

# **UNION COUNTY, ILLINOIS**

## **Sales, Income and Local Use Tax Revenues**

### **FEASIBILITY REPORT**

**Taxable General Obligation Bonds  
(Alternate Revenue Source), Series 2010A  
(Recovery Zone Economic Development Bonds)**

**Taxable General Obligation Bonds  
(Alternate Revenue Source), Series 2010B  
(Build America Bonds)**

**Taxable General Obligation Bonds  
(Alternate Revenue Source), Series 2010C**

**Prepared By: Austin Meade Financial, Ltd.**

**Dated: September 21, 2010**



**Austin Meade Financial Ltd.**

8 South 180 Dunham  
Naperville, Illinois 60540  
312.953.4727

September 21, 2010

Board of Commissioners  
Union County, Illinois

Austin Meade Financial Ltd. has reviewed the receipts of Union County, Illinois (the "*County*") relating to the County Sales Taxes, Income Taxes, and Local Use Taxes (collectively, the "*Pledged Sales and Income Taxes*"), and Rebates on the Recovery Zone and Build America Bonds (the "*Pledged Rebates*" and with the Pledged Sales Taxes the "*Pledged Revenues*"). Based on our review, we determined the future Pledged Revenues for the next thirty-three (33) years that the County should reasonably expect to collect. The Pledged Revenues are intended to repay the following bonds of the County to be issued on September 29, 2010:

- Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010A (Recovery Zone Economic Development Bonds)
- Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010B (Build America Bonds)
- Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010C (collectively, the "*Bonds*")

The Bonds were approved by the County's Board of Commissioners on September 7, 2010.

The Projected Pledged Revenues and the Debt Service Coverage are summarized on Schedule 1. Background information about the Projected Pledged Revenues and risk factors are included in this Report.

The following summarizes Austin Meade's conclusions.

- (1) This Report provides a reasonable estimate of the Projected Pledged Revenues to be generated received by the County for future years.
- (2) The underlying assumptions provide a reasonable basis for future estimates. However, some assumptions inevitably may be altered or will

not materialize and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast may vary, and the variations may be material.

- (3) The Pledged Sales and Income Taxes are projected to be \$2,424,585 as noted on Schedule 2.
- (4) As noted on Schedule 1, the Pledged Revenues for the Bonds provide a minimum of 125% coverage on the related net debt service.

This report has been prepared based upon information that the authors believe to be reliable but it is not guaranteed as to accuracy. No person has been authorized by Austin Meade Financial Ltd. to make any representations with respect to the contents of this report. This report 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 report. This report has been based on facts and circumstances available to the authors as of September 21, 2010 and as indicated herein, any change in such factors or circumstances after such date could alter the results presented herein.

AUSTIN MEADE FINANCIAL LTD.

THIS REPORT HAS BEEN PREPARED IN CONNECTION WITH THE PROPOSED ISSUANCE OF THE BONDS OF UNION COUNTY, ILLINOIS. UTILIZATION OR REPRODUCTION OF ALL OR ANY PORTION OF THIS REPORT WITHOUT THE EXPRESS WRITTEN CONSENT OF AUSTIN MEADE FINANCIAL, LTD. IS PROHIBITED.

THIS REPORT HAS BEEN PREPARED BASED UPON INFORMATION THAT THE AUTHORS BELIEVE TO BE RELIABLE BUT IS NOT GUARANTEED AS TO ACCURACY. NO PERSON HAS BEEN AUTHORIZED BY AUSTIN MEADE FINANCIAL, LTD. TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THE CONTENTS OF THIS REPORT. THIS REPORT 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 REPORT. THIS REPORT HAS BEEN BASED UPON FACTS AND CIRCUMSTANCES AVAILABLE TO THE AUTHORS AS OF SEPTEMBER 21 2010 AND AS INDICATED HEREIN. ANY CHANGE IN SUCH FACTOR OR CIRCUMSTANCES AFTER SUCH DATE COULD ALTER THE RESULTS PRESENTED HEREIN.

**Union County, Illinois**  
**Taxable General Obligation Bonds**  
**(Alternate Revenue Source), Series 2010A, 2010B and 2010C**

**TABLE OF CONTENTS**

	Page
<b>FINANCIAL PROJECTIONS .....</b>	<b>1</b>
Schedule 1 Calculation of Debt Service Coverage .....	2
Schedule 2 Calculation of Pledged Sales and Income Taxes .....	3
Schedule 3 Summary of Proposed Debt Service on the Bonds .....	4
Schedule 4 Debt Service Schedule for Series 2010A Bonds .....	5
Schedule 5 Debt Service Schedule for Series 2010B Bonds .....	7
Schedule 6 Debt Service Schedule for Series 2010C Bonds .....	9
Schedule 7 Sources and Uses on the Series 2010 Bonds .....	10
Schedule 8 Debt Service Schedule for Series 2006 Bonds .....	11
<b>OVERVIEW OF THE COUNTY SALES AND INCOME TAXES .....</b>	<b>12</b>
<b>PROPOSED BOND ISSUE .....</b>	<b>15</b>
<b>SOURCES OF INFORMATION .....</b>	<b>16</b>
<b>POTENTIAL RISKS ASSOCIATED WITH THE PROJECTIONS .....</b>	<b>17</b>

**Union County, Illinois  
Taxable General Obligation Bonds  
(Alternate Revenue Source), Series 2010A, 2010B and 2010C**

**FINANCIAL PROJECTIONS**

	<b>Page</b>
Schedule 1 Calculation of Debt Service Coverage .....	2
Schedule 2 Calculation of Pledged Sales and Income Taxes .....	3
Schedule 3 Summary of Proposed Debt Service on the Bonds .....	4
Schedule 4 Debt Service Schedule for Series 2010A Bonds .....	5
Schedule 5 Debt Service Schedule for Series 2010B Bonds .....	7
Schedule 6 Debt Service Schedule for Series 2010C Bonds .....	9
Schedule 7 Sources and Uses on the Series 2010 Bonds .....	10
Schedule 8 Debt Service Schedule for Series 2006 Bonds .....	11

**Union County, Illinois**  
**Taxable General Obligation Bonds**  
**(Alternate Revenue Source), Series 2010A, 2010B and 2010C**

**Schedule 1 Calculation of Debt Service Coverage**

Bond Year (March 1)	<u>Pledged Revenues</u>			<u>Projected Debt Service</u>			<u>Projected Coverage</u>
	<u>Pledged Sales and Income Taxes</u>	<u>Pledged Rebate</u>	<u>Total</u>	<u>Series 2006</u>	<u>Total Series 2010</u>	<u>Total</u>	
2012	2,424,585	0	2,424,585	82,670	482,114	564,784	429.29%
2013	2,424,585	461,326	2,885,911	82,670	1,210,030	1,292,700	223.25%
2014	2,424,585	324,370	2,748,955	82,670	1,075,100	1,157,770	237.44%
2015	2,424,585	324,370	2,748,955	182,670	1,071,058	1,253,728	219.26%
2016	2,424,585	324,370	2,748,955	183,670	1,179,235	1,362,905	201.70%
2017	2,424,585	322,704	2,747,289	354,418	1,174,203	1,528,620	179.72%
2018	2,424,585	319,193	2,743,778	362,938	1,172,588	1,535,525	178.69%
2019	2,424,585	315,127	2,739,712	355,338	1,164,420	1,519,758	180.27%
2020	2,424,585	310,519	2,735,104	352,375	1,160,155	1,512,530	180.83%
2021	2,424,585	305,526	2,730,111	354,263	1,154,715	1,508,978	180.92%
2022	2,424,585	300,122	2,724,707	0	1,148,135	1,148,135	237.32%
2023	2,424,585	294,319	2,718,904	0	1,145,240	1,145,240	237.41%
2024	2,424,585	288,056	2,712,641	0	1,135,985	1,135,985	238.79%
2025	2,424,585	281,317	2,705,902	0	1,130,315	1,130,315	239.39%
2026	2,424,585	274,082	2,698,667	0	1,127,885	1,127,885	239.27%
2027	2,424,585	266,232	2,690,817	0	1,113,785	1,113,785	241.59%
2028	2,424,585	257,797	2,682,382	0	1,106,895	1,106,895	242.33%
2029	2,424,585	248,385	2,672,970	0	1,097,225	1,097,225	243.61%
2030	2,424,585	238,001	2,662,586	0	1,086,175	1,086,175	245.13%
2031	2,424,585	227,133	2,651,718	0	1,078,573	1,078,573	245.85%
2032	2,424,585	215,722	2,640,307	0	1,063,534	1,063,534	248.26%
2033	2,424,585	203,459	2,628,044	0	1,051,015	1,051,015	250.05%
2034	2,424,585	190,327	2,614,912	0	1,036,684	1,036,684	252.24%
2035	2,424,585	176,561	2,601,146	0	1,025,359	1,025,359	253.68%
2036	2,424,585	162,097	2,586,682	0	1,007,040	1,007,040	256.86%
2037	2,424,585	146,936	2,571,521	0	996,546	996,546	258.04%
2038	2,424,585	131,013	2,555,598	0	978,696	978,696	261.12%
2039	2,424,585	114,265	2,538,850	0	963,490	963,490	263.51%
2040	2,424,585	96,693	2,521,278	0	945,746	945,746	266.59%
2041	2,424,585	78,233	2,502,818	0	935,103	935,103	267.65%
2042	2,424,585	58,758	2,483,343	0	805,081	805,081	308.46%
2043	2,424,585	38,699	2,463,284	0	886,849	886,849	277.76%

**Union County, Illinois**  
**Taxable General Obligation Bonds**  
**(Alternate Revenue Source), Series 2010A, 2010B and 2010C**

**Schedule 2 Calculation of Pledged Sales and Income Taxes**

State Fiscal Year	County Sales					
	Countywide Sales Tax (1)	County Sales Tax (1)	Tax for Public Safety (1)	Income Tax (2)	Local Use Tax (2)	Total
2010	288,676.94	132,083.36	244,038.57	676,815.00	106,816.93	1,448,430.80
2009	268,639.25	125,390.07	227,183.51	770,765.98	126,581.76	1,518,560.57
2008	272,975.29	123,988.29	222,498.62	838,384.86	125,039.85	1,582,886.91
2007	273,056.91	135,463.44	222,577.00	772,760.64	115,435.33	1,519,293.32
2006	283,508.12	173,787.76	217,826.42	704,314.02	107,599.07	1,487,035.39
Average	<u>277,371.30</u>	<u>138,142.58</u>	<u>226,824.82</u>	<u>752,608.10</u>	<u>116,294.59</u>	<u>1,511,241.40</u>

Calculation of Pledged Sales and Income Taxes

Most Recent Fiscal Year Collections	1,448,430.80
Projected County Public Facilities Sales Tax (3)	<u>976,154.28</u>
<b>Total</b>	<b><u>2,424,585.08</u></b>

(1) Source: Illinois Department of Revenue, Sales Tax Fiscal Year Total Disbursements to Local Governments. The report details sales tax distributions to Union County from July 1 to June 30 for each fiscal year. These distributions are for sales taxes collected by the State from May 1 through April 30th. Sales taxes are distributed to local governments two months after they are collected by the State.

(2) Source. Illinois Department of Revenue, Income and Local Use Tax Fiscal Year Total Disbursements to Local Governments. The report details income and local use taxes distributed to Union County from July 1 to June 30 for each fiscal year. These distributions are for sales taxes collected by the State from May 1 through April 30th. Income and local taxes are based on the portion of each respective tax allocated to local governments throughout Illinois. The amount allocated to Union County is based on the number of residents at the most recent census living in the unincorporated areas of the County to the total population of the State of Illinois.

(3) The County Public Facilities Sales Tax began to be collected on July 1, 2010. The tax is one percent (1%) of applicable sales. The sales base is the same as the County Sales Tax for Public Safety. Since the County Sales Tax for Public Safety is 0.25%, the Projected Annual Receipts for the County Public Facilities Sales Tax is projected to be four times the actual collections of the County Sales Tax for Public Safety.

**Union County, Illinois**  
**Taxable General Obligation Bonds**  
**(Alternate Revenue Source), Series 2010A, 2010B and 2010C**

**Schedule 3 Summary of Proposed Debt Service on the Bonds**

Bond Year (March 1)	Debt Service on Taxable General Obligation Bonds					Rebate on Taxable Bonds		
	Series 2010A	Series 2010B	Series 2010C	Capitalized Interest	Total	Series 2010A	Series 2010B	Total
2012	113,372	1,172,309	121,458	(925,025)	482,114	0	0	0
2013	79,715	824,280	306,035	0	1,210,030	51,018	410,308	461,326
2014	79,715	824,280	171,105	0	1,075,100	35,872	288,498	324,370
2015	79,715	824,280	167,063	0	1,071,058	35,872	288,498	324,370
2016	79,715	1,099,520	0	0	1,179,235	35,872	288,498	324,370
2017	79,715	1,094,488	0	0	1,174,203	35,872	286,832	322,704
2018	79,715	1,092,873	0	0	1,172,588	35,872	283,321	319,193
2019	79,715	1,084,705	0	0	1,164,420	35,872	279,255	315,127
2020	79,715	1,080,440	0	0	1,160,155	35,872	274,647	310,519
2021	79,715	1,075,000	0	0	1,154,715	35,872	269,654	305,526
2022	79,715	1,068,420	0	0	1,148,135	35,872	264,250	300,122
2023	79,715	1,065,525	0	0	1,145,240	35,872	258,447	294,319
2024	79,715	1,056,270	0	0	1,135,985	35,872	252,184	288,056
2025	79,715	1,050,600	0	0	1,130,315	35,872	245,445	281,317
2026	79,715	1,048,170	0	0	1,127,885	35,872	238,210	274,082
2027	79,715	1,034,070	0	0	1,113,785	35,872	230,360	266,232
2028	79,715	1,027,180	0	0	1,106,895	35,872	221,925	257,797
2029	79,715	1,017,510	0	0	1,097,225	35,872	212,513	248,385
2030	79,715	1,006,460	0	0	1,086,175	35,872	202,129	238,001
2031	79,715	998,858	0	0	1,078,573	35,872	191,261	227,133
2032	79,715	983,819	0	0	1,063,534	35,872	179,850	215,722
2033	79,715	971,300	0	0	1,051,015	35,872	167,587	203,459
2034	79,715	956,969	0	0	1,036,684	35,872	154,455	190,327
2035	79,715	945,644	0	0	1,025,359	35,872	140,689	176,561
2036	79,715	927,325	0	0	1,007,040	35,872	126,225	162,097
2037	79,715	916,831	0	0	996,546	35,872	111,064	146,936
2038	79,715	898,981	0	0	978,696	35,872	95,141	131,013
2039	79,715	883,775	0	0	963,490	35,872	78,393	114,265
2040	79,715	866,031	0	0	945,746	35,872	60,821	96,693
2041	79,715	855,388	0	0	935,103	35,872	42,361	78,233
2042	286,706	518,375	0	0	805,081	35,872	22,886	58,758
2043	886,849	0	0	0	886,849	32,268	6,431	38,699

**Union County, Illinois**  
**Taxable General Obligation Bonds**  
**(Alternate Revenue Source), Series 2010A, 2010B and 2010C**

**Schedule 4 Debt Service Schedule for Series 2010A Bonds**

Date	Principal	Coupon	Interest	Total P+I	FISCAL TOTAL
9/29/2010	-	-	-	-	-
9/01/2011	-	-	73,514.94	73,514.94	-
3/01/2012	-	-	39,857.50	39,857.50	113,372.44
9/01/2012	-	-	39,857.50	39,857.50	-
3/01/2013	-	-	39,857.50	39,857.50	79,715.00
9/01/2013	-	-	39,857.50	39,857.50	-
3/01/2014	-	-	39,857.50	39,857.50	79,715.00
9/01/2014	-	-	39,857.50	39,857.50	-
3/01/2015	-	-	39,857.50	39,857.50	79,715.00
9/01/2015	-	-	39,857.50	39,857.50	-
3/01/2016	-	-	39,857.50	39,857.50	79,715.00
9/01/2016	-	-	39,857.50	39,857.50	-
3/01/2017	-	-	39,857.50	39,857.50	79,715.00
9/01/2017	-	-	39,857.50	39,857.50	-
3/01/2018	-	-	39,857.50	39,857.50	79,715.00
9/01/2018	-	-	39,857.50	39,857.50	-
3/01/2019	-	-	39,857.50	39,857.50	79,715.00
9/01/2019	-	-	39,857.50	39,857.50	-
3/01/2020	-	-	39,857.50	39,857.50	79,715.00
9/01/2020	-	-	39,857.50	39,857.50	-
3/01/2021	-	-	39,857.50	39,857.50	79,715.00
9/01/2021	-	-	39,857.50	39,857.50	-
3/01/2022	-	-	39,857.50	39,857.50	79,715.00
9/01/2022	-	-	39,857.50	39,857.50	-
3/01/2023	-	-	39,857.50	39,857.50	79,715.00
9/01/2023	-	-	39,857.50	39,857.50	-
3/01/2024	-	-	39,857.50	39,857.50	79,715.00
9/01/2024	-	-	39,857.50	39,857.50	-
3/01/2025	-	-	39,857.50	39,857.50	79,715.00
9/01/2025	-	-	39,857.50	39,857.50	-
3/01/2026	-	-	39,857.50	39,857.50	79,715.00
9/01/2026	-	-	39,857.50	39,857.50	-
3/01/2027	-	-	39,857.50	39,857.50	79,715.00
9/01/2027	-	-	39,857.50	39,857.50	-
3/01/2028	-	-	39,857.50	39,857.50	79,715.00
9/01/2028	-	-	39,857.50	39,857.50	-
3/01/2029	-	-	39,857.50	39,857.50	79,715.00
9/01/2029	-	-	39,857.50	39,857.50	-
3/01/2030	-	-	39,857.50	39,857.50	79,715.00
9/01/2030	-	-	39,857.50	39,857.50	-
3/01/2031	-	-	39,857.50	39,857.50	79,715.00
9/01/2031	-	-	39,857.50	39,857.50	-
3/01/2032	-	-	39,857.50	39,857.50	79,715.00
9/01/2032	-	-	39,857.50	39,857.50	-
3/01/2033	-	-	39,857.50	39,857.50	79,715.00
9/01/2033	-	-	39,857.50	39,857.50	-
3/01/2034	-	-	39,857.50	39,857.50	79,715.00

**Union County, Illinois**  
**Taxable General Obligation Bonds**  
**(Alternate Revenue Source), Series 2010A, 2010B and 2010C**

**Schedule 4 (continued) Debt Service Schedule for Series 2010A Bonds**

Date	Principal	Coupon	Interest	Total P+I	FISCAL TOTAL
9/01/2034	-	-	39,857.50	39,857.50	-
3/01/2035	-	-	39,857.50	39,857.50	79,715.00
9/01/2035	-	-	39,857.50	39,857.50	-
3/01/2036	-	-	39,857.50	39,857.50	79,715.00
9/01/2036	-	-	39,857.50	39,857.50	-
3/01/2037	-	-	39,857.50	39,857.50	79,715.00
9/01/2037	-	-	39,857.50	39,857.50	-
3/01/2038	-	-	39,857.50	39,857.50	79,715.00
9/01/2038	-	-	39,857.50	39,857.50	-
3/01/2039	-	-	39,857.50	39,857.50	79,715.00
9/01/2039	-	-	39,857.50	39,857.50	-
3/01/2040	-	-	39,857.50	39,857.50	79,715.00
9/01/2040	-	-	39,857.50	39,857.50	-
3/01/2041	-	-	39,857.50	39,857.50	79,715.00
9/01/2041	215,000.00	7.450%	39,857.50	254,857.50	-
3/01/2042	-	-	31,848.75	31,848.75	286,706.25
9/01/2042	855,000.00	7.450%	31,848.75	886,848.75	-
3/01/2043	-	-	-	-	886,848.75
<b>Total</b>	<b>1,070,000.00</b>	<b>-</b>	<b>2,528,662.44</b>	<b>3,598,662.44</b>	<b>-</b>

**Union County, Illinois**  
**Taxable General Obligation Bonds**  
**(Alternate Revenue Source), Series 2010A, 2010B and 2010C**

**Schedule 5 Debt Service Schedule for Series 2010B Bonds**

Date	Principal	Coupon	Interest	Total P+I	FISCAL TOTAL
9/29/2010	-	-	-	-	-
9/01/2011	-	-	760,169.33	760,169.33	-
3/01/2012	-	-	412,140.00	412,140.00	1,172,309.33
9/01/2012	-	-	412,140.00	412,140.00	-
3/01/2013	-	-	412,140.00	412,140.00	824,280.00
9/01/2013	-	-	412,140.00	412,140.00	-
3/01/2014	-	-	412,140.00	412,140.00	824,280.00
9/01/2014	-	-	412,140.00	412,140.00	-
3/01/2015	-	-	412,140.00	412,140.00	824,280.00
9/01/2015	280,000.00	3.400%	412,140.00	692,140.00	-
3/01/2016	-	-	407,380.00	407,380.00	1,099,520.00
9/01/2016	285,000.00	3.700%	407,380.00	692,380.00	-
3/01/2017	-	-	402,107.50	402,107.50	1,094,487.50
9/01/2017	295,000.00	4.300%	402,107.50	697,107.50	-
3/01/2018	-	-	395,765.00	395,765.00	1,092,872.50
9/01/2018	300,000.00	4.550%	395,765.00	695,765.00	-
3/01/2019	-	-	388,940.00	388,940.00	1,084,705.00
9/01/2019	310,000.00	4.800%	388,940.00	698,940.00	-
3/01/2020	-	-	381,500.00	381,500.00	1,080,440.00
9/01/2020	320,000.00	5.000%	381,500.00	701,500.00	-
3/01/2021	-	-	373,500.00	373,500.00	1,075,000.00
9/01/2021	330,000.00	5.200%	373,500.00	703,500.00	-
3/01/2022	-	-	364,920.00	364,920.00	1,068,420.00
9/01/2022	345,000.00	5.400%	364,920.00	709,920.00	-
3/01/2023	-	-	355,605.00	355,605.00	1,065,525.00
9/01/2023	355,000.00	5.600%	355,605.00	710,605.00	-
3/01/2024	-	-	345,665.00	345,665.00	1,056,270.00
9/01/2024	370,000.00	5.800%	345,665.00	715,665.00	-
3/01/2025	-	-	334,935.00	334,935.00	1,050,600.00
9/01/2025	390,000.00	6.000%	334,935.00	724,935.00	-
3/01/2026	-	-	323,235.00	323,235.00	1,048,170.00
9/01/2026	400,000.00	6.200%	323,235.00	723,235.00	-
3/01/2027	-	-	310,835.00	310,835.00	1,034,070.00
9/01/2027	420,000.00	6.900%	310,835.00	730,835.00	-
3/01/2028	-	-	296,345.00	296,345.00	1,027,180.00
9/01/2028	440,000.00	6.900%	296,345.00	736,345.00	-
3/01/2029	-	-	281,165.00	281,165.00	1,017,510.00
9/01/2029	460,000.00	6.900%	281,165.00	741,165.00	-
3/01/2030	-	-	265,295.00	265,295.00	1,006,460.00
9/01/2030	485,000.00	6.900%	265,295.00	750,295.00	-
3/01/2031	-	-	248,562.50	248,562.50	998,857.50
9/01/2031	505,000.00	7.250%	248,562.50	753,562.50	-
3/01/2032	-	-	230,256.25	230,256.25	983,818.75
9/01/2032	530,000.00	7.250%	230,256.25	760,256.25	-
3/01/2033	-	-	211,043.75	211,043.75	971,300.00
9/01/2033	555,000.00	7.250%	211,043.75	766,043.75	-
3/01/2034	-	-	190,925.00	190,925.00	956,968.75

**Union County, Illinois**  
**Taxable General Obligation Bonds**  
**(Alternate Revenue Source), Series 2010A, 2010B and 2010C**

**Schedule 5 (continued) Debt Service Schedule for Series 2010B Bonds**

Date	Principal	Coupon	Interest	Total P+I	FISCAL TOTAL
9/01/2034	585,000.00	7.250%	190,925.00	775,925.00	-
3/01/2035	-	-	169,718.75	169,718.75	945,643.75
9/01/2035	610,000.00	7.250%	169,718.75	779,718.75	-
3/01/2036	-	-	147,606.25	147,606.25	927,325.00
9/01/2036	645,000.00	7.250%	147,606.25	792,606.25	-
3/01/2037	-	-	124,225.00	124,225.00	916,831.25
9/01/2037	675,000.00	7.250%	124,225.00	799,225.00	-
3/01/2038	-	-	99,756.25	99,756.25	898,981.25
9/01/2038	710,000.00	7.250%	99,756.25	809,756.25	-
3/01/2039	-	-	74,018.75	74,018.75	883,775.00
9/01/2039	745,000.00	7.250%	74,018.75	819,018.75	-
3/01/2040	-	-	47,012.50	47,012.50	866,031.25
9/01/2040	790,000.00	7.250%	47,012.50	837,012.50	-
3/01/2041	-	-	18,375.00	18,375.00	855,387.50
9/01/2041	500,000.00	7.350%	18,375.00	518,375.00	-
3/01/2042	-	-	-	-	518,375.00
<b>Total</b>	<b>12,635,000.00</b>	<b>-</b>	<b>17,634,674.33</b>	<b>30,269,674.33</b>	<b>-</b>

**Union County, Illinois**  
**Taxable General Obligation Bonds**  
**(Alternate Revenue Source), Series 2010A, 2010B and 2010C**

**Schedule 6 Debt Service Schedule for Series 2010C Bonds**

Date	Principal	Coupon	Interest	Total P+I	FISCAL TOTAL
9/29/2010	-	-	-	-	-
9/01/2011	100,000.00	1.700%	14,465.06	114,465.06	-
3/01/2012	-	-	6,992.50	6,992.50	121,457.56
9/01/2012	295,000.00	2.000%	6,992.50	301,992.50	-
3/01/2013	-	-	4,042.50	4,042.50	306,035.00
9/01/2013	165,000.00	2.400%	4,042.50	169,042.50	-
3/01/2014	-	-	2,062.50	2,062.50	171,105.00
9/01/2014	165,000.00	2.500%	2,062.50	167,062.50	-
3/01/2015	-	-	-	-	167,062.50
<b>Total</b>	<b>725,000.00</b>	<b>-</b>	<b>40,660.06</b>	<b>765,660.06</b>	<b>-</b>

**Union County, Illinois**  
**Taxable General Obligation Bonds**  
**(Alternate Revenue Source), Series 2010A, 2010B and 2010C**

**Schedule 7 Sources and Uses on the Series 2010 Bonds**

	<u>Series 2010A</u>	<u>Series 2010B</u>	<u>Series 2010C</u>	<u>Total</u>
Par amount of bonds	<u>1,070,000</u>	<u>12,635,000</u>	<u>725,000</u>	<u>14,430,000</u>
Project Fund	1,048,600	11,457,275	0	12,505,875
Capitalized Interest	0	925,025	0	925,025
Costs of Issuance	<u>21,400</u>	<u>252,700</u>	<u>725,000</u>	<u>999,100</u>
Total	<u>1,070,000</u>	<u>12,635,000</u>	<u>725,000</u>	<u>14,430,000</u>

**Union County, Illinois**  
**Taxable General Obligation Bonds**  
**(Alternate Revenue Source), Series 2010A, 2010B and 2010C**

**Schedule 8 Debt Service Schedule for Series 2006 Bonds**

Date	Principal	Coupon	Interest	Total P+I	FISCAL TOTAL
12/01/2010	-	-	-	-	-
6/01/2011	-	-	41,335.00	41,335.00	-
12/01/2011	-	-	41,335.00	41,335.00	-
3/01/2012	-	-	-	-	82,670.00
6/01/2012	-	-	41,335.00	41,335.00	-
12/01/2012	-	-	41,335.00	41,335.00	-
3/01/2013	-	-	-	-	82,670.00
6/01/2013	-	-	41,335.00	41,335.00	-
12/01/2013	-	-	41,335.00	41,335.00	-
3/01/2014	-	-	-	-	82,670.00
6/01/2014	-	-	41,335.00	41,335.00	-
12/01/2014	100,000.00	4.000%	41,335.00	141,335.00	-
3/01/2015	-	-	-	-	182,670.00
6/01/2015	-	-	39,335.00	39,335.00	-
12/01/2015	105,000.00	4.050%	39,335.00	144,335.00	-
3/01/2016	-	-	-	-	183,670.00
6/01/2016	-	-	37,208.75	37,208.75	-
12/01/2016	280,000.00	4.100%	37,208.75	317,208.75	-
3/01/2017	-	-	-	-	354,417.50
6/01/2017	-	-	31,468.75	31,468.75	-
12/01/2017	300,000.00	4.200%	31,468.75	331,468.75	-
3/01/2018	-	-	-	-	362,937.50
6/01/2018	-	-	25,168.75	25,168.75	-
12/01/2018	305,000.00	4.250%	25,168.75	330,168.75	-
3/01/2019	-	-	-	-	355,337.50
6/01/2019	-	-	18,687.50	18,687.50	-
12/01/2019	315,000.00	5.750%	18,687.50	333,687.50	-
3/01/2020	-	-	-	-	352,375.00
6/01/2020	-	-	9,631.25	9,631.25	-
12/01/2020	335,000.00	5.750%	9,631.25	344,631.25	-
3/01/2021	-	-	-	-	354,262.50
<b>Total</b>	<b>1,740,000.00</b>	<b>-</b>	<b>653,680.00</b>	<b>2,393,680.00</b>	<b>-</b>

**Union County, Illinois  
Taxable General Obligation Bonds  
(Alternate Revenue Source), Series 2010A, 2010B and 2010C**

**REPORT ON PROJECTED PLEDGED REVENUES**

Austin Meade Financial, Ltd. ("*Austin Meade*"), a nationally recognized and acknowledged expert in Illinois public finance and tax increment finance, has been requested by the Union County, Illinois (the "*County*") to prepare a feasibility report (the "*Report*") on the analysis of Projected Pledged Revenues to be collected by the County which is proposed to pay principal and interest on the County's Bonds.

**OVERVIEW OF THE COUNTY SALES AND INCOME TAXES**

The County has pledged the following revenues to the repayment of the Bonds:

- County Sales Tax
- Countywide Sales Tax
- County Public Safety Sales Tax
- County Public Facilities Sales Tax
- Local Use Tax
- Income Tax
- Rebate from Bonds

County Sales and Countywide Sales Taxes are a portion of the Illinois Retailers' Occupation Tax ("*IROT*") and the Illinois Service Occupation Tax ("*ISOT*"). IROT is imposed by the State of Illinois (the "*State*") at the rate of 6.25 percent on the sale of most items of nontitled tangible personal property by retailers other than grocery food, drugs and medical appliances. IROT also is applied at a rate of 1.00 percent on the sale of grocery food, drugs and medical appliances. ISOT is imposed by the State at a rate of 6.25 percent on the sale of most items of nontitled tangible personal property by service provider, other than grocery food, drugs, and medical appliances.

The *Illinois Sales Tax* is a combination of IROT that are imposed on sellers' receipts and ISOT that are imposed on amounts paid by purchasers. Sellers owe the occupation tax to the department; they reimburse themselves for this liability by collecting use tax from the buyers. As

a result, the Illinois Sales Tax is imposed on vehicles, other items that require a title and registration, general merchandise, and sales of most tangible personal property including sales of soft drinks, prepared food including food purchased at restaurants, photo processing, prewritten or “canned” computer software, prepaid telephone calling cards and other prepaid telephone arrangements, and repair parts and other items transferred or sold in conjunction with providing a service.

The Illinois Sales Tax is collected by the State and distributed to Union County in the following two methods:

Four percent (4%) of all Illinois Sales Taxes collected by businesses in Union County (representing 0.25% of the 6.25% rate for Illinois Sales Tax). This is the *Countywide Sales Tax*.

Sixteen percent (16%) of all Illinois Sales Taxes collected from businesses in the unincorporated area of Union County (representing 1.00% of the 6.25% rate for Illinois Sales Tax). Further, the County receives 100% of the Illinois Sales Taxes collected on the sale of grocery food, drugs and medical appliances. (the full 1.00% rate). This is the *County Sales Tax*.

In addition to the Illinois Sales Tax, the County also imposes two additional sales taxes. Both taxes are collected by the State and remitted to the County along with the Countywide and County Sales Taxes. The first is the *County Public Safety Sales Tax*. This tax is imposed at a rate of 0.25% of the taxable sales (both occupation and use) in Union County. This tax was approved by referendum.

The other local tax is the *County Public Facilities Sales Tax*. The question of imposing a 1% sales tax on all sales in the county was approved by a majority of the voters of Union County at the general primary election on February 2, 2010. Subsequently, the Union County Board adopted an ordinance imposing the Sales Tax and filed the ordinance with the DOR. Accordingly, the DOR began to administer and enforce the County Public Facilities Sales Tax on July 1, 2010.

All of the above sales taxes are collected and distributed by the Department of Revenue (“DOR”) State. The total sales tax rate in Union County is 7.50% (no municipalities impose a sales tax as of this report). Businesses submit monthly reports of taxable sales to the State along with a remittance of sales taxes collected. The businesses collect sales taxes at the specified rate

established by the State where they are located. The State distributes all taxes collected in one month two months later to the County. For example, sales tax collections in January are remitted to the County in March. As a result, there has not been any sales tax distribution to the County for the County Public Facilities Sales Tax since collection began in July 2010.

The projection of the Sales Taxes for the Coverage was based on the twelve months of distributions ending June 30, 2010 with the exception of the County Public Facilities Sales Tax. The annual amount of this sales tax was projected to be four times the County Public Safety Tax since the sales upon which this tax is imposed are the same. Further, the overall sales tax rate is not that excessive so that people will change purchasing habits to avoid the sales taxes in the County.

The State also imposes a Use Tax on the privilege of using most items of personal property purchased outside of the State and the privilege of using most items of tangible personal property acquired as an incident to the purchase of a service from a service provider outside of the State. The State imposes these taxes at the rate of 6.25% of the gross sales amount. The Use Tax receipts are distributed to local governments including the County based on population. Further, the distribution of the taxes is subject to annual appropriation by the State. The portion of the Use Tax collected by the County (the "*Local Use Tax*") has been based on the historical amount received by the County in the year ending June 30, 2010.

The Illinois Income Tax is imposed on every individual, corporation, trust, and estate earning or receiving income in Illinois. The tax is calculated by multiplying net income by a flat rate. The individual rate is 3% of net income. The starting point for the Illinois Individual Income Tax is federal adjusted gross income. Federal adjusted gross income is "income" minus various deductions (not including itemized deductions, the standard deduction, or any exemptions). Next, the federal adjusted gross income is changed by adding back certain items (e.g., federally tax-exempt interest income) and subtracting others (e.g., federally taxed retirement and Social Security income). The result is "base income." The base income earned in Illinois or while a resident of Illinois is then reduced by the number of federally claimed exemptions plus any additional exemptions. The amount of each exemption is \$2,000. Additional exemptions are provided for any taxpayer or spouse who was either 65 years of age or older, legally blind, or both (\$1,000 each). The total exemption amount is deducted from base income to arrive at "net income." The tax rate is then applied against net income. The County receives a portion of the Illinois Income Tax (the "*Income Tax*") based on the portion allocated to local governments and the County's population.

Rebates consist of the rebates on the proposed bonds to be distributed by the Federal government on each interest payment date. These rebates range from 35 to 45% of the interest payment depending on the Series of Bond. Rebates received in one bond year are used to make debt service payments in the following year. For coverage purposes, the revenues have been lagged accordingly.

## **PROPOSED BOND ISSUE**

The County intends to issue Alternate Revenue Bonds to fund the construction of a new County Courthouse and Administration building. As Alternate Revenue Bonds, the primary source of payment on the bond will be the Pledged Revenues distributed to the County. To the extent that the Pledged Revenues are insufficient to make the principal and interest payments on the bonds, then the County can use a general obligation property tax to fund the payment (the "*Pledged Taxes*"). However, the intent is to only use the Pledged Revenues to repay the Bonds.

The Debt Reform Act provides that whenever revenue bonds have been duly authorized, a local government unit may issue its general obligation bonds in lieu of such revenue bonds as authorized, and such general obligation bonds may be referred to as "alternate bonds." The Debt Reform Act also provides that whenever there exists an alternate revenue source, a local government unit may issue alternate bonds. Such bonds are general obligation debt payable from the pledged alternate revenues with the general obligation of the issuer acting as back-up security. The Debt Reform Act prescribes the following conditions that must be met before alternate bonds may be issued.

Alternate bonds must be issued for a lawful corporate purpose. If issued in lieu of revenue bonds, the alternate bonds must be authorized under applicable law. Alternate bonds may be issued payable from either enterprise revenues or other revenue sources, or both.

The question of issuance must be submitted to referendum if, within thirty (30) days after publication of an authorizing ordinance and notice of intent to issue alternate bonds, a petition signed by the greater of (i) 7.5% of the registered voters in the government unit; or (ii) 200 of those registered voters or 15%, whichever is less, is filed. No legally sufficient petition has been filed in connection with the Bonds, and accordingly the County is now authorized to issue the Bonds.

The issuer must determine that the pledged revenue source or sources are sufficient in each year to final maturity to provide not less than 1.25 times debt service of the

proposed alternate bonds and all other outstanding alternate Bonds of the issuer payable from the same revenue source. To the extent payable from one or more revenue sources, such sources shall have been determined by the governing body to provide in each year an amount not less than 1.25 times debt service on all alternate bonds payable from such revenue sources previously issued and outstanding and the alternate bonds proposed to be issued. The issuer must in fact pledge and covenant to provide for, collect and apply the pledged alternate enterprise revenues or revenue source(s).

Whenever funds are available to pay any principal of or interest on the Bonds when due, the County will direct the deposit of such funds into the Bond Fund created solely for such purpose. The County covenants in the Bond Ordinance to deposit Pledged Revenues into the appropriate Bond Fund as needed to fund the next scheduled interest and principal payment. The County pledges to abate the levy for the Bonds only upon full funding of the Bond Fund in the appropriate levy amount. To comply with this process, the County will direct DOR to deposit all Pledged Taxes directly with the paying agent for the Bonds. The paying agent will retain all funds until debt service requirements are met and then transfer the excess to the County.

The Bonds are all general obligation bonds based on being issued as alternate revenue bonds. The pledged revenues are detailed in the previous section. The Bonds are being issued in three series on a taxable basis. The Series A Bonds are being issued as Recovery Zone Bonds. The United States Treasury will issue a rebate of 45% of the interest on these bonds. The Series B Bonds are being issued as Build America Bonds. These bonds have a 35% rebate from the United States Treasury.

The final details of the Bonds are outlined on Schedules 4 through 7 including the final interest rates and sources and uses of funds. These details were supplied to Austin Meade by Bernardi Securities, Inc. The expected closing of the bonds is assumed to be September 29, 2010.

## **SOURCES OF INFORMATION**

The following summarizes the source of the critical base information and assumptions which have been utilized by Austin Meade to compile these projections. To the extent that this information would prove unreliable, the related projections could also be impacted. While Austin Meade did not detect any deficiencies in this information, that does not guarantee that they are completely accurate. To the extent that they are not, the resulting projections could vary materially from what is presented.

In preparing this Report, Austin Meade has reviewed the following information:

- (1) The County's ordinances approving of the Project, and the adoption of the Authorizing Ordinances.
- (2) Draft Ordinance authorizing the issuance of the Bonds.
- (3) Draft Preliminary Official Statement for the Bonds
- (4) Illinois Compiled Statutes including the applicable sections on Sales and Income Taxes.
- (5) Financial information from the DOR.

## **POTENTIAL RISKS ASSOCIATED WITH THE PROJECTIONS**

Risks associated with the future projections and the ultimate generation of Sales Taxes includes, but is not limited to, the following:

- (1) Any change to the laws or methods used by the State of Illinois, or the DOR to assess, collect or distribute sales and use taxes.
- (2) Failure of sales tax collectors to remit sales tax collections to the DOR. This could either be a permanent failure due to bankruptcy or insolvency or a temporary administrative delay.
- (3) Failure of DOR in collecting and remitting Sales and Income Taxes in accordance to current practices. There was a month delay in distributions in 2009 based on the financial difficulties of the State of Illinois.
- (4) Competition from communities with lower overall sales tax rates may create incentives for consumers to make certain purchases in such communities. An increase in sales tax rates may prompt certain commercial and industrial activities to relocate to jurisdictions with lower sales tax rates.
- (5) Internet sales have been increasing over the past several years. Such Internet sales may reduce taxable sales that would otherwise occur within the County. If these Internet sales are not treated the same as other transactions subject to sales taxes or

displace sales taxes currently collected, the generation of Sales and Use Taxes and consequently Pledged Taxes may be adversely affected.

- (6) Sales taxes historically have been sensitive to changes in local, regional and national economic conditions. For example, sales tax revenues have historically declined during economic recessions as increases in unemployment reduces consumption.
- (7) Demographic changes particularly declines in population have a corresponding reduction in the number and value of taxable sales resulting in a reduction in Sales and Income Taxes.
- (8) A decrease in population of the District relative to the rest of the State could result in lower Income and Local Use Taxes for the County.

**THE ABOVE IS NOT INTENDED TO BE A COMPREHENSIVE DISCUSSION OF ALL POTENTIAL RISKS ASSOCIATED WITH THIS TRANSACTION. AUSTIN MEADE HAS NO REASON TO EXPECT THAT ANY OF THE AFOREMENTIONED POTENTIAL RISKS MIGHT BE REALIZED.**

**THE ACHIEVEMENT OF ANY FINANCIAL FORECAST IS DEPENDENT UPON FUTURE EVENTS, THE OCCURRENCES OF WHICH CANNOT BE ASSURED. AUSTIN MEADE HAS NO RESPONSIBILITY TO UPDATE THIS REPORT FOR EVENTS AND CIRCUMSTANCES OCCURRING AFTER THE DATE OF THIS REPORT, BUT WOUOD BE AVILABLE TO ANSWER ANY QUESTIONS RELATED TO THIS REPORT IF NECESSARY.**