds, Series 2002 and Series 2006, vary and are outlined below. The Union Trust Corporation of Streator, Illinois, is the paying agent. The bonds are direct general obligations of Union County, Illinois, and contain a pledge of the County's full faith and credit for the payment of the principal and interest on the bonds. The bond payment schedules including interest rates are as follows:

Series 2002

Fiscal Year Ending November 30	Interest Rate	Principal	Interest	Total Payments
2013	4.500%	165,000	23,705	188,705
2014	4.600%	170,000	16,280	186,280
2015	4.700%	180,000	8,460	188,460
		$ 515,000	$ 48,445	$ 563,448

Series 2006

Fiscal Year Ending November 30	Interest Rate	Principal	Interest	Total Payments
2013	4.75%	-	82,670	82,670
2014	4.00%	100,000	82,670	182,670
2015	4.05%	105,000	78,670	183,670
2016	4.10%	280,000	74,418	354,418
2017	4.20%	300,000	62,938	362,938
2018	4.25%	305,000	50,338	355,338
2019	-	-	-	-
2020	5.75%	650,000	56,636	706,636
		$1,740,000	$ 488,340	$2,228,340

Union County Illinois issued General Obligation Recovery Zone Economic Development Bonds, Series 2010A, General Obligation Build America Bonds, Series 2010B, and General Obligation Bonds, Series 2010C on December 8, 2010. These bonds were issued to finance the construction of a new courthouse facility. All of the associated bonds are payable on September 1 and March 1 of each year commencing on September 1, 2012.

The Bank of New York Mellon Trust Company, N.A., is the paying agent. The bonds are direct general obligations of Union County, Illinois, and contain a pledge of the County's full faith and credit for the payment of the principal and interest on the bonds. The bond payment schedules are as follows:

Series 2010A

Fiscal Year Ending November 30	Principal	Interest	Total
2013	-	79,715	79,715
2014	-	79,715	79,715
2015	-	79,715	79,715
2016	-	79,715	79,715
2017-2021	-	398,575	398,575
2022-2026	-	398,575	398,575
2027-2031	-	398,575	398,575
2032-2036	-	398,575	398,575
2037-2041	215,000	398,575	613,575
2042	855,000	63,697	918,697
	$1,070,000	$2,375,432	$3,445,432

Series 2010B

Fiscal Year Ending November 30	Principal	Interest	Total
2013	-	824,280	824,280
2014	-	824,280	824,280
2015	280,000	814,760	1,094,760
2016	285,000	804,215	1,089,215
2017-2021	1,555,000	3,883,625	5,438,625
2022-2026	1,860,000	3,448,720	5,308,720
2027-2031	2,310,000	2,901,405	5,211,405
2032-2036	2,925,000	1,822,166	4,747,166
2037-2041	3,420,000	726,774	4,146,774
	$12,635,000	$16,050,225	$28,685,225

Series 2010C

Fiscal Year Ending November 30	Principal	Interest	Total
2013	165,000	10,065	175,065
2014	165,000	6,188	171,188
	$330,000	$16.253	$346,253

The annual cash flow requirement for next four years of bond and interest is as follows:

Fiscal Year Ending November 30	Principal	Interest	Total
2013	330,000	1,020,435	1,350,435
2014	435,000	1,009,133	1,444,133
2015	565,000	981,605	1,546,605
2016	565,000	958,348	1,523,348
	$ 1,895,000	$ 3,969,521	$ 5,864,521

NOTE H-RISK MANAGEMENT AND LITIGATION

The County is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers compensation and public official liability. To limit exposure to these risks, Union County participates in the Southern Illinois Counties Insurance Trust. The Trust is setup to provide Pulaski and Union Counties with basic insurance coverage. The trust is funded by insurance premiums from each of the participants along with bond proceeds issued by each county to provide the insurance reserves. Total bond proceeds for providing the initial reserve was $4,500,000 with a self-insured retention of $250,000. During 2006, the Trust's members approved a "Recapitalization Project for Southern Illinois Counties Insurance Trust." This project included the issuance of a total of $4 million in bonds by the respective members in order to ensure the future financial viability of the Trust as well as a self-imposed assessment of $200,000. The County's policy is to record any related expenditures in the year in which they are notified of a loss.

NOTE I-EXPENDITURES IN EXCESS OF BUDGET

Excess of expenditures over appropriations in individual funds for the year ended November 30, 2012, are as follows:

Fund	Expenditures	Budget
General	$3,889,505	$3,966,877
County Bridge	$ 82,979	$ 61,500
Public Safety	$ 354,923	$ 335,500
County Tourism	$ 67,494	$ 42,000
Animal Control	$ 69,742	$ 67,700
County Ambulance	$1,100,285	$ 984,000

NOTE J-RESTRICTED ASSETS

Certain resources are classified as restricted assets on the balance sheet because their use is limited to a specific purpose. A summary of restricted assets at November 30, 2012 is as follows:

Restricted Assets	
Revenue Stamps	
Inventory	$ 12,000
Revolving Loan Fund	
Cash	73,813
Loans receivable	153,796
Debt Service	
Cash	5,848,743
	$ 6,088,352

NOTE K-INTERFUND TRANSFERS

The following is a schedule of operating transfers as included in the Statement of Net Assets of the County.

	Transfers In	Transfers out
Major Funds:		
General Fund	$ -	$ 36,000
Total Major Funds	-	36,000
Nonmajor Governmental Funds:		
Animal Control	24,000	-
Cemetery Fund	12,000	-
County Motor Fuel Tax	-	80,000
County Unit Road District - MFT	80,000	-
Hard Road	-	57,544
Township Bridge	57,544	-
Total Nonmajor Funds	173,544	137.544
TOTAL ALL FUNDS	$ 173,544	$ 173,544

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

NOTE L-CONSTRUCTION IN PROGRESS

Union County, Illinois is currently in the process of building a new courthouse facility. As of November 30, 2012, the county has expended a total of $9,169,489 in construction costs and other fees associated with the ongoing project.

REQUIRED SUPPLEMENTARY INFORMATION

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS
GENERAL FUND
November 30, 2012

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Property and replacement taxes	$ 276,500	$ 276,500	$ 3,522,409	$ 3,245,909
County share of IL income tax	700,000	700,000	841,766	141,766
County share of sales tax	600,000	600,000	527,711	(72,289)
Service fees, licenses and commissions	730,290	730,290	615,254	(115,036)
Interest income	4,900	4,900	13,930	9,030
Salary reimbursements	138,500	138,500	380,426	241,926
Other receipts and reimbursements	504,700	504,700	472,502	(32,198)
Total revenues	2,954,890	2,954,890	6,373,998	3,419,108
GENERAL GOVERNMENT				
Board of Commissioners				
Salaries	24,000	24,000	18,231	5,769
Travel and expense	1,000	1,000	1,462	(462)
Printing	1,000	1,000	-	1,000
Office supplies	100	100	-	100
	26,100	26,100	19,693	6,407
County Clerk				
Salary-County Clerk	54,000	54,000	53,604	396
Salary-Deputies	62,940	62,940	63,206	(266)
Salary-part-time	3,500	3,500	3,475	25
Salary-overtime	2,000	2,000	430	1,570
Fees-vital statistics	200	200	200	-
Microfilm	2,500	2,500	40	2,460
Office Supplies	3,000	3,000	3,336	(336)
Postage and box rent	2,500	2,500	2,356	144
Ledgers and binders	1,000	1,000	154	846
Association dues	250	250	660	(410)
Photocopy supplies	1,500	1,500	879	621
Equipment service contract	3,000	3,000	3,146	(146)
Maintenance-equipments	2,900	2,900	-	2,900
Travel	500	500	34	466
Miscellaneous	500	500	233	267
	140,290	140,290	131,753	8,537
Collector and Treasurer				
Salary-Treasurer	54,000	54,000	52,360	1,640
Salary-Overtime	5,000	5,000	4,193	807
Salary-Deputies	60,964	60,964	30,361	30,603
Equipment and repair	300	300	1,058	(758)
Postage and envelopes	4,500	4,500	4,941	(441)
Office supplies	1,500	1,500	5,510	(4,010)
Publishing	2,500	2,500	2,998	(498)
Dues	260	260	150	110
Travel and expense	500	500	-	500
	129,524	129,524	101,571	27,953
Subtotal general government				
Carried forward	295,914	295,914	253,017	42,897

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS (CONTINUED)
GENERAL FUND
November 30, 2012

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
General Government brought forward	$ 295,914	$ 295,914	$ 253,017	$ 42,897
Other expenditures and reimbursements				
County audit and budget preparation	33,000	33,000	62,585	(29,585)
Hotel/Motel administration	5,000	5,000	5,000	-
SIEG agent salary	50,000	50,000	44,373	5,627
Merit board	500	500	150	350
Social security	264,000	264,000	336,269	(72,269)
Health insurance	300,000	300,000	288,977	11,023
Computer Service	10,000	10,000	69,649	(59,649)
Contingencies	149,108	149,108	115,987	33,121
Loan repayment	550,000	550,000	465,000	85,000
Public service contracts	34,600	34,600	37,500	(2,900)
	1,396,208	1,396,208	1,425,490	(29,282)
Supervisor of Assessment				
Salary-Supervisor	44,000	44,000	43,535	465
Salary-Deputies	90,921	90,921	68,144	22,777
Salary- Part-time	-	-	6,631	(6,631)
Soil mapping	3,900	3,900	-	3,900
Travel	3,000	3,000	2,059	941
Postage	6,000	6,000	-	6,000
Publication of notices	12,000	12,000	4,465	7,535
Office supplies	2,500	2,500	1,138	1,362
Photocopy supplies	1,500	1,500	274	1,226
Equipment	1,000	1,000	-	1,000
Miscellaneous	325	325	325	-
	165,146	165,146	126,571	38,575
Elections				
Salaries	21,931	21,931	18,455	3,476
Postage	2,500	2,500	2,008	492
Publishing	7,000	7,000	5,918	1,082
Office supplies	65,000	65,000	64,343	657
Computer	6,300	6,300	4,704	1,596
Election polling places	500	500	1,287	(787)
Judge school	500	500	500	-
Judges pay, rent and mileage	26,000	26,000	28,303	(2,303)
	129,731	129,731	125,518	4,213
Total general government	$ 1,986,999	$ 1,986,999	$ 1,930,596	$ 56,403

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS (CONTINUED)
GENERAL FUND
November 30, 2012

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
PUBLIC SAFETY				
Sheriff's Department				
Salary-Sheriff	$ 56,185	$ 56,185	$ 56,045	$ 140
Salary-Deputies	212,818	212,818	209,156	3,662
Salary-Public Safety	1,500	1,500	1,579	(79)
Salary-Secretary	35,919	35,919	34,963	956
Salary-Custodian	28,067	28,067	27,931	136
Salary-Other	38,000	38,000	32,986	5,014
Salary-Civil Process Server	7,500	7,500	6,512	988
Salary-Holiday Buy Back	25,000	25,000	19,505	5,495
Salary-Custodial-part-time	800	800	485	315
Salary-Overtime	23,000	23,000	31,998	(8,998)
Uniforms	3,000	3,000	2,488	512
New Vehicle & equipment	46,000	46,000	46,075	(75)
Postage	1,200	1,200	734	466
Laundry Service	2,300	2,300	1,745	555
Travel-Transportation of prisoners	500	500	730	(230)
Sheriff dues	2,000	2,000	2,020	(20)
Food-Prisoners	800	800	685	115
Office Supplies	3,500	3,500	24,540	(21,040)
Gasoline	55,000	55,000	43,854	11,146
Repairs	20,000	20,000	27,571	(7,571)
Operating Supplies	7,000	7,000	6,202	798
Computer	7,000	7,000	7,144	(144)
Computer Maintenance	8,500	8,500	9,962	(1,462)
Photocopy Supplies	1,000	1,000	1,046	(46)
Ledgers and Binders	550	550	464	86
	587,139	587,139	596,420	(9,281)
County Coroner				
Salary-Coroner	11,910	11,910	10,536	1,374
Salary-Deputy	3,300	3,300	3,483	(183)
Telephone	600	600	163	437
Court Reporter	100	100	-	100
Dues	325	325	325	-
Training	750	750	282	468
Medical	10,800	10,800	11,324	(524)
Office supplies	300	300	-	300
Equipment	300	300	720	(420)
	28,385	28,385	26,833	1,552

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS (CONTINUED)
GENERAL FUND
November 30, 2012

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Courthouse and Jail				
Maintenance-building	$ 20,000	$ 20,000	$ 30,184	$ (10,184)
Housing prisoners	263,000	263,000	328,660	(65,660)
Juvenile detention	30,000	30,000	62,617	(32,617)
Telephone	30,000	30,000	92,113	(62,113)
Utilities	36,000	36,000	41,313	(5,313)
Laundry	200	200	-	200
	379,200	379,200	554,887	(175,687)
Emergency Services and Disaster Operations				
Salaries	12,875	12,875	11,389	1,486
Salaries-secretary	200	200	-	200
Maintenance vehicle	500	500	-	500
Telephone	1,500	1,500	1,452	48
Utilities	2,000	2,000	1,955	45
Travel	700	700	465	235
Postage	50	50	42	8
Dues	45	45	-	45
Training	500	500	-	500
Public service contracts	1,000	1,000	444	556
Office supplies	500	500	243	257
Gas and oil	400	400	396	4
Miscellaneous	1,000	1,000	865	135
Equipment	3,500	3,500	2,625	875
	24,770	24,770	19,876	4,894
Total Public Safety	991,109	991,109	1,171,183	(180,074)
CORRECTIONS				
Probation				
Union County share of area wide expense	140,288	140,288	140,288	-
Total Corrections	140,288	140,288	140,288	-

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS (CONTINUED)
GENERAL FUND
November 30, 2012

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
JUDICIARY AND LEGAL				
Circuit Clerk				
Salary-Circuit Clerk	$ 54,000	$ 54,000	$ 53,568	$ 432
Salary-Assistant Circuit Clerk	34,920	34,920	34,354	566
Salary-Deputy Clerk	152,339	152,339	121,678	30,661
Travel	500	500	294	206
Equipment	600	600	369	231
Office and Court Supplies	4,500	4,500	4,970	(470)
Postage and box rent	10,000	10,000	9,290	710
Photocopy supplies	1,100	1,100	340	760
Miscellaneous	350	350	-	350
Dues-Circuit Clerk	350	350	385	(35)
	258,659	258,659	225,248	33,411
Court Expense				
Postage	200	200	190	10
Legal services/court	130,000	130,000	141,271	(11,271)
Dues	400	400	400	-
Circuit court jurors	15,000	15,000	4,878	10,122
Office Supplies	1,200	1,200	959	241
Maintenance Contracts	1,200	1,200	1,200	-
Circuit court expense	1,200	1,200	758	442
Miscellaneous	500	500	183	317
Equipment	5,000	5,000	5,116	(116)
	154,700	154,700	154,955	(255)
State Attorney				
States Attorney salary	128,959	128,959	128,959	-
Secretary salary	59,914	59,914	56,764	3,150
Assistant States Attorney	58,710	58,710	57,826	884
Salary-part-time	18,867	18,867	27,080	(8,213)
Dues	1,000	1,000	-	1,000
Photocopy supplies	-	-	836	(836)
Office Supplies	4,500	4,500	3,589	911
Appellate Service	7,000	7,000	7,000	-
Travel	1,750	1,750	4,196	(2,446)
Postage	1,250	1,250	2,548	(1,298)
Miscellaneous	7,000	7,000	6,311	689
	288,950	288,950	295,109	(6,159)
Subtotal judiciary and legal carried forward	702,309	702,309	675,312	26,997

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS (CONTINUED)
GENERAL FUND
November 30, 2012

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Subtotal judiciary and legal carried forward	$ 702,309	$ 702,309	$ 675,312	$ 26,997
Judicial Security				
Salary	66,000	66,000	49,498	16,502
Travel	1,500	1,500	-	1,500
Laundry Services	400	400	-	400
Training	100	100	-	100
Uniforms	400	400	-	400
Equipment	400	400	-	400
	68,800	68,800	49,498	19,302
Total judiciary and legal	771,109	771,109	724,810	46,299
Total expenditures	3,889,505	3,889,505	3,966,877	(77,372)
Excess (Deficiency) of revenues over Expenditures	(934,615)	(934,615)	2,407,121	3,496,480
Other financing sources (uses):				
Operating transfers in (out)	(137,000)	(137,000)	(36,000)	101,000
Total other financing sources	(137,000)	(137,000)	(36,000)	101,000
Excess (Deficiency) of revenues and other Financing sources over expenditures	(1,071,615)	(1,071,615)	2,371,121	3,597,480

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS
MAJOR SPECIAL REVENUE FUNDS
November 30, 2012

	Liability Insurance				County Highway			
	Budgeted Amounts			Variance with Final Budget Positive(Negative)	Budgeted Amounts			Variance with Final Budget Positive(Negative)
	Original	Final	Actual		Original	Final	Actual	
Revenues								
Property and replacement taxes	$ 25,000	$ 25,000	$ -	$ (25,000)	$ 290,050	$ 290,050	$ 117,605	$ (172,445)
Service fee, fines, licenses and commissions	-	-	-	-	140,000	140,000	81,901	(58,099)
Interest income	2,500	2,500	1,693	(807)	1,000	1,000	2,275	1,275
Equipment rental	-	-	-	-	560,000	560,000	412,832	(147,168)
Other receipts and reimbursements	-	-	50,000	50,000	38,650	38,650	212,786	174,136
	27,500	27,500	51,693	24,193	1,029,700	1,029,700	827,399	(202,301)
Expenses								
Highways and streets	-	-	-	-	979,001	979,001	780,926	198,075
Other expenditures and reimbursements	500,000	500,000	488,222	11,778	-	-	-	-
	500,000	500,000	488,222	11,778	979,001	979,001	780,926	198,075
Excess of revenues over expenditures	(472,500)	(472,500)	(436,529)	12,415	50,699	50,699	46,473	(400,376)
Other financing sources(uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	100,000	100,000	-	100,000
Total other financing sources(uses)	-	-	-	-	100,000	100,000	-	100,000
Net change in fund balances	(472,500)	(472,500)	(436,529)	12,415	150,699	150,699	46,473	(300,376)
Fund balance, beginning of year			1,081,107				105,638	
Fund balance, end of year			$ 644,578				$ 152,111	

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS
MAJOR SPECIAL REVENUE FUNDS (CONTINUED)
November 30, 2012

	Revolving Loan Fund			
	Budgeted Amounts			Variance with Final Budget Positive(Negative)
	Original	Final	Actual	
Revenues				
Interest	$ -	$ -	$ 8,811	$ 8,811
	-	-	8,811	8,811
Expenses				
Administrative	-	-	-	-
	-	-	-	-
Excess of revenues over expenditures	-	-	8,811	8,811
Net change in fund balances	-	-	8,811	8,811
Fund balance, beginning of year			218,798	
Fund balance, end of year			$ 227,609	

OTHER SUPPLEMENTARY INFORMATION

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
November 30,2012

	Other General Government	Other Highways and Streets	Public Safety and Judiciary	Health & Welfare	Other	Debt Service Fund	Totals
Assets							
Cash and cash equivalents	$ 40,479	$ 633,811	$ 323,526	$ 26,674	$ 146,546	$ 5,848,743	$ 7,019,779
Total Assets	$ 40,479	$ 633,811	$ 323,526	$ 26,674	$ 146,546	$ 5,848,743	$ 7,019,779
Fund Balance							
Unreserved	$ 40,479	$ 633,811	$ 323,526	$ 26,674	$ 146,546	$ 5,848,743	$ 7,019,779
Total Fund Balance	$ 40,479	$ 633,811	$ 323,526	$ 26,674	$ 146,546	$ 5,848,743	$ 7,019,779

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
November 30,2012

	Other General Government	Other Highways and Streets	Public Safety and Judiciary	Health & Welfare	Other	Debt Service Fund	Totals
Revenues							
Public safety tax	$ -	$ -	$ 230,073	$ -	$ -	$ 1,026,339	$ 1,256,412
Property and other taxes	-	315,483	-	-	256,182	282,073	853,738
Interest income	69	2,077	1,052	120	687	1,999	6,004
Fees and fines	48,421	-	136,767	-	-	-	185,188
Salary reimbursements	-	501,801	-	-	-	-	501,801
Motor fuel tax allotments	-	754,949	-	-	-	-	754,949
Grants and entitlements	-	-	36,958	-	-	-	36,958
Other revenues	-	6,280	106,482	33,571	22,091	11,582	180,006
Total Revenues	48,490	1,580,590	511,332	33,691	278,960	1,321,993	3,775,056
Expenditures							
Salaries and labor	-	403,831	445,759	25,431	11,872	-	886,893
Fringe benefits	-	54,317	98	3,069	451,007	-	508,491
Equipment purchases	-	-	155,473	-	1,008	-	156,481
Materials and supplies	-	-	21,082	36	-	-	21,118
Construction, repairs, and maintenance	-	992,163	-	-	-	7,373,200	8,365,363
Public health	-	-	-	17,306	-	-	17,306
Occupancy	-	-	-	7,832	-	-	7,832
Other expenditures	33,347	32,750	1,441	266	111,049	-	178,853
Total Expenditures	33,347	1,483,061	623,853	53,940	574,936	7,373,200	10,142,337
Excess(Deficiency) of revenue received Over expenditures disbursed	15,143	97,529	(112,521)	(20,249)	(295,976)	(6,051,207)	(6,367,281)
Other Financing Sources(Uses):							
Repayment of Debt	-	-	-	-	-	(869,846)	(869,846)
Transfers in	-	137,544	-	-	12,000	-	149,544
Transfers out	-	(137,544)	-	-	-	-	(137,544)
Total Other Financing Sources(Uses)	-	-	-	-	12,000	(869,846)	(857,846)
Net change in fund balances	15,143	97,529	(112,521)	(20,249)	(283,976)	(6,921,053)	(7,225,127)
Fund balance, December 1, 2011	25,336	536,282	436,047	46,923	430,522	12,769,796	14,244,906
Fund balance, November 30, 2012	$ 40,479	$ 633,811	$ 323,526	$ 26,674	$ 146,546	$ 5,848,743	$ 7,019,779

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER GENERAL GOVERNMENT
November 30,2012

	Automation Fee Treasurer	Automation Fund County Clerk	GIS Fund	Totals
Assets				
Cash and cash equivalents	$ 3,363	$ 1,229	$ 35,887	$ 40,479
Total Assets	$ 3,363	$ 1,229	$ 35,887	$ 40,479
Fund Balance				
Unreserved	$ 3,363	$ 1,229	$ 35,887	$ 40,479
Total Fund Balance	$ 3,363	$ 1,229	$ 35,887	$ 40,479

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER HIGHWAYS AND STREETS
November 30,2012

	Hard Road	County Bridge	Federal Aid Matching	County Unit Road District	County Unit Road District - Bridge	County Motor Fuel Tax	County Unit Road District - MFT	Township Bridge	Totals
Assets									
Cash and cash equivalents	$ -	$ 10,711	$ 96,309	$ 47,266	$ 88,084	$ 205,556	$ 27,110	$ 158,775	$ 633,811
Total Assets	$ -	$ 10,711	$ 96,309	$ 47,266	$ 88,084	$ 205,556	$ 27,110	$ 158,775	$ 633,811
Fund Balance									
Unreserved	$ -	$ 10,711	$ 96,309	$ 47,266	$ 88,084	$ 205,556	$ 27,110	$ 158,775	$ 633,811
Total Fund Balance	$ -	$ 10,711	$ 96,309	$ 47,266	$ 88,084	$ 205,556	$ 27,110	$ 158,775	$ 633,811

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-PUBLIC SAFETY AND JUDICIARY
November 30,2012

	Public Safety	Law Enforcement Drug Fund	Court Automation Fee	Law Library	State's Attorney Drug Fund	Court Document Storage	Sheriff's DUI Fund	Totals
Assets								
Cash and cash equivalents	$ 20,075	$ 45,122	$ 101,088	$ 2,072	$ 3,014	$ 139,318	$ 12,837	$ 323,526
Total Assets	$ 20,075	$ 45,122	$ 101,088	$ 2,072	$ 3,014	$ 139,318	$ 12,837	$ 323,526
Fund Balance								
Unreserved	$ 20,075	$ 45,122	$ 101,088	$ 2,072	$ 3,014	$ 139,318	$ 12,837	$ 323,526
Total Fund Balance	$ 20,075	$ 45,122	$ 101,088	$ 2,072	$ 3,014	$ 139,318	$ 12,837	$ 323,526

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-HEALTH AND WELFARE
November 30,2012

	Southern Seven Health Fund	General Assistance	Tuberculosis	Arrestee Medical Cost Fund	Totals
Assets					
Cash and cash equivalents	$ -	$ 2,942	$ 865	$ 22,867	$ 26,674
Total Assets	$ -	$ 2,942	$ 865	$ 22,867	$ 26,674
Fund Balance					
Unreserved	$ -	$ 2,942	$ 865	$ 22,867	$ 26,674
Total Fund Balance	$ -	$ 2,942	$ 865	$ 22,867	$ 26,674

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER
November 30,2012

	Illinois Municipal Retirement	Cooperative Extension Fund	County Tourism	Indemnity Fund	Hotel/ Motel Tax	Cemetery Fund	Totals
Assets							
Cash and cash equivalents	$ 70,835	$ 12,557	$ 22,546	$ 39,609	$ 560	$ 439	$ 146,546
Total Assets	$ 70,835	$ 12,557	$ 22,546	$ 39,609	$ 560	$ 439	$ 146,546
Fund Balance							
Unreserved	$ 70,835	$ 12,557	$ 22,546	$ 39,609	$ 560	$ 439	$ 146,546
Total Fund Balance	$ 70,835	$ 12,557	$ 22,546	$ 39,609	$ 560	$ 439	$ 146,546

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER GENERAL GOVERNMENT
November 30,2012

	Automation Fee Treasurer	Automation Fund County Clerk	GIS Fund	Totals
Revenues Received				
Fees and fines	$ 2,907	$ 17,770	$ 27,744	$ 48,421
Interest income	39	30	-	69
Other revenues	-	-	-	-
Total Revenues	2,946	17,800	27,744	48,490
Expenditures				
Salaries and labor	-	-	-	-
Other expenditures and reimbursements	11,330	19,725	2,292	33,347
Total Expenditures	11,330	19,725	2,292	33,347
Excess (Deficiency) of revenue received over expenditures disbursed	(8,384)	(1,925)	25,452	15,143
Fund balance, December 1, 2011	11,747	3,154	10,435	25,336
Fund balance, November 30, 2012	$ 3,363	$ 1,229	$ 35,887	$ 40,479

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER HIGHWAYS AND STREETS
November 30,2012

	Hard Road	County Bridge	Federal Aid Matching	County Unit Road District	County Unit Road District - Bridge	County Motor Fuel Tax	County Unit Road District - MFT	Township Bridge	Totals
Revenues									
Property and replacement tax	$ -	$ 40,143	$ 45,794	$115,203	$114,343	$ -	$ -	$ -	$ 315,483
Interest income	-	163	264	225	106	739	322	258	2,077
Salary reimbursements	-	-	-	2,088	27,776	125,692	257,464	88,781	501,801
Motor fuel tax allotments	-	-	-	-	-	289,175	465,774	-	754,949
Other revenues	-	-	-	1,307	-	-	4,973	-	6,280
Total Revenues	-	40,306	46,058	118,823	142,225	415,606	728,533	89,039	1,580,590
Expenditures									
Salaries and labor	-	7,452	-	9,026	15,837	153,382	218,134	-	403,831
Fringe benefits	-	548	-	-	3,581	11,757	38,431	-	54,317
Construction, maintenance, and repairs	-	74,979	17,462	45,017	44,369	164,051	605,902	40,383	992,163
Other expenditures	-	-	5,000	27,750	-	-	-	-	32,750
Total Expenditures	-	82,979	22,462	81,793	63,787	329,190	862,467	40,383	1,483,061
Excess(Deficiency) of revenue received									
Over expenditures disbursed	-	(42,673)	23,596	37,030	78,438	86,416	(133,934)	48,656	97,529
Other Financing Sources(Uses):									
Transfers in	-	-	-	-	-	-	80,000	57,544	137,544
Transfers out	(57,544)	-	-	-	-	(80,000)	-	-	(137,544)
Total Other Financing Sources(Uses)	(57,544)	-	-	-	-	(80,000)	80,000	57,544	-
Net change in fund balances	(57,544)	(42,673)	23,596	37,030	78,438	6,416	(53,934)	106,200	97,529
Fund balance, December 1, 2011	57,544	53,384	72,713	10,236	9,646	199,140	81,044	52,575	536,282
Fund balance, November 30, 2012	$ -	$ 10,711	$ 96,309	$ 47,266	$ 88,084	$ 205,556	$ 27,110	$ 158,775	$ 633,811

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-PUBLIC SAFETY AND JUDICIARY
November 30,2012

	Public Safety	Law Enforcement Drug Fund	Court Automation Fee	Law Library	State's Attorney Drug Fund	Court Document Storage	Sheriff's DUI Fund	Totals
Revenues								
Public safety tax	$230,073	$ -	$ -	$ -	$ -	$ -	$ -	$230,073
Interest income	236	-	387	6	9	414	-	1,052
Fees and fines	-	-	62,952	16,650	-	54,787	2,378	136,767
Grants and entitlements	-	36,958	-	-	-	-	-	36,958
Other revenues	90,000	14,510	-	-	1,907	-	65	106,482
Total Revenues	320,309	51,468	63,339	16,656	1,916	55,201	2,443	511,332
Expenditures								
Salaries and labor	354,923	30,633	31,861	-	-	28,342	-	445,759
Fringe benefits	-	98	-	-	-	-	-	98
Equipment purchases	-	3,128	97,001	-	125	53,006	2,213	155,473
Materials and supplies	-	-	5,965	15,117	-	-	-	21,082
Other expenditures	-	1,441	-	-	-	-	-	1,441
Total Expenditures	354,923	35,300	134,827	15,117	125	81,348	2,213	623,853
Excess(Deficiency) of revenue received								
Over expenditures disbursed	(34,614)	16,168	(71,488)	1,539	1,791	(26,147)	230	(112,521)
Other Financing Sources(Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources(Uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(34,614)	16,168	(71,488)	1,539	1,791	(26,147)	230	(112,521)
Fund balance, December 1, 2011	54,689	28,954	172,576	533	1,223	165,465	12,607	436,047
Fund balance, November 30, 2012	$ 20,075	$ 45,122	$ 101,088	$ 2,072	$ 3,014	$139,318	$ 12,837	$323,526

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-HEALTH AND WELFARE
November 30,2012

	Southern Seven Health Fund	General Assistance	Tuberculosis	Arrestee Medical Cost Fund	Totals
Revenues					
Property and replacement tax	$ -	$ -	$ -	$ -	$ -
Interest income	6	7	4	103	120
Other revenues	-	29,819	-	3,752	33,571
Total Revenues	6	29,826	4	3,855	33,691
Expenditures					
Salaries and labor	-	25,431	-	-	25,431
Fringe benefits	-	3,069	-	-	3,069
Occupancy	-	7,832	-	-	7,832
Materials and supplies	-	36	-	-	36
Public health	17,306	-	-	-	17,306
Other expenditures	-	266	-	-	266
Total Expenditures	17,306	36,634	-	-	53,940
Excess(Deficiency) of revenue received					
Over expenditures disbursed	(17,300)	(6,808)	4	3,855	(20,249)
Fund balance, December 1, 2011	17,300	9,750	861	19,012	46,923
Fund balance, November 30, 2012	$ -	$ 2,942	$ 865	$ 22,867	$ 26,674

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER
November 30,2012

	Illinois Municipal Retirement	Cooperative Extension Fund	County Tourism	Indemnity Fund	Hotel/ Motel Tax	Cemetery Fund	Totals
Revenues							
Property and other taxes	$152,786	$ 31,553	$ 71,843	$ -	$ -	$ -	$256,182
Interest income	492	-	85	102	2	6	687
Fees and fines	-	-	-	-	-	-	-
Other revenues	22,091	-	-	-	-	-	22,091
Total Revenues	175,369	31,553	71,928	102	2	6	278,960
Expenditures							
Salaries and labor	-	-	-	-	-	11,872	11,872
Fringe benefits	451,007	-	-	-	-	-	451,007
Equipment purchases	-	-	-	-	-	1,008	1,008
Other expenditures	-	43,555	67,494	-	-	-	111,049
Total Expenditures	451,007	43,555	67,494	-	-	12,880	574,936
Excess(Deficiency) of revenue received							
Over expenditures disbursed	(275,638)	(12,002)	4,434	102	2	(12,874)	(295,976)
Other Financing Sources(Uses):							
Transfers in	-	-	-	-	-	12,000	12,000
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources(Uses)	-	-	-	-	-	12,000	12,000
Net change in fund balances	(275,638)	(12,002)	4,434	102	2	(874)	(283,976)
Fund balance, December 1, 2011	346,473	24,559	18,112	39,507	558	1,313	430,522
Fund balance, November 30, 2012	$ 70,835	$ 12,557	$ 22,546	$ 39,609	$ 560	$ 439	$146,546

IMRF TREND INFORMATION

UNION COUNTY, ILLINOIS
IMRF REQUIRED SUPLLEMENTAL INFORMATION
ELECTED COUNTY OFFICIALS

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	55,893	100%	$ -
12/31/2011	52,418	100%	$ -
12/31/2010	50,064	100%	$ -
12/31/2009	48,512	100%	$ -
12/31/2008	83,616	100%	$ -
12/31/2007	111,713	100%	$ -
12/31/2006	102,004	100%	$ -
12/31/2005	93,221	100%	$ -
12/31/2004	101,159	100%	$ -
12/31/2003	92,845	100%	$ -

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage
12/31/2012	1,088,622	1,628,751	540,129	66.84%	317,859	169.93%
12/31/2011	1,059,185	1,582,462	523,277	66.93%	309,733	168.94%
12/31/2010	1,279,965	1,613,672	333,707	79.32%	379,481	87.94%
12/31/2009	1,240,279	1,466,736	226,460	84.56%	385,324	58.77%
12/31/2008	1,562,816	1,628,478	65,662	95.97%	376,141	17.46%
12/31/2007	1,642,774	1,366,115	(276,659)	120.25%	338,114	0.00%
12/31/2006	1,507,027	1,765,859	258,832	85.34%	348,970	74.17%
12/31/2005	1,217,937	1,829,340	611,403	66.58%	301,297	202.92%
12/31/2004	1,162,042	1,824,790	662,748	63.68%	349,427	189.67%
12/31/2003	1,093,531	1,835,208	741,677	59.59%	343,617	215.84%

UNION COUNTY, ILLINOIS
IMRF REQUIRED SUPLLEMENTAL INFORMATION
SHERRIF'S LAW ENFORCEMENT PERSONNEL (SLEP)

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	18,526	100%	$ -
12/31/2011	18,395	100%	$ -
12/31/2010	18,713	100%	$ -
12/31/2009	16,257	100%	$ -
12/31/2008	38,871	100%	$ -
12/31/2007	78,247	100%	$ -
12/31/2006	67,584	100%	$ -
12/31/2005	64,057	100%	$ -
12/31/2004	29,408	100%	$ -
12/31/2003	30,722	100%	$ -

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage
12/31/2012	1,618,419	1,492,334	(126,085)	108,45%	480,955	0.00%
12/31/2011	1,488,974	1,222,804	(266,170)	121.77%	421,901	0.00%
12/31/2010	2,344,124	2,645,738	301,614	88.60%	631,792	47.74%
12/31/2009	2,038,369	2,706,321	667,952	75.32%	622,858	107.24%
12/31/2008	2,366,028	2,345,964	(20,064)	100.86%	560,909	0.00%
12/31/2007	2,347,612	2,129,927	(217,685)	110.22%	588,763	0.00%
12/31/2006	2,136,963	2,045,499	(91,464)	104.47%	513,166	0.00%
12/31/2005	1,964,550	1,942,270	(22,280)	101.15%	450,428	0.00%
12/31/2004	1,770,403	1,751,479	(18,924)	101.08%	453,131	0.00%
12/31/2003	1,680,122	1,721,449	41,327	97.60%	491,551	8.14%

UNION COUNTY, ILLINOIS
IMRF REQUIRED SUPLLEMENTAL INFORMATION
ALL OTHER IMRF PERSONNEL

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	206,793	100%	$ -
12/31/2011	204,010	100%	$ -
12/31/2010	217,411	100%	$ -
12/31/2009	212,923	100%	$ -
12/31/2008	215,363	100%	$ -
12/31/2007	209,724	100%	$ -
12/31/2006	191,895	100%	$ -
12/31/2005	183,459	100%	$ -
12/31/2004	143,116	100%	$ -
12/31/2003	186,729	100%	$ -

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage
12/31/2012	5,301,422	5,569,288	267,866	95.19%	1,997,180	14.41%
12/31/2011	4,790,799	4,820,381	29,582	99.39%	1,742,183	1.70%
12/31/2010	5,671,413	6,947,822	1,276,409	81.63%	2,203,983	57.91%
12/31/2009	5,489,200	7,024,885	1,535,685	78.14%	2,190,571	70.10%
12/31/2008	6,202,015	6,534,826	332,811	94.91%	2,094,967	15.89%
12/31/2007	5,845,624	6,309,255	463,631	92.65%	1,980,401	23.41%
12/31/2006	5,535,035	6,155,533	620,498	89.92%	1,960,113	31.66%
12/31/2005	5,255,058	5,933,678	678,620	88.56%	2,033,912	33.37%
12/31/2004	5,220,666	5,598,375	377,709	93.25%	1,880,629	20.08%
12/31/2003	5,342,025	5,454,071	112,046	97.95%	1,891,886	5.92%

APPENDIX C

Form of Bond Counsel Opinion

[Issue Date], 2014

The County of Union, Illinois
$2,040,000 General Obligation Refunding Limited Bonds
Series 2014

We hereby certify that we have acted as bond counsel for, and have examined, among other things, a certified copy of the proceedings of the Board of Commissioners of The County of Union, Illinois (the **"County"**), in connection with the issuance by the County of its General Obligation Refunding Limited Bonds, Series 2014 (the **"Bonds"**), issued in fully registered form in the aggregate principal amount of $2,040,000, dated [Issue Date], 2014, bearing interest and maturing in the principal amount on December 1 in each year, as follows:

Year	Principal Amount($)	Interest Rate(%)
2014	120,000	2.00
2015	140,000	2.00
2016	145,000	2.00
2017	145,000	2.00
2018	150,000	2.50
2019	155,000	2.50
2020	160,000	3.50
2021	165,000	3.50
2022	170,000	3.60
2023	175,000	3.85
2024	185,000	4.00
2025	190,000	4.10
2026	140,000	4.20

The Bonds bear interest payable on each June 1 and December 1, commencing December 1, 2014 at the rates percent per annum set forth above.

Bonds maturing on and after December 1, 2023 are subject to redemption and prepayment prior to maturity in the principal amount from such maturities or in any order of maturity designated by the County (but in inverse order if there is no designation) at the option of the County, in whole at any time or in part (if in part, in integral multiples of $5,000), selected by lot within a maturity, on any date on and after December 1, 2022, at a redemption price equal to the principal amount of Bonds being redeemed together with accrued interest to the date fixed for redemption.

The Bonds are issued as general obligation **"limited bonds"** under the Local Government Debt Reform Act, payable from levies of taxes without limit as to rate, but limited as to amount as **"limited bonds"** as provided in the Local Government Debt Reform Act. the

Bonds are issued to refinance the County's participation in a self-insurance program by refunding outstanding general obligation alternate self-insurance bonds.

Both principal of and interest on the Bonds are payable by check or draft on County funds by Hometown National Bank, in LaSalle, Illinois (including it successors, the **"Paying Agent"**). Interest on the Bonds is payable by check or draft to the order of the registered owners thereof, and mailed to such registered owners at their addresses as they appear on the registration books kept by Hometown National Bank, as Registrar (including its successors, the **"Bond Registrar"**), at the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding each interest payment date. Payment of the principal of the Bonds shall be made only upon presentation and surrender thereof to the Paying Agent.

The Bonds are subject to redemption and prepayment prior to their maturity, at the option of the County, at the times, at the redemption prices, and subject to the conditions set forth in the authorizing ordinance of the County adopted January 24, 2014, pursuant to which the Bonds are issued (the **"Ordinance"**). The Bonds recite that they are issued under authority of the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/1-101 *et. seq.*), and the Counties Code (55 ILCS 5/1-1 *et. seq.*), as supplemented and amended, for the purpose of providing funds to refinance the County's costs of establishing a self- insurance program, including pursuant to a joint self-insurance Trust Agreement between the members of the Southern Illinois Counties Insurance Trust (**"SICIT"**), of which the County is presently a Member, and the trustees named therein.

In rendering this opinion, we have assumed that the proceeds of the Bonds will be applied and invested in accordance with the provisions of the Ordinance and as set forth in related agreements and certificates of the County and the Trust. In addition, we have examined originals or certified copies of such other instruments, certificates and documents of the County and SICIT as we have deemed necessary or appropriate for the purposes of this opinion. In connection with such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have relied upon opinions of counsel and applicable certificates.

Based on such examination, we are of the opinion that:

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

(2) The Bonds are valid and legally binding general obligation limited bonds of the County, payable, both as to principal and interest, from taxes levied without limitation as to rate but limited as to amount as limited bonds on all property taxable for such purposes in the County.

(3) Under existing statutes, regulations, rulings and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. We are also of the opinion that the Bonds are not arbitrage bonds within the meaning of Sections 103(b)(2) or 148

of the Internal Revenue Code of 1986, as amended (the **"Code"**), or private activity Bonds within the meaning of Section 141 of the Code or hedge bonds within the meaning of Section 149(g) of the Code. The interest on the Bonds may become includable in gross income retroactive to the date of issuance if the County fails to comply, as covenanted in various documents executed on behalf of the County in connection with the issuance of the Bonds, with certain requirements of the Code which must be satisfied subsequent to the issuance of the Bonds. Such subsequent requirements relate to, among other things, the use, expenditure and investment of Bond proceeds and the timely payment of certain investment earnings to the United States.

(4) Interest on the Bonds is not an item of tax preference for purposes of determining alternative minimum taxable income for individuals and corporations under the Code. However, interest on the Bonds is included in determining adjusted current earning of a corporation, and thus interest on the Bonds is includable in the tax base for computing a corporation's liability with respect to the alternative minimum tax imposed on corporations. Additionally, Treasury Regulations require certain S corporations to include interest on the Bonds in determining their excess net passive income subject to the regular corporate income tax under Section 1375 of the Code. Also, interest on the Bonds may be subject to a branch profits tax when held by certain foreign corporations.

(5) Ownership of tax-exempt obligations such as the Bonds may have collateral, adverse federal income tax consequences to property and casualty insurance companies, individual recipients of social security or railroad retirement benefits or taxpayers deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations.

(6) The interest on the Bonds is not exempt from income taxation by the State of Illinois.

(7) We are also of the opinion that the Bonds constitute **"qualified tax-exempt obligations"** under Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished in connection with the Official Statement related to the Bonds.

In rendering this opinion, we have relied upon certifications of the County with respect to certain material facts within the County'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.

Respectively yours,

APPENDIX D

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on 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 unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

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United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

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