New Issue – Book Entry Only

Rating:
Standard & Poor's: AAA/Stable
(See "Rating," herein)

In the opinion of Ice Miller LLP, Chicago, Illinois, Bond Counsel, under present law, interest on the Series 2013 Bonds (as defined below) is not excludable from gross income of the owners thereof for federal income tax purposes. In addition, holders of the Series 2013 Bonds will not be entitled to a tax credit with respect to the Series 2013 Bonds. Holders of the Series 2013 Bonds should consult their tax advisors with respect to the inclusion of interest on the Series 2013 Bonds in gross income for federal income tax purposes. See "TAX MATTERS" herein for a more complete discussion. Interest on the Series 2013 Bonds is not exempt from present State of Illinois income taxes.

$24,945,000
THE COUNTY OF COOK, ILLINOIS
SALES TAX REVENUE BONDS, TAXABLE SERIES 2013
(QUALIFIED ENERGY CONSERVATION BONDS – DIRECT PAYMENT)

Dated: Date of Issuance **Due: November 15, as shown on the inside cover**

The Sales Tax Revenue Bonds, Taxable Series 2013 (Qualified Energy Conservation Bonds – Direct Payment) (the "Series 2013 Bonds") will be issued by The County of Cook, Illinois (the "County") pursuant to a Master Trust Indenture dated as of August 1, 2012 (the "Master Trust Indenture"), as heretofore supplemented and amended and as further supplemented by a Second Supplemental Trust Indenture dated as of July 1, 2013 (the "Second Supplemental Indenture," and together with the Master Trust Indenture the "Indenture"), between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Series 2013 Bonds are fully registered bonds issued in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2013 Bonds. Purchasers of the Series 2013 Bonds will not receive certificates representing their interests in the Series 2013 Bonds purchased. Interest on the Series 2013 Bonds is payable on May 15 and November 15 of each year, commencing November 15, 2013. Principal of, premium, if any, and interest on the Series 2013 Bonds will be paid by the Trustee to DTC, which in turn will remit such principal, premium, if any, and interest payments to its participants for subsequent disbursement to the beneficial owners of the Series 2013 Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 2013 Bonds will be made to such registered owner, and disbursal of such payments to beneficial owners will be the responsibility of DTC and its participants. See "THE SERIES 2013 BONDS – Book-Entry System" herein.

The Series 2013 Bonds will be subject to optional, extraordinary optional and extraordinary mandatory redemption prior to maturity at the prices, in the manner and at the times set forth in this Official Statement.

The Series 2013 Bonds will be issued to provide funds to (i) finance the construction, equipping, altering or repair of various County facilities, including administrative offices, hospitals and health care facilities, correctional facilities, courthouses, and fleet management facilities or any other lawful project (the "Series 2013 Project") and (ii) pay the expenses of issuing the Series 2013 Bonds. The Series 2013 Bonds will be limited obligations of the County and will be payable solely from the Pledged Sales Tax Revenues described herein and from amounts on deposit in certain funds, accounts and sub-accounts established pursuant to the Indenture.

THE SERIES 2013 BONDS WILL NOT REPRESENT OR CONSTITUTE A DEBT OF THE COUNTY OR OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR ANY STATUTORY LIMITATION OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE COUNTY OR OF THE STATE OR GRANT TO THE OWNERS THEREOF ANY RIGHT TO HAVE THE COUNTY LEVY ANY TAXES, OTHER THAN HOME RULE SALES TAXES, OR HAVE THE GENERAL ASSEMBLY OF THE STATE LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2013 BONDS. THE OWNERS OF THE SERIES 2013 BONDS SHALL, HOWEVER, HAVE THE RIGHT TO ENFORCE THE COVENANTS OF THE COUNTY DESCRIBED HEREIN UNDER THE CAPTION "SECURITY FOR THE SERIES 2013 BONDS – COVENANT REGARDING PLEDGED SALES TAX REVENUES." THE SERIES 2013 BONDS ARE PAYABLE SOLELY FROM THE PLEDGED SALES TAX REVENUES DESCRIBED HEREIN AND SOURCES PLEDGED FOR THEIR PAYMENT IN ACCORDANCE WITH THE INDENTURE.

The Series 2013 Bonds are offered when, as and if issued by the County and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice and to the approval of their validity by Ice Miller LLP, Chicago, Illinois, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by Charity & Associates, P.C., Chicago, Illinois, Underwriters' Counsel. Ungaretti & Harris LLP, Chicago, Illinois, will serve as Special Disclosure Counsel to the County with respect to pension disclosure matters. It is expected that delivery of the Series 2013 Bonds in definitive form will take place through the facilities of DTC on or about July 23, 2013.

Raymond James

Estrada Hinojosa & Company, Inc. **The Williams Capital Group, L.P.**

Dated: July 11, 2013

MATURITY SCHEDULE

$24,945,000 Sales Tax Revenue Bonds, Taxable Series 2013
(Qualified Energy Conservation Bonds – Direct Payment)

Maturity November 15	Principal Amount	Interest Rate	Price	CUSIP*
2035	$24,945,000	5.354%	100.000%	213248BB2

Certain information contained or incorporated by reference in this Official Statement has been obtained by the County from DTC and other sources that are deemed reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information by the Underwriters or the County. Nothing contained or incorporated by reference in this Official Statement is or shall be relied on as a promise or representation by the Underwriters. This Official Statement is being used in connection with the sale of securities as referred to herein and may not be used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement. Any such other information or representations must not be relied upon as statements of the County or of the Underwriters. 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 Series 2013 Bonds by any person in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale. The information set forth in this Official Statement is not guaranteed as to accuracy or completeness. Unless otherwise indicated, the County is the source of the tables and statistical and financial information contained in this Official Statement, except information relating to governmental bodies other than the County, which has been obtained from those governmental bodies or from other sources. The information and opinions expressed in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of Series 2013 Bonds made under it shall, under any circumstances, create any implication that there has been no change in the financial condition or the operations of the County since the date of this Official Statement. The County is not making any representations regarding its financial condition beyond the date of the auditor's opinion nor, for interim financial information presented, beyond the date of this Official Statement.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, resolutions, reports or other documents are referred to in this Official Statement, reference is made to those items for more complete information.

This Official Statement, including the Appendices, except for certain information in APPENDIX D sourced to parties other than the County, contains certain opinions, estimates and forward-looking statements and information, including projections, that are based on the County's beliefs as well as assumptions made by and information currently available to the County. Such opinions, estimates, projections and forward-looking statements set forth in this Official Statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the County, were prepared on a reasonable basis, reflect the best currently available estimates and judgments and present, to the best of the County's knowledge and belief, the expected course of action and the expected future financial performance of the County. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on such opinions, statements or prospective financial information.

THE SERIES 2013 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE SERIES 2013 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

In connection with this offering, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the Series 2013 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing transactions, if begun, may be ended or interrupted at any time without notice. The Underwriters may offer and sell the Series 2013 Bonds to certain dealers and dealer banks and banks acting as agents at prices lower or yields higher than the public offering prices or yields stated on the inside cover page hereof and said public offering prices and yields may be changed from time to time by the Underwriters without notice.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

THE COUNTY OF COOK, ILLINOIS

PRESIDENT

Hon. Toni Preckwinkle

CHAIRMAN, COMMITTEE ON FINANCE

John P. Daley

MEMBERS OF THE BOARD OF COMMISSIONERS

Jerry Butler
Earlean Collins
John P. Daley
John A. Fritchey
Bridget Gainer
Jesus G. Garcia
Elizabeth Ann Doody Gorman
Gregg Goslin
Stanley Moore
Joan P. Murphy
Edwin Reyes
Timothy O. Schneider
Peter N. Silvestri
Deborah Sims
Robert L. Steele
Larry Suffredin
Jeffrey R. Tobolski

COUNTY TREASURER
EX-OFFICIO COUNTY COLLECTOR

Hon. Maria Pappas

CHIEF FINANCIAL OFFICER

Ivan Samstein

INTERIM COUNTY COMPTROLLER

John Schick

TABLE OF CONTENTS

PAGE

INTRODUCTION 1
General 1
Additional Information 2

THE COUNTY 2

THE SERIES 2013 BONDS 2
General 2
Designation of Series 2013 Bonds as Qualified Energy Conservation Bonds 3
Book-Entry System 3
Redemption 4

SECURITY FOR THE SERIES 2013 BONDS 6
Pledge of Sales Tax Revenues 6
Covenant Regarding Pledged Sales Tax Revenues 7
Flow of Funds 7
Debt Service Reserve Fund 9
Project Fund 9
Investment of Funds 10
Escrow Agreement for Permitted Sinking Fund 10
Additional Bonds 11
Refunding Bonds 12
Refunding Junior Lien Obligations 13
Other Covenants 14

ANNUAL DEBT SERVICE 15
Annual Debt Service 15

PLEDGED SALES TAX REVENUES 15
General 15
Historical Collections of Pledged Sales Tax Revenues 17
Factors Affecting Pledged Sales Tax Revenues 18

SOURCES AND USES OF FUNDS 19

EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND OF COOK COUNTY 19

LITIGATION 20

RATING 20

TAX MATTERS 20
Original Issue Discount 22
Market Discount 22
Bond Premuim 23
Reporting and Withholding Requirements 23
State of Illinois Taxes 24

CERTAIN LEGAL MATTERS 24

FINANCIAL STATEMENTS 25

FINANCIAL ADVISOR 25

UNDERWRITING 25

SECONDARY MARKET DISCLOSURE 25
Annual Financial Information Disclosure 26
Events Notification; Event Disclosure 27
Consequences of Failure of the County to Provide Information 27
Amendment; Waiver 27
Termination of Undertaking 28
Additional Information 28

MISCELLANEOUS 28

CERTIFICATION AS TO OFFICIAL STATEMENT 29

APPENDIX A – The County of Cook
APPENDIX B – Audited Basic Financial Statements For The Fiscal Year Ended November 30, 2012
APPENDIX C – Demographic and Economic Information
APPENDIX D – County Employees' and Officers' Annuity and Benefit Fund of Cook County
APPENDIX E – Certain Definitions and Summary of Certain Provisions of the Indenture
APPENDIX F – Form of Opinion of Bond Counsel
APPENDIX G – Book-Entry System

OFFICIAL STATEMENT

$24,945,000
THE COUNTY OF COOK, ILLINOIS
SALES TAX REVENUE BONDS, TAXABLE SERIES 2013
(QUALIFIED ENERGY CONSERVATION BONDS – DIRECT PAYMENT)

INTRODUCTION

General

This Official Statement is furnished by The County of Cook, Illinois (the "County") to provide information about its $24,945,000 aggregate principal amount of Sales Tax Revenue Bonds, Taxable Series 2013 (Qualified Energy Conservation Bonds – Direct Payment) (the "Series 2013 Bonds"). Certain capitalized terms used in this Official Statement, unless otherwise defined, are defined in APPENDIX E – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

The Series 2013 Bonds will be issued under the authority granted to the County as a home rule unit of local government under the Illinois Constitution of 1970. The Series 2013 Bonds will be issued pursuant to an ordinance adopted by the Board of Commissioners of the County (the "County Board") on June 19, 2013 (the "Bond Ordinance") and a Master Trust Indenture, dated as of August 1, 2012 (the "Master Trust Indenture"), as heretofore supplemented and amended and as further supplemented by a Second Supplemental Trust Indenture, dated as of July 1, 2013 (the "Second Supplemental Indenture", and together with the Master Trust Indenture the "Indenture"), each between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

The Series 2013 Bonds will be issued to provide funds to (i) finance the construction, equipping, altering or repair of various County facilities, including administrative offices, hospitals and health care facilities, correctional facilities, courthouses, and fleet management facilities or any other lawful project (the "Series 2013 Project") and (ii) pay the expenses of issuing the Series 2013 Bonds. See "SOURCES AND USES OF FUNDS."

The Series 2013 Bonds will be limited obligations of the County and will be payable solely from the Pledged Sales Tax Revenues described herein and from certain Funds, Accounts and Sub-Accounts established pursuant to the Indenture and other sources pledged for their payment in accordance with the Indenture. See "SECURITY FOR THE SERIES 2013 BONDS," "PLEDGED SALES TAX REVENUES," and APPENDIX E – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Pledge of Trust Estate." The Series 2013 Bonds will not represent or constitute a debt of the County or of the State of Illinois (the "State") within the meaning of any constitutional or any statutory limitation or a pledge of the faith and credit of the County or of the State or grant to the Owners thereof any right to have the County levy any taxes other than Home Rule Sales Taxes, or have the General Assembly of the State levy any taxes or appropriate any funds for the payment of the principal of, premium, if any, or interest on the Series 2013 Bonds. The Owners of the Series 2013 Bonds shall, however, have the right to enforce the covenants of the County described under the caption "SECURITY FOR THE SERIES 2013 BONDS – Covenant Regarding Pledged Sales Tax Revenues." The Series 2013 Bonds are payable solely from the Pledged Sales Tax Revenues and other sources pledged for their payment in accordance with the Indenture.

Additional Information

Certain factors concerning the Series 2013 Bonds are described throughout this Official Statement, which should be read in its entirety. All references herein to laws, ordinances, resolutions, agreements and documents are qualified in their entirety by reference to the definitive forms thereof, and all references to the Series 2013 Bonds are further qualified by reference to the information with respect thereto contained in the Indenture.

All statements, information and statistics contained in this Official Statement are believed to be correct but are not guaranteed by the County, the Underwriters (as set forth in the cover page hereof), Bond Counsel, Underwriters' Counsel, the Financial Advisor (as defined under the heading "FINANCIAL ADVISOR") or the Trustee, and all expressions of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact. The information contained herein regarding The Depository Trust Company, New York, New York ("DTC") and the global book-entry system (the "Book-Entry Only System") was provided by DTC and has not been verified by the County, the Underwriters, Bond Counsel, Underwriters' Counsel, the Financial Advisor or the Trustee. The information contained herein is provided as of the date hereof and is subject to change.

Copies of statutes, ordinances, resolutions or other documents referred to in this Official Statement are available, upon request, from the County's Chief Financial Officer (the "Chief Financial Officer"), 118 North Clark Street, Room 1127, Chicago, Illinois 60602, telephone (312) 603-6846 or facsimile (312) 603-3681.

THE COUNTY

The County was created in 1831. The County is a municipal corporation and home rule unit of local government under the Illinois Constitution of 1970 and as such, "may exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to regulate for the protection of the public health, safety, morals and welfare; to license; to tax; and to incur debt" except that it can "impose taxes upon or measured by incomes or earnings or upon occupation" only if authorized by statute. For certain supplemental information concerning the County, see APPENDIX A – "THE COUNTY OF COOK" and APPENDIX C – "DEMOGRAPHIC AND ECONOMIC INFORMATION."

THE SERIES 2013 BONDS

General

The Series 2013 Bonds initially will be dated their date of delivery, will mature on November 15, and will bear interest from the date of delivery until paid or redeemed, payable semiannually on each May 15 and November 15, commencing November 15, 2013. The Series 2013 Bonds will bear interest at the rates per year, and will mature in the principal amounts on November 15 in each year, as set forth on the inside cover page of this Official Statement. Interest on the Series 2013 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2013 Bonds will be issued as fully registered bonds in denominations of $5,000 or any integral multiples thereof (each an "Authorized Denomination").

Interest on the Series 2013 Bonds will be payable by check or bank draft mailed or delivered by the Trustee to the Owners as the same appear on the registration books of the County maintained by the Trustee as registrar (the "Registrar") as of the 15th day (whether or not a Business Day) next preceding each interest payment date or, at the option of any Owner of $1,000,000 or more in aggregate principal amount of the Series 2013 Bonds, by wire transfer of immediately available funds to such bank in the continental United States as such Owner requests in writing to the Registrar. The principal and redemption price of the Series 2013 Bonds will be payable at the designated corporate trust office of the Trustee in Chicago, Illinois.

Designation of Series 2013 Bonds as Qualified Energy Conservation Bonds

The County intends to designate the Series 2013 Bonds as taxable "Qualified Energy Conservation Bonds" pursuant to Section 54D of the Internal Revenue Code of 1986, as amended (the "Code"). Qualified Energy Conservation Bonds may generally be issued by a governmental entity to finance certain types of energy conservation and renewable energy projects, including capital expenditures incurred for energy conservation purposes as described in Section 54D of the Code, including the purposes of reducing energy consumption in publicly owned buildings by at least 20%. The total amount of Qualified Energy Conservation Bonds that may be issued is subject to an overall national limit of $3.2 billion, of which the County has been allocated the authority to issue up to $24,948,146 of such obligations.

Under Section 6431 of the Code, issuers of Qualified Energy Conservation Bonds may elect to receive cash payments (the "Direct Payments") from the Treasury Department of the United States of America (the "Treasury"). The County intends to elect to receive Direct Payments from the Treasury in connection with the Series 2013 Bonds. Direct Payments are treated as overpayments of tax, and accordingly are subject to offset against certain amounts that may be owed by the County to the federal government or its agencies. In addition, it is possible that the Direct Payments could be reduced or eliminated or the timing of the payment thereof altered as a result of a change in federal law. No tax credit or other tax benefits will be available to holders of the Series 2013 Bonds.

Direct Payments received by the County with respect to the Series 2013 Bonds do not constitute Pledged Sales Tax Revenues for purposes of the Indenture or the Bond Ordinance and are not pledged to the payment of the Series 2013 Bonds. Owners of the Series 2013 Bonds shall have no rights to the Direct Payments received by the County with respect to the Series 2013 Bonds.

Should Direct Payments be reduced due to changes in the tax laws, the County may exercise certain extraordinary optional redemption rights, as described under "Redemption – Extraordinary Optional Redemption." In the event unexpended proceeds of the Series 2013 Bonds remain on deposit in the Series 2013 Project Account of the Project Fund on the third anniversary of the date of issuance of the Series 2013 Bonds, the Series 2013 Bonds will be subject to extraordinary mandatory redemption as described under "Redemption – Extraordinary Mandatory Redemption."

Book-Entry System

The Series 2013 Bonds initially are registered through the Book-Entry Only System operated by DTC. Details of payments of the Series 2013 Bonds and the Book-Entry Only System are described in APPENDIX G. Except as described in APPENDIX G, beneficial owners of the Series 2013 Bonds will not receive or have the right to receive physical delivery of the Series 2013 Bonds, and will not be or be considered to be the registered owners thereof. Accordingly, beneficial owners must rely upon (i) the procedures of DTC and, if such beneficial owner is not a DTC "Direct Participant" or "Indirect Participant" (as defined herein), the Direct or Indirect Participant who will act on behalf of such beneficial owner to receive notices and payments of principal of, premium, if any, and interest on the Series 2013 Bonds, and to exercise voting rights and (ii) the records of DTC and, if such beneficial owner is not a Participant, such beneficial owner's Direct or Indirect Participant, to evidence its beneficial ownership of the Series 2013 Bonds. So long as DTC or its nominee is the registered owner of the Series 2013 Bonds, references herein to Bondholders or registered owners of such Series 2013 Bonds means DTC or its nominee and do not mean the beneficial owners of such Series 2013 Bonds.

Redemption

The Series 2013 Bonds are subject to optional, extraordinary optional and extraordinary mandatory redemption prior to maturity, as described below.

Optional Redemption. The Series 2013 Bonds maturing on or after November 15, 2024 are subject to redemption at the election or direction of the County prior to maturity in whole or in part in any order of maturity designated by the County, in integral multiples of $5,000, on any date on or after November 15, 2023, at a Redemption Price equal to 100% of the aggregate principal amount of the Series 2013 Bonds to be redeemed plus accrued and unpaid interest on the Series 2013 Bonds being redeemed to the date fixed for redemption.

Extraordinary Optional Redemption. The Series 2013 Bonds are subject to extraordinary optional redemption prior to maturity, in whole or in part, at the option of the County, at the Extraordinary Redemption Price, upon the occurrence of an Extraordinary Event. The Extraordinary Redemption Price is equal to the greater of (A) the issue price of the Series 2013 Bonds (but not less than 100%) to be redeemed or (B) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2013 Bonds to be redeemed not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2013 Bonds are to be redeemed, discounted to the date on which the Series 2013 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 100 basis points, plus accrued interest on the Series 2013 Bonds to be redeemed to the redemption date. The County may conclusively rely on the Treasury Rate so determined and will not be liable for such reliance.

An "Extraordinary Event" shall have occurred if the Chief Financial Officer of the County determines that a material adverse change has occurred to Section 54D or Section 6431 of the Code with respect to the Series 2013 Bonds or there is any guidance published by the Internal Revenue Service or the Treasury with respect to such sections or any other determination by the Internal Revenue Service of the Department of the Treasury, which determination is not the result of an act or omission by the County to satisfy the requirements to receive the Direct Payments, pursuant to which the Direct Payments are reduced or eliminated beyond the reduction resulting from the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012.

"Treasury Rate" means, with respect to any redemption date for a particular Series 2013 Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker. For the purposes of determining the Treasury Rate, the following definitions shall apply:

> "Comparable Treasury Issue" means, with respect to any redemption date for a particular Series 2013 Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has or have an actual or interpolated maturity comparable to the remaining life of the applicable Series 2013 Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the applicable Series 2013 Bonds to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular Series 2013 Bond, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Designated Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Designated Investment Banker" means one of the Reference Treasury Dealers appointed by the County.

"Reference Treasury Dealer" means three firms, specified by the County from time to time, that are primary U.S. Government securities dealers in the City of New York, New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the County shall substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Series 2013 Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 2:30 p.m., Chicago time, on the third business day preceding such redemption date.

Extraordinary Mandatory Redemption. The Series 2013 Bonds are subject to extraordinary mandatory redemption in whole or in part, at a redemption price equal to the principal amount of the redeemed Series 2013 Bonds plus accrued interest to a redemption date designated by the Chief Financial Officer that is not later than 90 days after the end of the Available Project Proceeds Expenditure Period, in a principal amount equal to the unexpended Available Project Proceeds of the Series 2013 Bonds on deposit in the Series 2013 Project Account of the Project Fund as of the end of the Available Project Proceeds Expenditure Period.

"Available Project Proceeds" means (i) the excess of the proceeds from the sale of the Series 2013 Bonds over the issuance costs financed by the Series 2013 Bonds and (ii) the proceeds from any investment of the excess described in clause (i).

"Available Project Proceeds Expenditure Period" means the period ending (a) on the third anniversary of the date the Series 2013 Bonds are issued, or (b) in the event the United States Internal Revenue Service grants an extension of the three-year expenditure period, the last day of the extended expenditure period.

Notice of Redemption. When the Trustee shall receive notice from the County of its election or direction to redeem Series 2013 Bonds pursuant to the Indenture, and when redemption of Series 2013 Bonds is authorized or required pursuant to the Indenture, the Trustee shall give notice, in the name of the County, of the redemption of such Series 2013 Bonds, which notice shall specify the Series and maturities (and, if applicable, the interest rate borne by each such maturity) of the Series 2013 Bonds to be redeemed, the date fixed for redemption and the place or places where amounts due upon such date fixed for redemption will be payable and, if fewer than all of the Series 2013 Bonds of a Series and of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2013 Bonds to be redeemed, and, in the case of Series 2013 Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable the Redemption Price of each Series 2013 Bond to be redeemed, or the Redemption Price of the specified portions of the principal thereof in the case of Series 2013 Bonds to be redeemed in part only, together with interest accrued to the date fixed for redemption, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail copies of its notice by first-class mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owners of the Series 2013 Bonds to be redeemed at their addresses as shown in the registration books of the County maintained by the Registrar. If the Trustee mails notices of redemption as herein provided, notice shall be conclusively presumed to have been given to all Owners of the Series 2013 Bonds to be redeemed.

With respect to an optional redemption of any Series 2013 Bonds, unless moneys sufficient to pay the Redemption Price of the Series 2013 Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice shall state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no use and effect, the County shall not redeem such Series 2013 Bonds and the Trustee shall give notice in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Series 2013 Bonds will not be redeemed.

If the notice of redemption to be given in connection with an optional redemption of any Series 2013 Bonds is not made expressly conditional as provided in the preceding paragraph, the Trustee will not give any unconditional notice of redemption unless sufficient funds to pay the full Redemption Price of the Bonds to be redeemed are on deposit with the Trustee at the time such notice is given.

Payment of Redeemed Series 2013 Bonds. Notice having been given in the manner described above, the Series 2013 Bonds or portions thereof so called for redemption shall become due and payable on the date fixed for redemption at the Redemption Price, plus interest accrued and unpaid to such date, and, upon presentation and surrender thereof to any place specified in such notice, such Series 2013 Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to such date. If there shall be called for redemption less than all of a Series 2013 Bond, the County shall execute and the Trustee shall authenticate and the appropriate Fiduciary shall deliver, upon the surrender of such Series 2013 Bond and, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Series 2013 Bond so surrendered, fully registered Series 2013 Bonds of like maturity (and, if applicable, like interest rate) in any Authorized Denominations. If, on the date fixed for redemption, moneys for the redemption of all the Series 2013 Bonds or portions thereof of any like maturity (and, if applicable, like interest rate) to be redeemed, together with interest to such date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the date fixed for redemption, interest on the Series 2013 Bonds or portions thereof of such maturity (and, if applicable, like interest rate) so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the date fixed for redemption, interest on such Series 2013 Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been redeemed for redemption.

SECURITY FOR THE SERIES 2013 BONDS

Pledge of Sales Tax Revenues

There are pledged for the payment of the principal and redemption price of and interest on the Series 2013 Bonds, and all other Bonds issued under and secured by the Indenture, in accordance with their terms and the provisions of the Indenture, and a lien is granted for such purpose, subject only to the provisions of the Indenture permitting or requiring the application thereof for the purposes and on the terms and conditions set forth in the Indenture, (i) the Pledged Sales Tax Revenues, (ii) amounts on deposit in all Funds, Accounts and Sub-Accounts established pursuant to the Indenture and (iii) any and all other moneys, securities and property furnished from time to time to the Trustee by the County or on behalf of the County or by any other Persons, to be held by the Trustee under the terms of the Indenture; provided that the application of Pledged Sales Tax Revenues to the payment of debt service on any Junior Lien Obligations and to the payments due a Swap Provider under a Qualified Swap Agreement, and to a counterparty under a swap agreement that is not a qualified swap agreement, is expressly limited as and to the extent provided in the Indenture. See "– Flow of Funds" and "– Additional Bonds" below, "PLEDGED SALES TAX REVENUES" and APPENDIX E – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Other Obligations Payable from Pledged Sales Tax Revenues – Junior Lien Obligations" and "– Hedging Transactions." The County is not currently a party to a Qualified Swap Agreement.

The Series 2013 Bonds will not represent or constitute a debt of the County or of the State within the meaning of any constitutional or any statutory limitation or a pledge of the full faith and credit of the County or the State or grant to the Owners thereof any right to have the County levy any taxes other than Home Rule Sales Taxes or the General Assembly of the State levy any taxes or appropriate any funds for the payment of the Principal of, premium, if any, or interest on the Series 2013 Bonds. The Owners of the Series 2013 Bonds shall, however, have the right to enforce the covenants of the County regarding the Pledged Sales Tax Revenues described below under the sub-caption "– Covenant Regarding Pledged Sales Tax Revenues." The Series 2013 Bonds are payable solely from the Pledged Sales Tax Revenues and sources pledged for their payment in accordance with the Indenture.

Covenant Regarding Pledged Sales Tax Revenues

The County covenants in the Indenture that it will not (i) take any action legally available to it, including, without limitation, reducing the rate at which the Home Rule Sales Taxes are imposed so as to cause its collections of Adjusted Pledged Sales Tax Revenues in any Fiscal Year to be less than 135% (one hundred thirty-five percent) of the sum in such Fiscal Year of (a) the Annual Debt Service Requirement for such Fiscal Year on account of all Outstanding Bonds, (b) the deposits to the Debt Service Reserve Fund for such Fiscal Year required by the provisions of the Indenture, (c) the deposits to the Junior Lien Debt Service Fund for such Fiscal Year required by the provisions of the Indenture and (d) the deposits to the Junior Lien Debt Service Reserve Fund for such Fiscal Year required by the provisions of the Indenture; or (ii) in any way impair the rights and remedies of the Owners of the Outstanding Bonds until all such Outstanding Bonds are fully discharged.

Currently, there is no limit on the legal ability of the County to increase or decrease the rate of its Home Rule Sales Tax that is included as Pledged Sales Tax Revenues. Bondholders do have the benefit of the Covenant Regarding Pledged Sales Tax Revenues identified above. Any rate increase or decrease would require the adoption of an ordinance by the County Board of Commissioners and the approval of the President. A reduction of the rate at which the Home Rule Sales Tax is imposed for a period of 30 days after notice thereof in accordance with the Indenture so as to cause the County's collections of Pledged Sales Tax Revenues in any Fiscal Year to be less than that set forth in the preceding paragraph hereof will result in a default pursuant to the Indenture. See APPENDIX E – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Flow of Funds

All Pledged Sales Tax Revenues received by the County, unless otherwise directed by the Indenture, will be deposited by the County into the Pledged Sales Tax Revenue Fund held by the County in one or more Depositaries as received, but in no event more than three Business Days after receipt thereof by the County. The County currently receives most of its Pledged Sales Tax Revenues on a monthly basis from the State. See "PLEDGED SALES TAX REVENUES – General." The following Accounts and Sub-Accounts within the Pledged Sales Tax Revenue Fund are established by the Indenture and will be held by the Trustee: (i) the Debt Service Fund, consisting of the Interest Sub-Account and the Principal Sub-Account; (ii) the Debt Service Reserve Fund; (iii) the Rebate Fund; (iv) the Junior Lien Debt Service Fund; and (v) the Junior Lien Debt Service Reserve Fund. All moneys deposited under the provisions of the Indenture with the Trustee, the County or any Depositary shall be held in trust and applied only in accordance with the provisions of the Indenture, and each of the Funds, Accounts and Sub-Accounts established by the Indenture shall be held as a trust fund.

On or before the twentieth (20th) day of each month or upon receipt of the Pledged Sales Tax Revenues, the County shall withdraw from the Pledged Sales Tax Revenue Fund and transfer and apply such amounts as follows and in the following order of priority:

> **First – Interest Sub-Account:** to the Trustee for deposit to the credit of the Interest Sub-Account of the Debt Service Fund, an amount equal to 20 percent of the Interest Requirement as would accrue on the Outstanding Bonds through the end of the current calendar month less any amounts then on deposit to the credit of said Sub-Account to the extent such amounts have not been excluded from the determination of the Interest Requirement as provided in the definition of such term set forth in APPENDIX E – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OT THE INDENTURE – Application of Certain Pledged Sales Tax Revenues." Amounts on deposit with the Trustee in the Interest Sub-Account shall be used to pay interest due on or before any Interest Payment Date for any Outstanding Bonds.
>
> **Second – Principal Sub-Account:** to the Trustee for deposit to the credit of the Principal Sub-Account of the Debt Service Fund, an amount equal to (a) 10 percent of the Principal Requirement less (b) any amounts then on deposit to the credit of the Principal Sub-Account to the extent such amounts have not been excluded from the determination of the Principal Requirement as provided in the definition of such term set forth in APPENDIX E – " CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." Amounts on deposit with the Trustee in the Principal Sub-Account shall be used to pay principal due on any Principal Payment Date for any Outstanding Bonds. See APPENDIX E – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Application of Certain Pledged Sales Tax Revenues."
>
> **Third – Rebate Fund:** to the Rebate Fund to satisfy the requirements of any applicable tax regulatory certificate or agreement described in the Indenture.
>
> **Fourth – Each Sub-Account of the Debt Service Reserve Fund:** to the Trustee for deposit to the credit of each Sub-Series Account of the Debt Service Reserve Fund to the extent necessary to cause the amount on deposit therein to equal the applicable Series Debt Service Reserve Requirement, if any; provided that in the event amounts available to be so deposited are insufficient to cause all applicable Series Debt Service Reserve Requirements to be satisfied, such amount shall be deposited pro-rata based on the ratio of (a) the amount of the Series Debt Service Reserve Requirement corresponding to each such Series Sub-Account of the Debt Service Reserve Fund to (b) the total amount of Series Debt Service Reserve Requirements applicable to all Series Sub-Accounts of the Debt Service Reserve Fund that have been established.
>
> **Fifth – Junior Lien Debt Service Fund:** to the Trustee for deposit to the credit of the Junior Lien Debt Service Fund, the amount, if any, as shall be required to be deposited therein in the then-current month to pay principal or to meet sinking fund requirements of and interest on all Junior Lien Obligations outstanding, as required by the terms of the Supplemental Indentures authorizing the issuance of such Junior Lien Obligations. Moneys credited to the Junior Lien

Debt Service Fund shall be applied to the payment of the principal and sinking fund requirements of and interest on each issue of Junior Lien Obligations in accordance with the provisions of, and subject to the priorities and limitations and restrictions provided in, the respective Supplemental Indentures authorizing the issuance thereof.

Sixth – Junior Lien Debt Service Reserve Fund: to the Trustee for deposit to the credit of the Junior Lien Debt Service Reserve Fund, the amount, if any, as shall be required to be deposited therein in the then-current month to provide reserves for such Junior Lien Obligations as shall be secured thereby, as required by the terms of the Supplemental Indentures authorizing the issuance of such Junior Lien Obligations. Moneys credited to the Junior Lien Debt Service Reserve Fund shall be applied to the payment of the principal of and interest on each issue of Junior Lien Obligations in accordance with the provisions of, and subject to the priorities and limitations and restrictions provided in, the respective Supplemental Indentures authorizing the issuance thereof.

Seventh – General County Purposes: for deposit as directed by the County for any lawful corporate purpose of the County free of the lien of the Indenture.

Any and all amounts remaining in the Pledged Sales Tax Revenue Fund following the transfer by the County to the Trustee, as required by the Indenture, may be used by the County for any lawful corporate purpose free of the lien of the Indenture, except to the extent of any and all amounts required to be and not yet transferred by the County to the Trustee, as required by the Indenture.

In connection with any partial redemption or defeasance prior to maturity of any of the Bonds or any Series thereof, the Trustee shall, at the written request of the County, use any amounts on deposit in the Interest Sub-Account, Principal Sub-Account or Debt Service Reserve Fund in excess of the Interest Requirement, Principal Requirement or Debt Service Reserve Requirement, respectively, after giving effect to such redemption or defeasance (i) to pay the principal of and interest on or the principal and interest portion of the redemption price of said Series 2013 Bonds to be redeemed or defeased, or applied in accordance with applicable provisions of the Indenture, or (ii) as otherwise directed by the County, if the Trustee shall have received an Opinion of Counsel to the effect that such transfer would not adversely affect the exemption for purposes of Federal income taxation to which interest on the Series 2013 Bonds is otherwise entitled or the validity of the Series 2013 Bonds.

Debt Service Reserve Fund

The Indenture provides that any Series 2013 Bonds may be secured by a Series Sub-Account in the Debt Service Reserve Fund. However, no Series Sub-Account in the Debt Service Reserve Fund is established with respect to the Series 2013 Bonds, and the Series 2013 Bonds will not be secured by a Series Sub-Account in the Debt Service Reserve Fund. See APPENDIX E – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Application of Certain Pledged Sales Tax Revenues – Debt Service Reserve Fund."

Project Fund

The Project Fund was established and held as a separate, segregated fund by the County in a Depositary. There will be paid into the Project Fund the net proceeds of the Series 2013 Bonds as required to be so paid by the provisions of the Indenture and any Supplemental Indenture governing the issuance and securing any related Series of Bonds, and there may be paid into the Project Fund, at the option of the County, any moneys determined to be so applied by the County.

In connection with the issuance of the Series 2013 Bonds, the County will establish an account in the Project Fund known as the "Series 2013 Costs of Issuance Account." A portion of the proceeds of the Series 2013 Bonds will be deposited into the Series 2013 Costs of Issuance Account and used to pay the costs of issuance of the Series 2013 Bonds.

Investment of Funds

All moneys held by the Trustee in the Debt Service Fund and its Sub-Accounts will be deposited with one or more Depositaries selected by an Authorized Officer in the name of and in trust for the Trustee. All moneys held by the County in the Project Fund and the Pledged Sales Tax Revenue Fund prior to making any required deposit in the Debt Service Fund will be deposited with one or more Depositaries selected by an Authorized Officer, in the name of the County. Moneys deposited in the Debt Service Fund and its Sub-Accounts, and any moneys in the Debt Service Reserve Fund, will be invested and reinvested by the Trustee at the direction of an Authorized Officer in Government Obligations. Moneys in the Project Fund and the Pledged Sales Tax Revenue Fund prior to making any required deposit in the Debt Service Fund may be invested at the direction of an Authorized Officer in Investment Securities. See APPENDIX E – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Depositaries, Security for Deposits and Investments of Funds."

Escrow Agreement for Permitted Sinking Fund

In connection with the issuance of the Series 2013 Bonds, the County shall enter into an escrow agreement (the "Escrow Agreement") and shall make the following deposits of Permitted Sinking Fund Payments of legally available funds of the County from Pledged Sales Tax Revenues available pursuant to the Indenture, as described above under "Flow of Funds - Seventh – General County Purposes," into the Escrow Accounts established pursuant to the Escrow Agreement for the purpose of paying the principal of the Series 2013 Bonds when due and upon redemption:

Amount of Deposit	Date of Deposit
$809,346	11/17/2014
809,346	11/16/2015
809,346	11/15/2016
809,346	11/15/2017
809,346	11/15/2018
809,346	11/15/2019
809,346	11/16/2020
809,346	11/15/2021
809,346	11/15/2022
809,346	11/15/2023
809,346	11/15/2024
809,346	11/17/2025
809,346	11/16/2026
809,346	11/15/2027
809,346	11/15/2028
809,346	11/15/2029
809,346	11/15/2030
809,346	11/17/2031
809,346	11/15/2032
809,346	11/15/2033
809,346	11/15/2034
809,346	11/13/2035

Pursuant to the Second Supplemental Indenture, the County has pledged and granted a lien, to the Owners of the Series 2013 Bonds, of the amounts so deposited pursuant to the Escrow Agreement. The amounts so deposited pursuant to the Second Supplemental Indenture and the Escrow Agreement shall be taken into account when determining the Principal Requirement for the Series 2013 Bonds for that Fiscal Year pursuant to the Indenture. The deposits shall be held in the Escrow Accounts and invested and reinvested pursuant to the Escrow Agreement. The Escrow Agent under the Escrow Agreement shall hold the Escrow Accounts and all interest income or profit derived therefrom and all uninvested cash in an irrevocable segregated and separate trust fund account for the benefit of the holders of the Bonds for a purpose of paying the principal of the Series 2013 Bonds when due and upon redemption. Investments so made shall be scheduled to mature on or prior to the next succeeding payment date on the Series 2013 Bonds on which such proceeds will be needed to pay the principal of the Series 2013 Bonds when due and upon redemption. Upon transfer to the Trustee of the amounts held under the Escrow Agreement by the Escrow Agent pursuant to the Escrow Agreement, the Trustee shall deposit such amounts in the Debt Service Fund pursuant to the Indenture.

Additional Bonds

The Indenture permits the County to incur additional indebtedness, including (i) Additional Bonds and Refunding Bonds on a parity with Outstanding Bonds, the Series 2013 Bonds, and (ii) Junior Lien Obligations. The County will not issue any bonds payable on a parity with the Series 2013 Bonds except in accordance with the provisions of the Indenture. The Indenture authorizes the issuance of Additional Bonds and Refunding Bonds upon receipt by the Trustee of certain documents, securities and moneys required by the Indenture and upon satisfaction of certain conditions as described below.

One or more Series of Additional Bonds may be authorized and delivered upon original issuance for the purpose of paying costs of any Project. The Additional Bonds of any such Series will be authenticated and delivered by the Trustee only upon receipt by it (in addition to other showings required by the Indenture) of a certificate of an Authorized Officer:

(a) setting forth the amount of the Adjusted Pledged Sales Tax Revenues (as defined below) for each of the most recent 18 months next preceding the date of issuance of such Additional Bonds for which the County has received Pledged Sales Tax Revenues;

(b) setting forth for the current Fiscal Year and each Fiscal Year thereafter, the Annual Debt Service Requirements on account of all the Bonds then Outstanding and the Additional Bonds then proposed to be issued;

(c) establishing that the aggregate amount for any consecutive 12-month period in subparagraph (a) above shall not be less than 250 percent of the Maximum Annual Debt Service Requirement on account of all Bonds then Outstanding and the Additional Bonds proposed to be issued; and

(d) stating that all required deposits to all Funds, Accounts and Sub-Accounts under the Indenture are current.

"Adjusted Pledged Sales Tax Revenues" means for any applicable period of time, Pledged Sales Tax Revenues adjusted to reflect any increase or decrease approved pursuant to an ordinance adopted by the Board of Commissioners of the County in the rate at which the Home Rule Sales Tax is to be imposed and collected and either is in effect at time that Additional Bonds are proposed to be issued in accordance with the Indenture or will be in effect subsequent to the time of such issuance but was not in effect during the period specified in the Indenture.

In applying the foregoing test, if any of the Bonds Outstanding immediately prior to or after the issuance of the Additional Bonds to be issued constitute Optional Tender Bonds or Variable Rate Bonds, the provisions set forth in subparagraphs (c)(i) and (c)(ii), below, will be applied in determining the Annual Debt Service Requirements of such Bonds.

Refunding Bonds

In addition, one or more Series of Refunding Bonds on a parity with the Outstanding Bonds may be authenticated and delivered upon original issuance to refund or advance refund any or all Outstanding Bonds of one or more Series, to refund or advance refund any Junior Lien Obligations, to pay costs and expenses incident to the issuance of such Refunding Bonds and to make deposits in any Fund, Account or Sub-Account under the Indenture.

Refunding Bonds of a Series to refund or advance refund Outstanding Bonds will be authenticated and delivered by the Trustee only upon receipt by it (in addition to other showings required by the Indenture) of:

(a) Such instructions to the Trustee as necessary to assure that the Bonds to be refunded or advance refunded will be paid or deemed to be paid as described in APPENDIX E – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Defeasance."

(b) Either (i) moneys in an amount sufficient to effect payment of the principal and Redemption Price, if applicable, and interest due and to become due on the Bonds to be refunded or advance refunded on and prior to the redemption date or maturity date thereof, as the case may be, which moneys will be held by the Trustee or any Paying Agent in a separate account irrevocably in trust for and assigned to the respective Owners of the Bonds to be refunded or advance refunded, or (ii) Government Obligations in such principal amounts, of such maturities, and bearing interest at such rates as will be necessary, together with the moneys, if any, deposited with the Trustee at the same time, to comply with the provisions for the payment of the Bonds described in APPENDIX E – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Defeasance."

(c) A certificate of an Authorized Officer evidencing either that (i) (A) the final maturity of the Refunding Bonds does not exceed the final maturity of the Bonds being refunded and (B) the Annual Debt Service Requirements for any Fiscal Year on account of all Bonds Outstanding, after the issuance of such Refunding Bonds and the redemption or provision for payment of the Bonds to be refunded, will not exceed the Annual Debt Service Requirements for the corresponding Fiscal Years on account of all the Bonds Outstanding, including the Bonds to be refunded, immediately prior to the issuance of such Refunding Bonds or (ii) in the case of a refunding of Outstanding Bonds that does not meet the requirements of the preceding clause (i), satisfaction of the Additional Bonds test set forth above in connection with the issuance of Additional Bonds as applied to the Refunding Bonds proposed to be issued, giving effect to the redemption or provision for payment of the Bonds being refunded.

In applying the tests set forth in subparagraph (c), above, if any of the Bonds Outstanding immediately prior to or after the issuance of the Refunding Bonds to be issued constitute Optional Tender Bonds or Variable Rate Bonds issued subsequent to the Series 2013 Bonds, the following provisions will be applied in determining the Annual Debt Service Requirements of such Bonds:

(i) Optional Tender Bonds. If any of the Outstanding Bonds constitute Optional Tender Bonds, then for purposes of the amounts to be shown as set forth in subparagraph (c) above, the options of the Owners of such bonds to tender the same for payment prior to their stated maturity or maturities will be ignored, and (A) if such Bonds also constitute Variable Rate

Bonds, the County will adjust such amounts to be shown as set forth in subparagraph (c) above, as provided in subparagraph (ii) below, and (B) any obligation the County may have, other than its obligation on such Bonds (which need not be uniform as to all Owners thereof), to reimburse any Credit Bank including any obligations so to reimburse in excess of the Annual Debt Service Requirements on such Bonds (determined without regard to whether such Credit Bank will then be holding or will then have had pledged to it such Bonds) will be subordinated to the obligation of the County on the Bonds.

(ii) Variable Rate Bonds. If any of the Outstanding Bonds constitute Variable Rate Bonds, then for purposes of computing the amounts to be shown as set forth in subparagraph (c) above: (A) the interest rate used in such computation shall be the lower of (i) The 25 Revenue Bond Index published by the Bond Buyer (or if such Index is no longer available, any successor or replacement index) and (b) if and so long as a Qualified Swap Agreement is in effect, the interest rate determined by reference to Section 207 of the Indenture; and (B) the principal amount of such Variable Rate Bonds payable in each applicable Fiscal Year shall be calculated assuming Level Debt Service for each of the next succeeding twenty (20) Fiscal Years and with the interest rate calculated as provided in clause (A) above. The conversion of Bonds constituting Variable Rate Bonds to bear interest at a different variable rate or a fixed rate or rates, in accordance with their terms, shall not constitute a new issuance of Bonds under the Indenture.

Refunding Junior Lien Obligations

Refunding Bonds of a Series issued to refund or advance refund Junior Lien Obligations will be authenticated and delivered by the Trustee only upon receipt by it (in addition to other showings required by the Indenture) of:

(a) a certificate of an Authorized Officer evidencing satisfaction of the Additional Bonds test set forth above in connection with the issuance of Additional Bonds as applied to the Refunding Bonds proposed to be issued;

(b) a certificate of the trustee then duly appointed or acting under the Supplemental Indenture, indenture, resolution or other appropriate instrument securing and authorizing such Junior Lien Obligations or of the County if there will be no such trustee, that (i) provision has been duly made for the redemption or payment at maturity of such Junior Lien Obligations in accordance with the terms thereof; (ii) the pledge of Pledged Sales Tax Revenues securing such Junior Lien Obligations and all other rights granted by such indenture, resolution or instrument will have been discharged and satisfied, and (iii) such trustee or the paying agents for such Junior Lien Obligations hold in trust the moneys or securities, together with investment income thereon, required to effect such redemption or payment; and

(c) a Counsel's Opinion to the effect that all actions required under the indenture, resolution or other appropriate instrument securing and authorizing such Junior Lien Obligations to provide for the redemption or payment of such Junior Lien Obligations have been taken.

Any Refunding Bonds may be issued as Capital Appreciation Bonds, Capital Appreciation and Income Bonds, Current Interest Bonds, Variable Rate Bonds, Optional Tender Bonds (provided the County delivers upon the authentication of such Bonds a Credit Facility which the Trustee or another Fiduciary may draw upon to pay the Purchase Price of any such Bonds), Mandatory Tender Bonds, Serial Bonds or Term Bonds or any combination thereof, all as provided in the Supplemental Indenture providing for the issuance thereof.

For information concerning the provisions of the Indenture applicable to the issuance of Junior Lien Obligations and the execution and delivery by the County of Qualified Swap Agreements secured by the Pledged Sales Tax Revenues, see APPENDIX E – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Other Obligations Payable from Pledged Sales Tax Revenues – Junior Lien Obligations" and "– Hedging Transactions."

Other Covenants

The County covenants in the Indenture not to (i) issue any bonds or other evidences of indebtedness, other than the Bonds, Qualified Swap Agreements and Junior Lien Obligations that are secured by a pledge or lien on the Pledged Sales Tax Revenues or the moneys, securities or funds held under the Indenture or (ii) create or cause to be created any lien or charge on the Pledged Sales Tax Revenues or such moneys, securities or funds, except as provided in the Indenture; provided, however, that nothing contained in the Indenture shall prevent the County from issuing evidences of indebtedness payable from moneys in the Project Fund as part of the cost of any Project, or payable from or secured by the pledge of Pledged Sales Tax Revenues to be derived on and after such date as the pledge of all of the Pledged Sales Tax Revenues provided in the Indenture shall be discharged and satisfied as provided in the Indenture. See APPENDIX E – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Particular Covenants and Representations of the County – Indebtedness and Liens." The County also covenants to keep proper books and records and to cause all reports and audits relating to the Pledged Sales Tax Revenues to be made as required by law. For a more complete description of these and other covenants, see APPENDIX E – "CERTAIN DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Particular Covenants and Representations of the County."

ANNUAL DEBT SERVICE

Annual Debt Service

The debt service on the Bonds, after giving effect to the issuance of the Series 2013 Bonds, payable from Pledged Sales Tax Revenues is set forth below. Additional Bonds payable from Pledged Sales Tax Revenues may be issued in the future as permitted by the Indenture. See "SECURITY FOR THE SERIES 2013 BONDS – Additional Bonds."

The Series 2013 Bonds

Year Ending November 30	Outstanding Sales Tax Revenue Bonds	Principal	Interest	Interest Subsidy[2]	Permitted Sinking Fund Deposits	Permitted Sinking Fund Release	Total Debt Service	Total Debt Service for Sales Tax Revenue Bonds
2013	$ 6,253,173	$ -	$ 415,506	($ 268,829)	$ -	$ -	$ 146,677	$ 6,399,850
2014	6,252,363	-	1,335,555	(864,095)	809,346	-	1,280,807	7,533,169
2015	6,251,563	-	1,335,555	(864,095)	809,346	-	1,280,807	7,532,369
2016	6,253,163	-	1,335,555	(864,095)	809,346	-	1,280,807	7,533,969
2017	6,254,563	-	1,335,555	(864,095)	809,346	-	1,280,807	7,535,369
2018	6,255,363	-	1,335,555	(864,095)	809,346	-	1,280,807	7,536,169
2019	6,253,763	-	1,335,555	(864,095)	809,346	-	1,280,807	7,534,569
2020	6,253,563	-	1,335,555	(864,095)	809,346	-	1,280,807	7,534,369
2021	6,254,525	-	1,335,555	(864,095)	809,346	-	1,280,807	7,535,332
2022	6,253,275	-	1,335,555	(864,095)	809,346	-	1,280,807	7,534,082
2023	6,251,650	-	1,335,555	(864,095)	809,346	-	1,280,807	7,532,457
2024	6,253,650	-	1,335,555	(864,095)	809,346	-	1,280,807	7,534,457
2025	6,253,650	-	1,335,555	(864,095)	809,346	-	1,280,807	7,534,457
2026	6,250,650	-	1,335,555	(864,095)	809,346	-	1,280,807	7,531,457
2027	6,254,400	-	1,335,555	(864,095)	809,346	-	1,280,807	7,535,207
2028	6,254,150	-	1,335,555	(864,095)	809,346	-	1,280,807	7,534,957
2029	6,254,650	-	1,335,555	(864,095)	809,346	-	1,280,807	7,535,457
2030	6,250,400	-	1,335,555	(864,095)	809,346	-	1,280,807	7,531,207
2031	6,251,150	-	1,335,555	(864,095)	809,346	-	1,280,807	7,531,957
2032	6,251,900	-	1,335,555	(864,095)	809,346	-	1,280,807	7,532,707
2033	6,253,500	-	1,335,555	(864,095)	809,346	-	1,280,807	7,534,307
2034	6,253,500	-	1,335,555	(864,095)	809,346	-	1,280,807	7,534,307
2035	6,251,250	24,945,000	1,335,555	(864,095)	809,346	(24,945,000)	1,280,807	7,532,057
2036	6,251,250	-	-	-	-	-	-	6,251,250
2037	6,252,750	-	-	-	-	-	-	6,252,750
Total[1]	$156,323,811	$24,945,000	$29,797,723	($19,278,915)	$17,805,618	($24,945,000)	$28,324,426	$184,648,237

[1] Totals may not add due to rounding.
[2] Interest subsidy assumes 70% of 5.33% tax credit rate less 7.15% sequestration cut for the life of the Series 2013 Bonds.

PLEDGED SALES TAX REVENUES

General

The Pledged Sales Tax Revenues consist of the County's Home Rule Sales Tax Revenues (the "Home Rule Sales Tax Revenues"), and comprise a portion of the total sales taxes imposed in the County. See "SECURITY FOR THE SERIES 2013 BONDS – Pledge of Sales Tax Revenues." Effective January

1, 2013, sales taxes are imposed in the County at a rate consisting of (i) a 6.25 percent State sales tax portion, (ii) a 1.25 percent City of Chicago sales tax portion (within the City of Chicago only), (iii) a 0.75 percent County Home Rule Sales Tax portion and (iv) a 1.00 percent rate portion imposed for the Regional Transportation Authority.

Home Rule Sales Tax Revenues. The Home Rule Sales Tax Revenues consist of the receipts from the Home Rule Retailers' Occupation Tax imposed by the County pursuant to its home rule powers, its Code of Ordinances and the laws of the State as authorized by 55 ILCS 5/5-1006 (the Home Rule County Retailers' Occupation Tax Law) (the "Home Rule Sales Tax"). The Home Rule Sales Tax is imposed Countywide upon all persons in the County engaged in the business of selling tangible personal property at retail and paid in the manner provided in such statute. It is currently imposed on the gross receipts from the retail sale or the cost price of the tangible personal property transferred by the service provider and generally is collected by the seller from the purchaser for remittance to the Illinois Department of Revenue (the "Department") on the County's behalf. The Home Rule Sales Tax is imposed on the same basis, and is subject to the same exemptions, as the State sales taxes.

The Local Tax Collection Act (35 ILCS 720) (the "Collection Act") permits local governments such as the County to enter into an intergovernmental agreement with the Illinois Department of Revenue (the "IDOR") for the collection of the Home Rule Sales Tax. Pursuant to the Collection Act, the IDOR is required to pay to the State Treasurer, as trustee, all funds collected by the IDOR on behalf of such local governments. In connection therewith, the IDOR must prepare and certify to the State Comptroller the disbursement of all funds paid to the IDOR on behalf of such local governments during the second preceding month on or before the 25th day of each month. The State Comptroller must then issue orders for the payment of all funds collected for the preceding month to such local governments within seven days after receiving the aforesaid certification from the IDOR. Each such local government must enact an ordinance authorizing such tax collection and file such ordinance with the IDOR. The County passed and approved an ordinance to this effect in 1992, which ordinance has since been amended from time to time.

Effective January 1, 2013, the Home Rule Sales Tax is 0.75 percent. An ordinance of the Cook County Board of Commissioners is needed when changing the rate of any Home Rule Sales Tax collected by the Department on behalf of the County. Currently there is no limit on the rate at which the County may impose the Home Rule Sales Tax described above. See "– Factors Affecting Pledged Sales Tax Revenues" below and "SECURITY FOR THE SERIES 2013 BONDS – Covenant Regarding Pledged Sales Tax Revenues."

Historical Collections of Pledged Sales Tax Revenues

Annual Collections. The following table shows the historical annual Home Rule Sales Tax Rate and collection of Pledged Sales Tax Revenues on a cash basis and estimated pro forma debt service coverage for the Bonds for the ten years ending November 30, 2012 and estimated for the one year thereafter. The unaudited annual and monthly pledged sales tax revenue and certain unaudited components of Pledged Sales Tax Revenues are figures derived from the County's general ledger. The Home Rule Sales Tax rate was held at 0.75% for the twelve years preceding the County's Fiscal Year 2004.

Annual Pledged Sales Tax Revenues
2004-2013
(Dollars in Millions; Unaudited Cash Basis)

Fiscal Year	Home Rule Sales Tax Rate	Effective Date	Home Rule Sales Tax Revenues	Percent Change Over Prior Year	Pro Forma Debt Service Coverage Ratio[1]
2004	0.75	9/1/1992	286.1	3.6	38.0x
2005	0.75		297.2	3.9	39.4x
2006	0.75		312.7	5.2	41.5x
2007	0.75		320.2	2.4	42.5x
2008	1.75	7/1/2008	386.6	20.7	51.3x
2009	1.75		658.8	70.4	87.4x
2010	1.25	7/1/2010	654.2	-0.7	86.8x
2011	1.25		503.6	-23.0	66.8x
2012	1.00	1/1/2012	458.2	-9.0	60.8x
2013[2]	0.75	1/1/2013	362.5	-20.9	48.1x

Source: Cook County Comptroller's Office

(1) This is the pro forma ratio of total Pledged Sales Tax Revenues to the Maximum Annual Debt Service requirement on the Bonds, including the Series 2013 Bonds, calculated as if the Bonds had been outstanding during the years shown.

(2) Year End Estimates from 2013 Budget. Actual collection of Pledged Sales Tax Revenues may be less than Year End Estimates from 2013 Budget.

Monthly Collections. The following table shows the historical monthly collection of Pledged Sales Tax Revenues on a cash basis for the six years ending November 30, 2012, and the first 8 months of Fiscal Year 2013. The unaudited annual and monthly Pledged Sales Tax Revenue and certain unaudited components of Pledged Sales Tax Revenues are figures derived from the County's general ledger.

Monthly Pledged Sales Tax Revenues[(1)]
Fiscal Years 2007-2013
(Dollars in Thousands; Unaudited Cash Basis)

	Home Rule Sales Tax Revenues						
Month	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013 YTD**
December	$26,998	$27,163	$60,263	$55,625	$42,386	$44,027	$36,356
January	26,166	26,701	56,551	54,087	41,424	41,431	34,927
February	26,493	27,490	56,512	53,759	41,938	42,721	35,488
March	34,683	32,512	70,257	90,149	51,843	53,796	43,211
April	23,122	23,442	47,035	44,432	34,150	28,812	23,539
May	22,208	22,292	43,637	47,863	34,156	34,031	23,005
June	26,250	25,051	53,209	55,064	41,728	35,747	26,563
July	25,218	26,420	50,523	54,037	41,123	33,658	26,108
August	27,389	27,199	55,368	56,047	42,964	35,471	
September	28,304	28,617	57,450	59,873	46,000	37,603	
October	26,416	58,801	53,705	41,376	42,388	34,628	
November	26,968	60,921	54,323	41,927	43,507	36,266	
	$320,215	$386,609	$658,833	$654,239	$503,607	$458,191	$249,197

Source: Cook County Comptroller's Office.
(1) Amounts may differ from that on record with the Cook County Comptroller's Office due to rounding.

Factors Affecting Pledged Sales Tax Revenues

Legislative Action. The Illinois General Assembly has the authority to amend the provisions of State law governing the Home Rule Sales Tax. Changes to the tax base and exemptions could adversely affect the amount of Pledged Sales Tax Revenues received by the County. The Illinois General Assembly also could impose restrictions, including rate limitations, on the County's ability to impose its Home Rule Sales Tax, could prohibit the County from imposing all or a portion of the Home Rule Sales Tax, and could enact other legislation (including pension reform), which may have an adverse impact on Pledged Sales Tax Revenues. Any such restriction or prohibition could reduce the amount of Home Rule Sales Tax Revenues received by the County.

Changes in Economic and Demographic Conditions. Sales tax revenues historically have been sensitive to changes in local, regional and national economic conditions. For example, sales tax revenues have historically declined during economic recessions, when high unemployment adversely affects consumption. Demographic changes in the population of the County may adversely affect the level of Pledged Sales Tax Revenues. A decline in the County's population, or reductions in the level of commercial and industrial activity in the County, could reduce the number and value of taxable transactions and thus reduce the amount of Pledged Sales Tax Revenues. It is not possible to predict whether or to what extent any such changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur, and what impact any such changes would have on Pledged Sales Tax Revenues.

Competition. Increases in sales tax rates in the City of Chicago and Cook County may create incentives for certain purchases to be made in jurisdictions with lower overall sales tax rates. As a result, increasing sales tax rates may not result in a corresponding percentage increase in revenues, and may prompt certain commercial and industrial activities to relocate to jurisdictions with lower sales tax rates.

Internet Sales. It is possible that increasing numbers of sales transactions will take place over the Internet in the future. If these Internet sales are not treated, for sales and use tax purposes, comparably to, or if they displace, the types of transactions where sales and use taxes currently are collected, Pledged Sales Tax Revenues may be adversely affected.

SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2013 Bonds.

SOURCES OF FUNDS	
Par Amount of the Series 2013 Bonds	$24,945,000.00
Total Sources of Funds	$24,945,000.00
USES OF FUNDS	
2013 Project Account	$24,622,900.15
Costs of Issuance[1]	322,099.85
Total Uses of Funds	$24,945,000.00

[1] Includes Underwriters' Discount.

EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND OF COOK COUNTY

The Employees' and Officers' Annuity and Benefit Fund of Cook County (the "Retirement Fund") was established by the State of Illinois, and is administered and financed under the Illinois Pension Code (the "Pension Code") as an independent and separate body politic and corporate, for the benefit of Cook County eligible employees and their beneficiaries. According to the reports prepared by the actuary engaged by the Retirement Fund, as of December 31, 2012, the Retirement Fund has a total membership of 49,477, consisting of 21,447 active employees, 16,174 members receiving benefits, and 11,856 inactive members. The benefits provided by the Retirement Fund are financed through receipts from a County real estate tax levy; receipts from sums disbursed to the County from the State of Illinois personal property replacement tax fund; contributions made by active County employees; and investment income generated by the Retirement Fund's assets.

According to the Retirement Fund's reports, and due to a variety of factors (such as statutorily prescribed contributions being lower than actuarially determined, salary increases being higher than projected, actuarial investment losses and a demographic loss), the unfunded actuarial accrued liability of the Retirement Fund as of December 31, 2012, determined on an actuarial basis, increased from approximately $5.8 billion to approximately $6.8 billion, resulting in a funded ratio of 53.6%. The foregoing results include, in addition to pensions, optional retiree healthcare benefits (in the form of a partial subsidy for the retirees' healthcare insurance premiums) that the Retirement Fund Board has discretion to pay from the Retirement Fund. According to an actuarial projection that the Retirement

Fund submitted to the County, under the current statutory structure and based on certain assumptions and historical trends, the Retirement Fund's assets are expected to be fully depleted by the year 2034 (with the exception of the contributions that the County and active employees will continue to make to the Retirement Fund annually). The projections were prepared by the Retirement Fund's actuaries based on a variety of assumptions that may not necessarily be realized. The County is not making any representation as to the validity and accuracy of these actuarial projections. Additional and more detailed information regarding the Retirement Fund's structure, operation, funding levels and actuarial projections is set forth in APPENDIX D.

LITIGATION

The County, like other large units of state and local government, is involved in litigation on matters relating principally to claims arising from contracts, personal injury, property damage, tax claims and other matters. See APPENDIX A – "THE COUNTY OF COOK." As part of the County's Fiscal Year 2013 Budget, the County Board adopted some new taxes, including the Non-Titled Personal Property Use Tax; the Gambling Machine Tax; and the Firearm Tax. The budgeted amount for each tax is $13,800,000, $1,200,000 and $600,000, respectively. All three taxes are now the subject of litigation in which various parties have alleged that the taxes are impermissible. The outcome of these lawsuits is undetermined. However, there is no litigation pending, or, to the best of the County's knowledge, threatened, seeking to restrain, enjoin or adversely affect the issuance or delivery of the Series 2013 Bonds or in any way contesting the validity or enforceability of the Series 2013 Bonds or the collection, pledge or application of the County's full faith, credit and taxing power for their payment.

The County is a defendant in various pending and threatened individual and class action litigation relating principally to claims arising from contracts, personal injury, property damage, discrimination, civil rights actions and other matters. The County believes that the ultimate resolution of these matters will not have a material adverse effect on the financial position of the County.

RATING

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") has assigned its long-term rating of AAA with a stable outlook to the Series 2013 Bonds.

A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from the rating agency at the following address: Standard and Poor's, 55 Water Street, New York, New York 10041.

The County has furnished to S&P certain information and materials relating to the Series 2013 Bonds and the County, including certain information and materials that have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions by the respective rating agency. There is no assurance that any rating of the Series 2013 Bonds will continue for any given period of time, or that any rating of the Series 2013 Bonds will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2013 Bonds.

TAX MATTERS

The following summary of certain of the principal United States federal income tax consequences of holding Series 2013 Bonds deals only with Series 2013 Bonds held as capital assets and does not address the potential tax consequences to special classes of holders, such as dealers in securities or *currencies, banks, tax-exempt organizations, life insurance companies, persons that hold the Series 2013 Bonds in connection with certain hedging transactions, or persons whose functional currency is not the US dollar.*

Interest on the Series 2013 Bonds is *not* excluded from the gross income of the owners thereof for federal income tax purposes.

The Code contains a number of provisions relating to the taxation of securities such as the Series 2013 Bonds that may affect the taxation of certain owners, depending on their particular tax situations, including original issue discount, market discount, bond premium, and withholding requirements (which topics are briefly discussed further below), as well as determining taxable gain or loss from the sale, exchange, or other disposition of such securities. As regards taxable gain or loss, investors should note that the legal defeasance of any Series 2013 Bonds, if undertaken by the County, may result in a deemed sale or exchange of such bonds under certain circumstances, and owners of Series 2013 Bonds should consult their tax advisors as to the federal tax consequence of such an event.

Federal Income Tax Consequences to United States Holders.

Interest and Original Issue Discount. In the case of a United States Holder (as defined below), interest on the Series 2013 Bonds will be taxable as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes in accordance with generally applicable principles. A United States Holder of a Series 2013 Bond may also be required to recognize as ordinary income certain amounts accrued as original issue discount under the rules described further below under the caption "— Original Issue Discount."

A person that is a beneficial owner of a Series 2013 Bond for federal income tax purposes will be treated as a "United States Holder" of the Series 2013 Bond if that person is (i) a citizen or resident of the United States, (ii) a corporation or partnership which is created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation, regardless of the source of such income, or (iv) a trust if (x) a court within the United States is able to exercise primary supervision over the administration of the trust or (y) the trust was in existence on August 10, 1996 and properly elected to continue to be treated as a United States person. Any beneficial owner of a Series 2013 Bond that is not a United States Holder is referred to herein as a "Non-US Holder."

Sale and Retirement of Series 2013 Bonds. United States Holders of Series 2013 Bonds will recognize taxable gain or loss on the sale, redemption, retirement, or other disposition of such Series 2013 Bonds. The gain or loss is measured by the difference between the amount realized on the disposition of the Series 2013 Bond and the United States Holder's adjusted tax basis in the Series 2013 Bond. Such gain or loss will be a capital gain or loss, except to the extent of accrued market discount not previously included in income, and will be long term capital gain or loss if at the time of disposition such Series 2013 Bond has been held for more than one year.

Federal Income Tax Consequences to Non-US Holders.

Interest and Original Issue Discount. Generally, and unless otherwise provided under an applicable tax treaty, payments of interest (and accruals of original issue discount, discussed further below under the caption "— Original Issue Discount") will be taxed to a Non-US Holder in the same manner as such items are taxed to a United States Holder, if such interest or original issue discount is effectively connected to the Non-US Holder's conduct of a trade or business within the United States. Effectively connected interest and original issue discount received by a corporate Non-US Holder may also, under certain circumstances, be subject to an additional "branch profits" tax at a 30 percent rate (or, if applicable, a lower treaty rate), subject to certain adjustments. Such effectively connected interest and original issue discount will not be subject to withholding tax if the Holder delivers an IRS Form W-8ECI to the payor.

Sale and Retirement of Taxable Bonds. Non-US Holders of Series 2013 Bonds will not be subject to United States federal income tax on any gain realized on the sale, exchange, or redemption of a Series 2013 Bond unless (i) the gain is effectively connected to the Holder's conduct of a trade or business in the United States or (ii) the Holder is an individual present in the United States for 183 days or more in the year of such sale, exchange, or redemption and either (*x*) the Holder has a "tax home" in the United States and certain other requirements are met or (*y*) the gain from the disposition is attributable to the Holder's office or other fixed place of business in the United States.

US Federal Estate Tax. A Series 2013 Bond held by an individual who at the time of death is not a citizen or resident of the United States (as defined for US federal estate tax purposes) will not be subject to United States federal estate tax if at the time of the individual's death payments with respect to such Series 2013 Bond would not have been effectively connected with the conduct by such individual of a trade or business in the United States.

Original Issue Discount

The issue price (the "Issue Price") for each maturity of the Series 2013 Bonds is the price at which a substantial amount of such maturity of the Series 2013 Bonds is first sold to the public. The Issue Price of a maturity of the Series 2013 Bonds may be different from the prices set forth, or the prices corresponding to the yields set forth, on the inside cover page hereof.

If the Issue Price of a maturity of the Series 2013 Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Series 2013 Bonds (the "OID Bonds") and the principal amount payable at maturity is "original issue discount."

For an investor who purchases an OID Bond (and unless a de minimis rule applicable only to taxable obligations applies), the purchaser will be required to include the original issue discount in income as it accrues (under a constant-yield-to-maturity method), prior to the receipt of cash attributable to such income. Purchasers of OID Bonds should consult their own tax advisors for the specific application of these rules to their situation.

Based upon the stated position of the Illinois Department of Revenue under State income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it secretes, 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.

Market Discount

If a Series 2013 Bond is purchased at any time for a price that is less than the Series 2013 Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount reduced by payments of interest included in the computation of original issue discount and previously paid (the "Revised Issue Price"), the purchaser will be treated as having purchased a Series 2013 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 (even in the case of obligations bearing interest that is excluded from gross income for federal income tax purposes) and is recognized when a Series 2013 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, even if the purchase price exceeds par. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Series 2013 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series 2013 Bonds.

Bond Premium

An investor may purchase a Series 2013 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium". In the case of bond premium on a Series 2013 Bond, the purchaser may elect to amortize the bond period over the term of the Series 2013 Bond, in which case the annual amount amortized offsets interest on the Series 2013 Bond, and reduces the purchaser's basis. (An election to amortize bond premium applies to all bonds held by the holder on the first day of the taxable year to which the election applies, and to all bonds thereafter acquired by the holder.) If the election to amortize bond premium is not made, the premium is reflected in the holder's basis (without annual reduction) and is taken into account in determining gain or loss upon a subsequent disposition of the Series 2013 Bond.

The rules governing the amortization of bond premium are complex. Investors who purchase a Series 2013 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Series 2013 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Series 2013 Bond.

Reporting and Withholding Requirements

United States Holders. Payments of interest on, and proceeds of the sale, redemption or maturity of, obligations are in certain cases required to he reported to the Service. In addition, backup withholding may apply to any such payments to any United States Holder of a Series 2013 Bond who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns.

Non-US Holders. Generally, payments of principal and interest on a Series 2013 Bond will not be subject to US federal withholding tax, provided that, in the case of an interest payment, the Non-US Holder is not a bank with respect to which the Series 2013 Bonds would constitute an extension of credit made pursuant to a loan agreement entered into in the ordinary course of the Holder's trade or business *and* either (i) the beneficial owner of the Series 2013 Bond certifies to the applicable payor or its agent, under penalties of perjury on an IRS Form W-8BEN (or a suitable substitute form), that such owner is not a United States person and provides such owner's name and address or (ii) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business (a "financial institution") and holds the Series 2013 Bond, certifies under penalties of perjury that such an IRS Form W-8BEN (or suitable substitute form) has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner and furnishes the payor with a copy thereof.

Information reporting by the Service on Form 1099 and *backup* withholding (as distinguished from the US federal withholding tax described in the preceding paragraph) will not apply to payments of principal or interest on the Series 2013 Bonds to a Non-US Holder if the Holder provides the documentation described in the preceding paragraph or otherwise establishes an exemption (provided that neither the County nor the Trustee has actual knowledge that the Holder is in fact a United States Holder or that the conditions of any other exemption are not in fact satisfied). Interest payments made to a Non-US Holder may, however, be reported to the Service and to such Holder on Form 1042-S.

Information reporting and backup withholding will not generally apply to a payment of the proceeds of a sale of Series 2013 Bonds effected outside the United States by a foreign office of a foreign broker. However, information reporting requirements (but not backup withholding) will apply to a payment of the proceeds of a sale of Series 2013 Bonds effected outside the United States by a foreign office of a broker if the broker (i) is a United States person, (ii) derives 50 percent or more of its gross income for certain periods from the conduct of a trade or business in the United States, (iii) is a "controlled foreign corporation" as to the United States, or (iv) is a foreign partnership that at any time during its taxable year is 50 percent or more (by income or capital interest) owned by United States persons or is engaged in the conduct of a US trade or business, unless in any such case the broker has documentary evidence in its records that the Holder is a Non-US Holder (and has no actual knowledge to the contrary) and certain conditions are met, or the Holder otherwise establishes an exemption. Payment by a United States office of a broker of the proceeds of a sale of Series 2013 Bonds will be subject to both backup withholding and information reporting unless the Holder certifies its Non-US Holder status under penalties of perjury or otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against that holder's United States federal income tax liability, provided the required information is furnished to the Service.

State of Illinois Taxes

Interest on the Series 2013 Bonds is not exempt from present State income taxes. Ownership of the Series 2013 Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2013 Bonds. Prospective purchasers of the Series 2013 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

Prospective purchasers of the Series 2013 Bonds should consult their own tax advisors concerning the particular federal, state, local, and foreign tax consequences of their ownership of Series 2013 Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Series 2013 Bonds is subject to the approving legal opinion of Bond Counsel. The form of such legal opinion is attached hereto as APPENDIX F. 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 Series 2013 Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Ice Miller LLP has, at the request of the County, reviewed only those portions of this Official Statement involving the description of the Series 2013 Bonds, the security for the Series 2013 Bonds (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith), and the description of the federal tax status of interest on the Series 2013 Bonds. This review was undertaken solely at the request and for the benefit of the County and did not include any obligation to establish or confirm factual matters set forth herein. Certain legal matters will be passed upon for the Underwriter by Charity & Associates, P.C., Chicago, Illinois, Underwriters' Counsel. Ungaretti & Harris LLP, Chicago, Illinois, will serve as Special Disclosure Counsel to the County with respect to pension disclosure matters.

FINANCIAL STATEMENTS

The financial statements of the County for the Fiscal Year ended November 30, 2012 are included as APPENDIX B to this Official Statement. These financial statements have been audited by McGladrey LLP, independent auditors, whose report contained an unqualified opinion thereon. That report contains a paragraph which states "The County implemented the following GASB Statements in the 2012 fiscal year: GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." This statement had no effect on the 2012 financial statements. GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position." This statement was adopted one year earlier and resulted in new terminology throughout this report. GASB Statement No. 64, "Derivative Investments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53." This statement had no effect on the 2012 financial statements." McGladrey LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. McGladrey LLP also has not performed any procedures relating to this Official Statement.

FINANCIAL ADVISOR

The County has engaged A.C. Advisory, Inc., Chicago, Illinois, as Financial Advisor in connection with the authorization, issuance and sale of the Series 2013 Bonds.

UNDERWRITING

The Underwriters set forth on the cover page of this Official Statement have agreed to purchase the Series 2013 Bonds at the price of $24,800,095.15 (representing the principal amount of $24,945,000.00 less an Underwriters' discount of $144,904.85). The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2013 Bonds to the public. The obligations of the Underwriters to accept delivery of the Series 2013 Bonds are subject to various conditions of the Bond Purchase Agreement with respect to the Series 2013 Bonds, but the Underwriters are obligated to purchase all of the Series 2013 Bonds if they purchase any of the Series 2013 Bonds.

One or more of the Underwriters of the Series 2013 Bonds may have entered into agreements (the "Distribution Agreements") with certain financial institutions for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Distribution Agreements (if applicable for this transaction), the Underwriters may share a portion of their underwriting compensation with respect to the Series 2013 Bonds with such financial institutions.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Raymond James & Associates, Inc. may also receive compensation for serving as bidding agent in conducting a competitive bid procurement process for the investment of some or all of the Series 2013 Bond proceeds. Certain of the Underwriters, and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the County for which they received or will receive customary fees and expenses.

SECONDARY MARKET DISCLOSURE

The County will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Series 2013 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB") through its

Electronic Municipal Market Access ("EMMA") system for municipal securities disclosure or through another electronic format or system prescribed by the MSRB for purposes of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "1934 Act"). The information to be provided on an annual basis, the events that 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.

The following is a brief summary of certain provisions of the Undertaking 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.

Annual Financial Information Disclosure

The County covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (as described below) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the SEC at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. The County is required to file such information by the dates specified in the Undertaking. To the extent that Annual Financial Information is included in the County's Audited Financial Statements, it need not be separately delivered. The County has complied with all previous continuing disclosure undertakings executed by it pursuant to the Rule.

"***Annual Financial Information***" means financial information and statistical data generally consistent with that contained under the caption "PLEDGED SALES TAX REVENUES – Historical Collections of Pledged Sales Tax Revenues" (tabular collection and historical Home Rule Sales Tax rate data only, but including changes thereto) and Tables 1-8 in APPENDIX D – "COUNTY EMPLOYEES' AND OFFICERS' ANNUITY BENEFIT FUND OF COOK COUNTY" (collectively referred to as the "Third-Party Sourced Pension Tables"). The information contained in the Third-Party Sourced Pension Tables is sourced from documents published by the County Employees' and Officers' Annuity Benefit Fund, and the County takes no responsibility for the accuracy and completeness of such information. If the information contained in the Third-Party Sourced Pension Tables is no longer publicly available or is not publicly available in the form, manner or time that the Annual Financial Information is required to be disseminated to EMMA by the County, the County shall, as part of its Annual Financial Information for the year in which such a lack of availability arises, include a statement to that effect and to the effect that it will promptly file such information as it becomes available.

"***Audited Financial Statements***" means the audited basic financial statements of the County prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time.

The Annual Financial Information is required to be disseminated to EMMA within 300 days after the last day of the County's Fiscal Year, which is currently November 30. The Audited Financial Statements are expected to be filed at the same time as the Annual Financial Information, provided that if the Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and the Audited Financial Statements will be filed with EMMA within 30 days after they become available.

Events Notification; Event Disclosure

The County covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the reportable event) to EMMA, in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the SEC at the time of delivery of such information, the disclosure of the occurrence of an Event (as described below). The "**Events**" are:

(a) principal and interest payment delinquencies;
(b) non-payment related defaults, if material;
(c) unscheduled draws on debt service reserves reflecting financial difficulties;
(d) unscheduled draws on credit enhancements reflecting financial difficulties;
(e) substitution of credit or liquidity providers, or their failure to perform;
(f) 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;
(g) modifications to rights of holders of the Series 2013 Bonds, if material;
(h) bond calls, if material, and tender offers (other than scheduled mandatory sinking fund redemptions);
(i) defeasances;
(j) release, substitution or sale of property securing repayment of the Series 2013 Bonds, if material;
(k) rating changes;
(l) bankruptcy, insolvency, receivership or similar event of the County;
(m) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, 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; and
(n) 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 EMMA of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the County to comply with any provision of the Undertaking, the beneficial owner of each Series 2013 Bond may seek mandamus or 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 Series 2013 Bonds or the Indenture, 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; Waiver

Notwithstanding any other provision of the Undertaking, the County may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) the amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the County or type of business conducted;

(b) the Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver does not materially impair the interests of the beneficial owners of the Series 2013 Bonds, as determined by a party unaffiliated with the County (such as Bond Counsel) at the time of the amendment or waiver.

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 Series 2013 Bonds under the Indenture. If this provision is applicable, the County shall give notice in a timely manner to EMMA.

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 Annual Financial Information or Audited Financial Statements or notice of occurrence of a reportable 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 reportable 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 reportable Event.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2013 Bonds, the security for the payment or purchase of the Series 2013 Bonds and the rights and obligations of the registered owners thereof.

Any statements made in this Official Statement 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 the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered owners of the Series 2013 Bonds.

CERTIFICATION AS TO OFFICIAL STATEMENT

At the time of delivery of the Series 2013 Bonds, the County will furnish a certificate executed by the Chief Financial Officer stating that to the best of his knowledge, after reasonable investigation, this Official Statement did not (as of its date) and does not (at the date of delivery of the Series 2013 Bonds) contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements in it, in the light of the circumstances under which they were made, not misleading.

This Official Statement has been duly executed and delivered by the following officer on behalf of the County.

THE COUNTY OF COOK, ILLINOIS

By: /s/ Ivan Samstein
Chief Financial Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A
The County of Cook

APPENDIX A

THE COUNTY OF COOK

General Description

The County of Cook (the *"County"*) was created on January 15, 1831 by an act of the Illinois State Legislature and became the 54th county established in Illinois. On May 7, 1831, the County elected its first officials. The population of the County is currently estimated at 5,231,351, making it the second largest county in the United States.

Within the County, there are 132 municipalities, including the City of Chicago (the *"City"*), 30 townships, 225 special districts, and 164 school districts. The City and the suburban municipalities account for approximately 85% of the County's 946 square miles, while unincorporated areas make up the remaining 15%. The unincorporated areas of the County are under the jurisdiction of the County Board. The City has a population of 2,883,321, which is 56.0% of the County's estimated 2010 population. Approximately 47.5% of the Equalized Assessed Valuation of taxable property in the County is located in the City. Nine other municipalities located in the County have populations in excess of 55,000, based on the 2010 Census: Arlington Heights, Cicero, Des Plaines, Evanston, Mount Prospect, Palatine, Schaumburg, Skokie and Oak Lawn. These are generally located in the north and northwestern areas of the County, with the exception of Oak Lawn, which is located in the southern region of the County.

Under the Illinois Constitution, the County is a home rule unit of government and, except as limited by State law, may exercise any power and perform any function relating to its government and affairs, including the power to borrow money and levy taxes. There are no current statutory limitations on the power of the County to levy real property taxes or to issue general obligation bonds or notes. However, the Illinois Constitution contains a provision that limits the maturity of County debt payable from ad valorem property taxation to 40 years.

The County's powers are exercised through a 17-member Board of Commissioners. The County Board is the legislative authority which is led by its President. The Commissioners are elected from single member districts to four-year terms, while the President is elected by the voters of the entire County to a four-year term.

The County's per capita personal income in 2011 was $46,937, exceeding the State's $43,721. The unemployment rate for the County at the end of 2012 was 8.9%. This compares with 8.6% for the State and 8.1% for the current national average for the same period.

Principal Functions of County Government

The County presently performs three principal functions: the protection of persons and property; the provision of public health services; and general governmental services including, among others, the assessment of property, levy, collection and distribution of taxes and maintenance of certain highways.

Protection of Persons and Property (Public Safety Fund). Protection of persons and property consists mainly of the operation of the Circuit Court of Cook County, prosecution of persons charged with criminal offenses, operation of the County Jail and operation of a Sheriff's police department. The Circuit Court of Cook County is the second largest unified court system in the United States, and the County Jail is the largest single site jail facility in the country.

Cook County Health and Hospitals Systems ("CCHHS") (formerly Cook County Bureau of Health Services) (Health Fund) – General. The CCHHS operates a health care delivery system composed of the following elements: John H. Stroger, Jr. Hospital of Cook County, Provident Hospital of Cook County, Oak Forest Health Center of Cook County, the Ambulatory and Community Health Network of Cook County, Cermak Health Services of Cook County, the Ruth M. Rothstein CORE Center and the Cook County Department of Public Health.

The CCHHS is the third largest hospital system in the United States operated by a unit of local government and is the largest provider of medical care to the uninsured and underinsured within the State of Illinois.

John H. Stroger, Jr. Hospital of Cook County (*"Stroger Hospital"*), which opened in December 2002 and replaced the old Cook County Hospital, is located on the West side of Chicago and is currently operating 464 beds. The hospital is the tertiary hub of the CCHHS, providing a full array of highly specialized services, including the City of Chicago's largest Level 1 Trauma center, Neonatology intensive care unit, and HIV/AIDS service. Stroger Hospital receives referrals from throughout the CCHHS as well as from other institutions around the County. Its emergency services are the largest in the Midwest, with approximately 141,000 visits in Fiscal Year 2012.

Provident Hospital of Cook County is a community teaching hospital located on the South side of Chicago. Currently staffed for 25 beds, Provident Hospital of Cook County had approximately 1,700 admissions in Fiscal Year 2012. Provident Hospital of Cook County's emergency department had more than 36,000 visits in Fiscal Year 2012.

Recently, the Illinois Health Facilities and Review Board approved the County's plan to convert Oak Forest Hospital of Cook County into an out-patient center to be known as Oak Forest Health Center of Cook County. The change means that this suburban County facility will no longer admit patients for long-term care. Instead, the hospital is becoming a regional health center offering out-patient services. The facility may include a 24-hour immediate care center and offer access to primary care doctors, screenings and diagnostic testing. County officials believe turning the under-used hospital into an out-patient center will save the County money and provide better patient services.

The Ambulatory and Community Health Network of Cook County operates 17 clinics throughout Chicago and suburban areas of the County. Located in hospital, community and school settings, the network experienced 604,000 visits in Fiscal Year 2012 from largely uninsured patients.

Cermak Health Services of Cook County is the largest single jail health facility in the country, providing a full spectrum of public health, mental health and acute care services for more than 135,000 clinic visits annually.

The Ruth M. Rothstein CORE Center is an outpatient facility dedicated to the care of patients with HIV/AIDS and related infectious diseases. This facility is a collaboration with Rush University Medical Center.

The Cook County Department of Public Health is responsible for the public and environmental health protection of suburban areas of the County. In addition to its regulatory and protective functions, the Department provides approximately 118,000 clinical visits (well-baby, communicable disease screenings, etc.) each year. The Department is supported by federal and state grants in addition to County funding.

The CCHHS has also developed partnerships with community hospitals to assure Stroger Hospital's role for tertiary referrals. These relationships include: St. Anthony Hospital, St. Elizabeth's and Roseland Hospitals (partners in specialty pediatric and maternal services). In addition, partnerships exist with community clinics, the Veterans Administration (services for pregnant veterans), and the Chicago Department of Public Health.

CCHHS (Health Fund) – Medicaid Developments. Since 1991, the State and County have cooperated under several Intergovernmental Transfer Agreements (the *"IGT Agreements"*) that specify the County's Medicaid reimbursement from the State and the County's fund transfers to the State to finance a portion of the State Medicaid program. In 2000 and 2001, federal legislation was enacted and regulations were promulgated by the federal Center for Medicare and Medicaid Services (*"CMS"*) that had the prospective effect of restricting the State's ability to make payments to the County consistent with then-existing IGT Agreements. The federal legislation also substantially increased the State's authority to make disproportionate share hospital (*"DSH"*) payments to the County. The IGT Agreements were amended in 2005 to conform to the federal regulations and legislation. The IGT Agreements were further amended to implement, retroactive to July 1, 2008, the term of the Illinois Medicaid State Plan Amendment, approved by CMS on December 4, 2008, as that amendment pertains to payments to the health care facilities of the CCHHS, as approved by the County Board on April 15, 2009.

Approximately 56% of CCHHS patients were uninsured or underinsured during 2012. The Illinois Department of Healthcare and Family Services and CCHHS were approved for a Section 1115 Medicaid waiver with the federal Centers on Medicaid and Medicare Services. Under the terms and conditions of the waiver, which is effective from October 26, 2012 through December 31, 2013, County residents with income up to 133% of the Federal Poverty Level (*"FPL"*) are eligible for Medicaid without being subject to an asset test. The demonstration population during the waiver period may receive health care benefits through CCHHS and community partners that CCHHS includes in the provider network for the demonstration.

Administration of the County

The President of the County Board, the County Board and the County Treasurer share responsibility for the administration of the financial affairs of the County. The President of the County Board appoints, with the approval of the County Board, a Chief Financial Officer and the County Comptroller.

President of the County Board. President Toni Preckwinkle was elected Cook County Board President on November 2, 2010, after having served continuously for 19 years as Chicago City Council Alderman of the 4th Ward. Before her tenure in public office, she taught high school history for ten years, and completed her Master's degree from The University of Chicago. During her service as 4th Ward Alderman, President Preckwinkle sought transparency and accountability in leadership, and through building a professional and responsive ward organization, she successfully advanced funding for education and affordable housing in her ward. She sponsored the Living Wage and Affordable Housing Ordinances, and ordinances to limit the number of payday loan stores. President Preckwinkle's independent and progressive leadership earned her the IVI-IPO Best Alderman Award six times from 1993-2008, and the 1997 and 2009 Leon Despres Awards. Through collaboration, President Preckwinkle is working with the County Board, elected officials and County employees to implement major reforms to reshape County government into a world-class institution founded on a common commitment to fiscal responsibility, innovative leadership, transparency, accountability and improved services.

The President is required to submit to the Committee on Finance of the County Board an Executive Budget that provides the basis upon which the Annual Appropriation Bill is prepared and enacted.

County Board. The County Board is the legislative body for County government. The County Board consists of 17 Commissioners elected for four-year terms. The Commissioners are elected from single-member districts. The present Commissioners, all of whose terms expire in December 2014, are as follows:

Jerry Butler
Earlean Collins
John P. Daley
John A. Fritchey
Bridget Gainer
Jesus G. Garcia
Elizabeth Ann Doody Gorman
Gregg Goslin
Stanley Moore
Joan P. Murphy
Edwin Reyes
Timothy O. Schneider
Peter N. Silvestri
Deborah Sims
Robert L. Steele
Larry Suffredin
Jeffrey R. Tobolski

Chairman, Committee on Finance. John P. Daley is the Chairman of the Committee on Finance of the County Board. The Committee on Finance of the County Board consists of all the members of the County Board.

County Treasurer. The County Treasurer is Maria Pappas. The County Treasurer was re-elected November 2, 2010 for a four-year term. The County Treasurer is responsible for the receipt and custody of County funds, and, as ex-officio County Collector, is responsible for the collection and distribution of real property taxes.

Chief Financial Officer. Ivan Samstein was confirmed by the Cook County Board of Commissioners as the County's Chief Financial Officer in March 2013. Immediately prior to this role, Mr. Samstein served as Deputy Chief Financial Officer for the County where he was involved in a wide range of management initiatives across the Bureau of Finance. Prior to joining the county, Mr. Samstein was an investment banker with Bank of America Merrill Lynch in both New York and Chicago, transitioning with the organization through several mergers. During his investment banking career Mr. Samstein served as the lead banker on a wide range of municipal securities transactions in both the rated and un-rated market segments. Mr. Samstein previously worked as a public finance credit analyst at Moody's Investors Service where he was a member of the organization's national rating committee. Mr. Samstein is also a commissioned officer in the Army Reserve and served as an intelligence officer for an Illinois Army National Guard infantry battalion in eastern Afghanistan during 2008 and 2009, service for which he was awarded a number of military commendations. Mr. Samstein holds an M.B.A. from the University of Illinois at Urbana-Champaign, and a B.A., Magna Cum Laude from Hunter College of the City University of New York.

Interim County Comptroller. John Schick was appointed Interim County Comptroller by the President of the County Board and approved by the County Board effective April 2, 2013. Mr. Schick received his B.A. in Accounting from Loras College in Dubuque, IA where he graduated magna cum laude and is a Certified Public Accountant. Mr. Schick has over 22 years of auditing, accounting and finance experience with Cook County. Prior to joining the County Comptroller's Office during 2012, he worked as the Cook County Treasurer's CFO where he oversaw approximately $13 billion in assets and liabilities.

Other Offices. There are eleven additional governmental offices of the County. Nine of the offices have their own independently elected officers. Three have officers appointed by other officials. The independently elected officials are the Assessor, the three commissioners of the Board of Review, the Clerk of the Circuit Court, the County Clerk, the Recorder of Deeds, the Sheriff, the State's Attorney and the Treasurer. The appointed officials are the Chairman of the Board of Election Commissioners, who is elected by and from the three commissioners who are appointed by the Circuit Court; and the Public Administrator, who is appointed by the Governor of Illinois.

Employees. The County budgeted for the following number of positions for all of its departments in each of the five most recent Fiscal Years:

YEAR	NUMBER
2013	22,579
2012	22,995
2011	23,260
2010	24,834
2009	24,454

Source: Cook County Annual Appropriation Bills

Approximately 18,000 employees of the County are covered by collective bargaining agreements, the majority of which expire on November 30, 2012. Negotiations for successor collective bargaining agreements have not yet commenced and no wage adjustments or health care benefits and concessions have been finalized or agreed upon. It is not known at this time when those negotiations will result in ratified successor agreements or what the terms of the successor agreements will be. The County believes that its relationships with its employees, including its unionized employees, are satisfactory.

County's Continuing Capital Improvement Program

Due to the scope and nature of its activities and the need to maintain its current facilities, the County has and will continue to have various ongoing capital improvement projects, including capital equipment. For Fiscal Years 2013 through 2016, the County has a capital improvement plan in the approximate amount of $700 million for County-wide physical plant, CCHHS and public safety improvements, certain of which have been financed with proceeds of earlier borrowings. Additionally, the County has a current capital equipment plan in place for Fiscal Year 2013 in the approximate amount of $100.6 million for technology and telecommunication equipment, medical equipment, vehicles and automotive equipment, office furnishings and equipment, institutional equipment, fixed equipment and equipment for ongoing capital improvement projects.

The current Capital Improvement Program emphasizes the new initiative to reduce energy cost with the partnership with the Department of Environmental Control (DEC). The partnership developed the Guaranteed Energy Performance Contracting program at Stroger Hospital campus and the Department of Correction facilities which will reduce energy cost to the County.

To coordinate planning and to manage the development of County construction projects, the President of the County Board has appointed a Director of Capital Planning and Policy. The Director reviews all current and planned capital projects.

The Forest Preserve District of Cook County

While the Forest Preserve District is a separate governmental entity from the County, it is coterminous with the County and is governed by a board composed of the members of the County Board. The President of the County Board serves as President of the Forest Preserve District. The Forest Preserve District establishes, maintains and operates forest preserves in the County. Within the forest preserves are numerous recreation facilities including 80 miles of bicycle trails, 10 golf courses and 4 driving ranges. The Brookfield Zoo and the Chicago Botanic Garden, operated by private, not-for-profit organizations, are located on property owned by the Forest Preserve District. The Forest Preserve District includes amounts in its property tax levy to pay a portion of costs of the operations of these two institutions.

Obligations of the Forest Preserve District are not obligations of the County. The cash of the Forest Preserve District is not commingled with the cash of the County. The Retirement Fund Board (hereinafter defined) for the County serves also as the retirement board for the Forest Preserve District.

The financial operations of the Forest Preserve District are included in the County's Comprehensive Annual Financial Report as a component unit. See "APPENDIX B – Audited Basic Financial Statements For The Fiscal Year Ended November 30, 2012."

Economic Condition and Outlook

As the largest of 102 counties in the State of Illinois (the *"State"*), the County is the economic and cultural hub of the State, and is one of the major metropolitan areas in the nation after Los Angeles and New York. The County is the most populous county in Illinois and represents 45% of the State's economic activity.

The County is a diverse industrial center and a leading economic center of the Midwest. Income figures for the County exceed State and national rates; the County's 2011 per capita personal income of $46,937 exceeded the State's $43,721.

The County's industrial profile resembles that of the U.S., with a slightly larger services sector and somewhat smaller governmental presence. The County has a strong transportation network, with current expansion of Chicago O'Hare International Airport and the Illinois Tollway. Leading service sector industries in the County include health care and related services. Some of the leading private local employers with regional or national headquarters located in the County are Advocate Health Care, J.P. Morgan Chase & Co., University of Chicago, Walgreens Co., AT&T Inc., United Continental Holdings Inc., Abbott Laboratories, Wal-Mart Stores Inc., Presence Health, University of Illinois at Chicago, and American Airlines.

The Fiscal Year of the County begins on December 1. The County Board adopted the Annual Appropriation Bill for fiscal year 2013 on November 9, 2012.

The development of the annual budget begins with a Preliminary Budget released by the County Office of Management and Budget by June 30 of each year. The Preliminary Budget identifies both the status of the County Budget during the current Fiscal Year, as well as projections for the following Fiscal Year, absent corrective actions or measures that may be undertaken by the County during the forthcoming budget making process. The County released its Fiscal Year 2014 Preliminary Budget forecast on June 27, 2013. The Fiscal Year 2014 Preliminary Budget forecasts a $152.1 million gap in Fiscal Year 2014, assuming that no corrective action is undertaken by the County during the forthcoming budget development process. The 2014 Preliminary Budget also entails some forecasts that vary negatively from some of the figures set forth in the Final 2013 budget. The 2014 Preliminary Budget contains a negative variance of 1.33% associated with projected 2014 Pledged Sales Tax Revenues, versus the forecast for 2014 Pledged Sales Tax Revenues projected in the five-year fiscal forecast contained in the Final 2013 budget. This negative variance relates to forecast growth rates in underlying sales transaction volumes based on current economic conditions and actual receipts will continue to vary from forecasts in 2013, 2014 and future years.

Following release of the Preliminary Budget, each department submits a detailed request for appropriation. Meetings are then held by the Office of Management and Budget with each department to review the requests. Based on department requests and available resources, an Executive Budget is prepared for the President of the County Board by the Chief Financial Officer, in conjunction with the Budget Director and the County Comptroller.

The Executive Budget Recommendation, as proposed by the President of the County Board, is submitted to the Committee on Finance, which in turn holds hearings involving each department. The Committee on Finance prepares the Annual Appropriation Bill in tentative form, which is made available for public inspection for at least ten days prior to final action. Public hearings on the tentative Annual Appropriation Bill are then held. Amendments to the tentative Annual Appropriation Bill may then be approved by the Committee on Finance. Subsequently, the Final Budget in the form of the Annual Appropriation Bill is approved and adopted by the County Board. For a summary of budgetary procedures of the County, see "APPENDIX B—Audited Basic Financial Statements for the Fiscal Year Ended November 30, 2012 – Notes to Basic Financial Statements."

County Sales Tax Rollback

Effective July 1, 2008, the County home rule sales tax rate was increased from 0.75% to 1.75%. On December 1, 2009 the County Board passed an ordinance rolling back the sales tax rate from 1.75% to 1.25%, which rollback became effective July 1, 2010. The County has analyzed the impact of this recent rollback on its operating budgets for its Fiscal Years 2010 and 2011.

On February 25, 2011, the County Board called a special meeting and passed an ordinance amendment to roll back the Home rule County Retailer's Occupation Tax Law form 1.25 percent to .75 percent. This ordinance took effect on two different dates. The first change reduced the rate by 0.25 percent on January 1, 2012 for consumers, and reduced County cash receipts starting on April 1, 2012. The change reduced revenue by $69.1 million during Fiscal Year 2012, on a budget basis, compared to the level of revenues that would have resulted from the previous rate. Positive sales growth softened the impact, and reduced the year over year net budgetary decline to $45.1 M. The second and final reduction of 0.25 percent occurred on January 1, 2013, and affected County cash receipts starting April 1, 2013. The rate reductions are projected to reduce revenues on a budget basis by $104.9 million during Fiscal Year 2013, with sales growth projected to lower the year over year net budgetary decline to $95.7M. No further reductions in the County sales tax rate are contemplated at this time.

Description of Accounting Practices

Pursuant to its home rule authority, the County enjoys significant discretion in managing its governmental and fiscal affairs. The County's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft or misuse, and to ensure the adequate compilation of accounting data to enable the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

The accounting system of the County is operated and maintained on a fund accounting basis implemented to present the financial position and results of operations of each fund. The accounting system of the County is also designed to provide budgetary control over the revenues and expenditures of each fund. For a summary of significant accounting practices of the County, see "APPENDIX B – Audited Basic Financial Statements for the Fiscal Year Ended November 30, 2012 – Notes to Basic Financial Statements." The unaudited budgetary actual information contained herein is obtained from the County's general ledger.

The County's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended November 30, 2012 and the County's CAFRs for several prior years are available online at the County's website at www.buycookcountybonds.com. The CAFR, including the "Management's Discussion and Analysis (Unaudited)" section thereof, is intended to provide the reader with a broad overview of the financial position and operating results of the County's governmental and business-type activities and its major funds.

APPENDIX B
Audited Basic Financial Statements For The Fiscal Year Ended November 30, 2012

[THIS PAGE INTENTIONALLY LEFT BLANK]

COOK COUNTY, ILLINOIS
For the Year Ended November 30, 2012

TABLE OF CONTENTS

FINANCIAL SECTION

	Exhibit	Page
Independent Auditors' Report		**1 – 2**
Management's Discussion and Analysis (Unaudited)		**3 – 26**
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	1	27
Statement of Activities	2	28 – 29
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	30 – 31
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	4	32
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	5	33 – 34
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	35
Statement of Revenues, Expenditures and Encumbrances General Fund Budget and Actual (Non-GAAP Budget Basis)	7	36
Statement of Revenues, Expenditures and Encumbrances Motor Fuel Tax Fund Budget and Actual (Non-GAAP Budget Basis)	8	37
Statement of Revenues, Expenditures and Encumbrances Annuity and Benefit Fund Budget and Actual (Non-GAAP Budget Basis)	9	38
Statement of Net Position Proprietary Fund	10	39
Statement of Revenues, Expenses and Changes in Net Position Proprietary Fund	11	40
Statement of Cash Flows Proprietary Fund	12	41
Statement of Fiduciary Net Position Fiduciary Funds	13	42
Combining Statement of Changes in Fiduciary Net Position	14	43
Combining Statement of Net Position Component Units	15	44
Combining Statement of Activities Component Units	16	45 – 46
Notes to Basic Financial Statements		**47 – 112**
Required Supplemental Information – Schedule of Funding Progress (Unaudited)		**113**

FINANCIAL SECTION

McGladrey

Independent Auditor's Report

The Honorable Toni Preckwinkle, County Board President
and Members of the County Board of Commissioners
Cook County, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cook County, Illinois (County), as of and for the year ended November 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units (the Forest Preserve District of Cook County and the Emergency Telephone System). We also did not audit the financial statements of the County Pension Trust Fund, the County Postemployment Healthcare Trust Fund and the Clerk of the Circuit Court Agency Fund which represent 95 percent, and 83 percent, respectively, of the assets, and revenues/additions of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, the Pension Trust Fund, the Postemployment Healthcare Trust Fund and the Clerk of the Circuit Court Agency Fund, is based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cook County, Illinois, as of November 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Motor Fuel Tax Fund and Annuity and Benefit Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 - 26, and schedules of funding progress for pensions and other post employment benefit obligations (OPEB) on page 113, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplemental combining and individual fund statements and schedules, the introductory section, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplemental combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental combining and individual fund statements and schedules is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

McGladrey LLP

Chicago, Illinois
May 31, 2013

MANAGEMENT'S DISCUSSION
&
ANALYSIS

Cook County, Illinois
Management Discussion and Analysis (MD&A)
(Unaudited)

As management of Cook County, Illinois (the "County"), we offer the readers of the Management Discussion and Analysis (the "MD&A") section of the County's Comprehensive Annual Financial Report (the "CAFR") a narrative overview and analysis of the financial activities of the County for the fiscal year ended November 30, 2012. The reader is encouraged to consider the information presented here in conjunction with the basic financial statements and the accompanying notes, which follow this section. Due to the implementation of GASB 63 in fiscal year (FY) 2012 the language of net assets was changed to net position in the financial statements and the notes to the basic financial statements.

Financial Highlights for FY2012

- On February 25, 2011, the County Board called a special meeting and passed an ordinance amendment to roll back the Home Rule County Retailer's Occupation Tax Law from 1.25 percent to .75 percent. This ordinance took effect on two different dates. The first change reduced the rate by 0.25 percent on January 1, 2012 for consumers, and reduced County revenues received beginning April 1, 2012. The change reduced revenue by $69.1 million during FY2012, on a budget basis, compared to the level of revenues that would have resulted from the previous rate on a comparable basis. Positive sales growth softened the impact, and reduced the year over year net budgetary decline to $45.1 million. The second and final reduction of 0.25 percent occurred on January 1, 2013, and affected County revenues received beginning April 1, 2013. The rate reductions are projected to reduce revenue by $104.9 million during FY 2013, with sales volume growth projected to lower the year over year net budgetary decline to $95.7 million No further reductions in the County sales tax rate are contemplated at this time.

- The County closed a budget gap of approximately $315 million for FY 2012. Budget closing measures were incorporated into the 2012 budget and passed by the Board of Commissioners on November 18, 2011, prior to the start of the fiscal year. The Budget solutions focused on structural changes, rather than one-time fixes, which the County believes had direct positive implications for the challenges identified in the 2013 budget that was adopted in November of 2012 as a balanced budget after initially facing a $267.5 million projected deficit.

- To solve the $315 million gap for FY 2012, the County relied on $19 million in non-recurring solutions (including a patient fee retro payment at the health system, and Tax Increment Financing district surplus distribution from the City of Chicago), $25 million from leveraging MFT funds for court services,

$52 million in targeted revenue enhancements, and various structural savings amounting to $219 million. These savings included layoffs, vacancy reductions, an unpaid shutdown day, contractual savings, eliminating weekend bond court except for central locations, and delaying non-union wage increases.

- On August 8, 2012, the County issued Sales Tax Revenue Bonds, Series 2012 in the amount of $90 million. These bonds were rated AAA by Standard and Poor's Rating Agency, and represented the inaugural use of a new credit structure for the County. These bonds are solely secured by home rule sales tax revenues of the County, and will be used to fund road construction projects during the next several fiscal years.

- The County did not offer a General Obligation bond issue during FY 2012, and its General Obligation Bond ratings were affirmed by all three bond rating agencies at Aa3/AA/AA- from Moody's, Standard and Poor's, and Fitch Ratings respectively. However, both Moody's and Fitch assign a negative outlook to their ratings.

- The County used excess funds generated in the Public Safety Fund during FY 2012 to make early payments totaling $23 million on the Line of Credit that was drawn during FY 2011 to fund a judgment associated with the County Correctional facility. The Line of Credit was initially anticipated to be repaid in its entirety at year end 2014, but as financial resources permitted, the County was able to make these payments earlier than anticipated during FY 2012.

- During FY 2012 the County entered into new bank facility agreements regarding its portfolio of $483.3 million of variable rate General Obligation bonds. The County successfully renegotiated the terms of these bank agreements at more favorable terms to the county, substantially reducing the risk of acceleration of payment on an event of default and reducing costs for the agreements. The County chose to utilize a combination of direct purchase agreements and traditional standby bond purchase agreements. Additionally, the County extended the terms of the agreements with $130 million of facilities now expiring on August 14, 2015, $100 million expiring on July 29, 2016, $107.4 million expiring on August 23, 2016 and $145.4 million on August 1, 2017, reducing the County's bank renewal risk for the associated bonds.

- At November 30, 2012, the liabilities of the County exceeded its assets by $3.019 billion (67.9%). The County reported $930.8 million in the restricted component of net position and $154.6 million in "net investment in capital assets". The $154.6 million is the County's capital assets in excess of the capital debt for the County as a whole.

- The County's total net position decreased by $633.8 million (26.6%) during fiscal year 2012. Net position of governmental activities decreased by $544.9 million (18.1%) in fiscal year 2012 to a deficit of $3.556 billion.

- Total fiscal year 2012 expenses for governmental activities were $2.492 billion, which represents an increase of $109.5 million (4.6%) over fiscal year 2011 expenses for governmental activities of $2.382 billion.

At the end of the 2012 fiscal year, the County's governmental funds reported combined fund balances of $1.083 billion, a decrease of approximately $128.7 million (11.9%) in comparison with the prior year of $1.212 billion, primarily due to principal retirement of $105.2 million taxable General Obligation Corporate Purpose Notes, series 2011D in the debt service fund, and a decrease in grant revenues.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The reporting model focuses attention on the County as a whole (government-wide) and on major individual funds. Both perspectives are presented to enable the reader to address relevant questions, broaden the basis of comparison and enhance the County's accountability.

Cook County's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains other required supplementary information and unaudited statistical data in addition to the basic financial statements.

Organization of the Cook County, Illinois

Comprehensive Annual Financial Report

<table>
<tr><td rowspan="13">CAFR</td><td>Introductory Section</td><td colspan="4">INTRODUCTORY SECTION (unaudited)</td></tr>
<tr><td colspan="5">+</td></tr>
<tr><td rowspan="9">Financial Section</td><td colspan="4">Management's Discussion and Analysis (unaudited)</td></tr>
<tr><td>Government-wide Financial Statements</td><td colspan="3">Fund Financial Statements</td></tr>
<tr><td rowspan="2">Statement of net position</td><td>Governmental Funds</td><td>Proprietary Funds</td><td>Fiduciary Funds</td></tr>
<tr><td>Balance Sheet</td><td>Statement of net position</td><td rowspan="2">Statement of fiduciary net position</td></tr>
<tr><td rowspan="2">Statement of activities</td><td>Statement of revenues, expenditures and changes in fund balances</td><td>Statement of revenues, expenses, and changes in fund net position</td></tr>
<tr><td>Budgetary comparison statement</td><td>Statement of cash flows</td><td>Statement of changes in fiduciary net position</td></tr>
<tr><td colspan="4">Notes to the Financial Statements</td></tr>
<tr><td colspan="4">Required Supplementary Information Other Than MD&A (unaudited)</td></tr>
<tr><td colspan="4">Information on individual non-major funds and other supplementary information that is not required</td></tr>
<tr><td colspan="5">+</td></tr>
<tr><td>Statistical Section</td><td colspan="4">STATISTICAL SECTION (unaudited)</td></tr>
</table>

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, in a manner similar to private sector businesses.

The **Statement of Net Position** presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position, over time, may serve as a benchmark as to the improvement or deterioration in the County's financial position. Additionally, non-financial factors, such as changes in the County's property tax base or the condition of County facilities, should be considered to assess the overall financial health of the County.

The **Statement of Activities** presents information on how the County's net position changed during the fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years, such as revenue pertaining to uncollected taxes and expenses relating to earned, but not used, vacation, sick leave and pension obligations.

The government-wide financial statements report the following different types of programs or activities:

- Governmental Activities – The majority of County services are reported under this category. Governmental activities of the County include public safety responsibilities through the operation of the second largest unified court system in the nation and the operation of the largest single site jail complex in the United States. Also included in governmental activities are corporate functions that include the design, operation and maintenance of a highway system; control of the environment; the assessment, levy, collection and distribution of property taxes; and general administration and finance. The major revenue sources of these activities are property taxes, sales taxes and other non-property taxes, and various fees. Governmental activities include the primary government composed of the County itself.

- Business-type Activities – The business-type, or enterprise, activities of the County include the operation of the Cook County Health and Hospital System ("CCHHS"). The CCHHS consists of the following entities: John H. Stroger, Jr. Hospital of Cook County, Oak Forest Health Center, Provident Hospital of Cook County, Cermak Health Services, the Department of Public Health, the Ambulatory and Community Health Network of Cook County and the Bureau of Health Services. As an enterprise activity, the intent of these entities is to provide primary, intermediate, acute, and tertiary medical care to patients, without regard to their ability to pay. The CCHHS Board oversees the operational, planning, and policy activities of the CCHHS.

Discretely Presented Component Units – Component units are entities for which the County is financially accountable. The two discretely presented entities, because of their financial relationship with the County, are the Forest Preserve District of Cook County (the "District") and the Emergency Telephone System, which provides Emergency 911 services primarily in unincorporated areas of the County.

<u>Fund Financial Statements</u>

The fund financial statements are designed to report groupings of related accounts which are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with budgetary and other financial-related legal requirements. All of the funds of the County can be divided into the following categories: **governmental** funds, **proprietary** funds and **fiduciary** funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, i.e. most of the County's basic services are reported in the governmental funds. These statements focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near term to finance the County's various programs.

Because the focus of the 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, the reader 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 revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund which is considered to be a major fund. The General Fund includes the following five accounts: Corporate Account, Public Safety Account, Self-Insurance Account, Capital Litigation Account and the Emergency Management Agency Account. The other major governmental funds such as the Debt Service Fund, Motor Fuel Fund, Annuity and Benefit Fund and Capital Project Fund data are individually presented. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of supplemental combining and individual statements within this report.

Proprietary funds. Proprietary funds are generally used to account for services for which the County charges a fee for services provided. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses one enterprise fund to account for the operations of its various healthcare activities. The proprietary fund financial statements provide information for the CCHHS.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the primary government. The County is the trustee, or fiduciary, for its employees' pension plans. These funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the County's programs. The County also uses fiduciary funds to account for transactions for assets held by the County as agent for various entities. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Pension Trust Funds, Postretirement Healthcare and Agency funds are reported in this fund category using the accrual basis of accounting. These funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to provide a full understanding of the data presented in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, the required supplementary information section presents certain required supplementary information concerning pension trust funds and postretirement healthcare trust funds and the County's progress in funding its obligation to provide current pension and postretirement healthcare benefits to employees.

Government-wide Financial Analysis

Net Position

The County has presented its financial statements under GAAP and two years of comparative financial information in the Governmental Accounting Standards Board ("GASB") Statement No. 34 format presented below.

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position. In the case of the County, liabilities exceeded assets by $3,019.1 million as of November 30, 2012.

Cook County, Illinois
Summary Statement of Net Position
Year end November 30
(in millions)

	Governmental Activities		Business-type Activities		Adjustments		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Current and other assets	$ 2,029.6	$ 2,151.5	$ 440.6	$ 379.8	$ -	$ -	$ 2,470.2	$ 2,531.3
Capital assets	1,694.0	1,678.9	304.1	456.2	-	-	1,998.1	2,135.1
Total assets	3,723.6	3,830.4	744.7	836.0	-	-	4,468.3	4,666.4
							-	
Current and other liabilities	208.5	278.7	152.4	158.1	-	-	360.9	436.8
Long-term liabilities	7,070.8	6,562.4	55.8	52.6	-	-	7,126.6	6,615.0
Total liabilities	7,279.3	6,841.1	208.2	210.7	-	-	7,487.5	7,051.8
Net Position:								
Net Investment in Capital Assets	629.4	705.7	440.6	456.2	(915.4)	(900.0)	154.6	261.9
Restricted	930.1	1,027.4	0.7	1.1	-	-	930.8	1,028.5
Unrestricted (deficit)	(5,115.1)	(4,743.8)	95.2	168.0	915.4	900.0	(4,104.5)	(3,675.8)
Total net position (deficit)	$ (3,555.6)	$ (3,010.7)	$ 536.5	$ 625.3	$ -	$ -	$ (3,019.1)	$ (2,385.4)

The County's total net position consists of the following three components:

Net Investment in Capital Assets

The County's net investment in capital assets of $154.6 million represents its investment in capital assets at depreciated cost (e.g. land, buildings and improvements, infrastructure, and equipment) less any related debt used to acquire those assets that is still outstanding. This number decreased by $107.3 million primarily due to depreciation of $140.7 million, offset by certain purchased and contributed new assets that were not financed by G.O. debt. The County uses these capital assets to provide services to citizens. The County's governmental activities fund all construction in progress (CIP) including a portion upon completion that is transferred to the CCHHS (Business-type activities) as capital assets. The associated debt to fund the capital assets is not transferred to CCHHS as it is General Obligation debt that remains in governmental activities. Monies used to construct capital assets of the health facilities are obtained from governmental purpose bonds financed by the governmental funds of the County. Accordingly, the long-term debt is shown in the Government Activities and the corresponding capital assets are shown in the Business-type Activities. An adjustment column is included to properly report the County's net investment in capital assets at the total level for the primary government. As the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

Net position restrictions are primarily due to external restrictions imposed by legislation, grantors and bond covenants. The County has a balance of $930.8 million restricted for various specific purposes. Restricted net assets decreased $98 million (9.5%) over the prior year due mainly to the timing of various program expenses.

Unrestricted Net Position (Deficit)

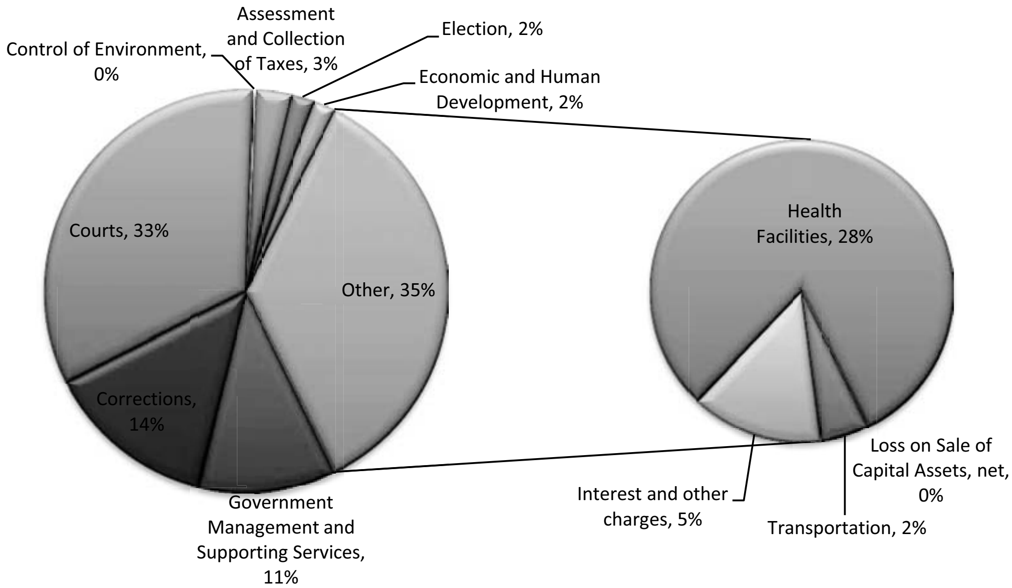
Unrestricted net position shows a $4,104.5 million deficit at the end of the fiscal year. It should be noted that the deficit in unrestricted net position does not mean that the County does not have the resources available to pay its bills or other short-term liabilities.

The following schedule compares the revenues, expenses, and changes in net position for the governmental and business-type activities:

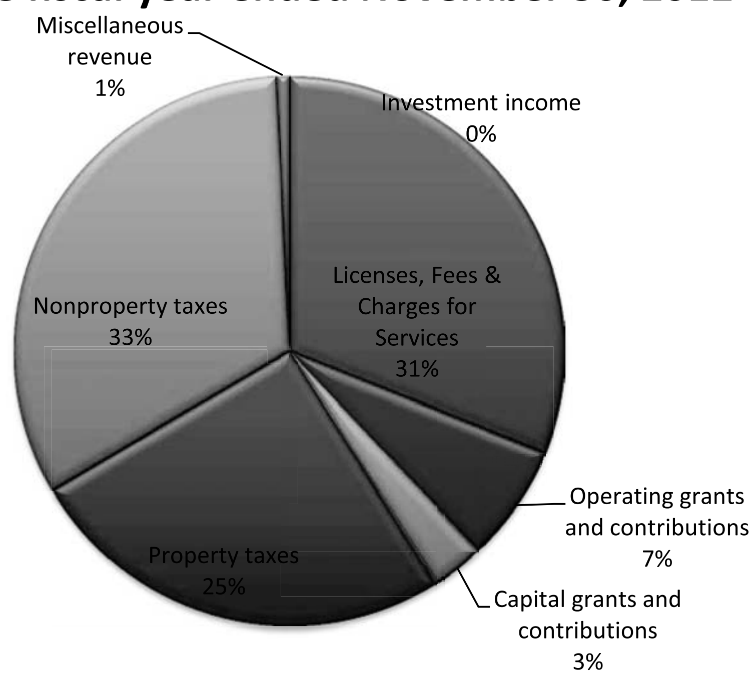
Cook County, Illinois
Revenues, Expenses and Changes in Net Position
For the fiscal year ending November 30
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Program Revenues:						
Licenses, Fees & Charges for Services	$ 341.9	$ 328.2	$ 536.2	$ 534.6	$ 878.1	$ 862.8
Operating Grants and Contributions	182.5	162.7	29.5	22.8	212.0	185.5
Capital Grants and Contributions	86.3	111.0	-	-	86.3	111.0
Total Program Revenues:	**610.7**	**601.9**	**565.7**	**557.4**	**1,176.4**	**1,159.3**
Tax Revenues:						-
Property Taxes	638.6	620.8	79.7	114.2	718.3	735.0
Personal Property Replacement Tax	47.0	48.6	-	-	47.0	48.6
County Sales Tax	379.3	383.6	57.5	122.2	436.8	505.8
County Use Tax	59.1	39.0	-	-	59.1	39.0
State Income Tax	10.6	9.9	-	-	10.6	9.9
Inheritance tax	7.2	0.6	-	-	7.2	0.6
Illinois gaming tax	8.3	2.2	-	-	8.3	2.2
Alcoholic Beverage Tax	34.6	25.7	-	-	34.6	25.7
Gasoline Tax	87.9	85.5	-	-	87.9	85.5
Cigarette Tax	16.3	102.6	106.0	20.6	122.3	123.2
Other Tobacco Products Taxes	-	-	6.5	-	6.5	-
Amusement Tax	27.6	27.7	-	-	27.6	27.7
Parking Lot & Garage Operations Tax	39.7	35.5	-	-	39.7	35.5
Motor Fuel & Other	21.8	8.5	-	-	21.8	8.5
Other Non-property Taxes	15.4	17.3	-	-	15.4	17.3
Total Tax Revenues:	**1,393.4**	**1,407.5**	**249.7**	**257.0**	**1,643.1**	**1,664.5**
Other General Revenues:						-
Miscellaneous Revenue	21.8	35.1	-	-	21.8	35.1
Investment Income	-	3.9	-	-	-	3.9
Gain (loss) on sale of capital assets	-	-	-	-	-	-
Total Other General Revenues:	**21.8**	**39.0**	**-**	**-**	**21.8**	**39.0**
						-
Total Revenues:	**2,025.9**	**2,048.4**	**815.4**	**814.4**	**2,841.3**	**2,862.8**
Expenses:						
Government management and supporting services	379.1	325.6	-	-	379.1	325.6
Corrections	506.9	479.4	-	-	506.9	479.4
Courts	1,138.1	1,198.5	-	-	1,138.1	1,198.5
Control of environment	9.3	7.3	-	-	9.3	7.3
Assessment and collection of taxes	98.5	73.6	-	-	98.5	73.6
Elections	62.4	26.4	-	-	62.4	26.4
Economic and human development	61.3	53.0	-	-	61.3	53.0
Transportation	63.7	63.0	-	-	63.7	63.0
Interest and other charges	172.3	155.3	-	-	172.3	155.3
Cook County Health and Hospitals System	-	-	983.5	1,029.9	983.5	1,029.9
Total Expenses:	**2,491.6**	**2,382.1**	**983.5**	**1,029.9**	**3,475.1**	**3,412.0**
Decrease in net position before transfers	**(465.7)**	**(333.7)**	**(168.1)**	**(215.5)**	**(633.8)**	**(549.2)**
Transfers - Capital	**(17.0)**	**(16.7)**	**17.0**	**16.7**	**-**	**-**
Transfers -Cash	**(62.2)**	**(97.1)**	**62.2**	**97.1**	**-**	**-**
Decrease in net position	**(544.9)**	**(447.5)**	**(88.9)**	**(101.7)**	**(633.8)**	**(549.2)**
						-
Net position (deficit) - beginning	**(3,010.7)**	**(2,563.2)**	**625.4**	**727.0**	**(2,385.4)**	**(1,836.2)**
						-
Net position (deficit) - ending	**(3,555.6)**	**(3,010.7)**	**536.5**	**625.3**	**(3,019.2)**	**(2,385.4)**

Expenses by Type - All Activities
For the fiscal year ended November 30, 2012



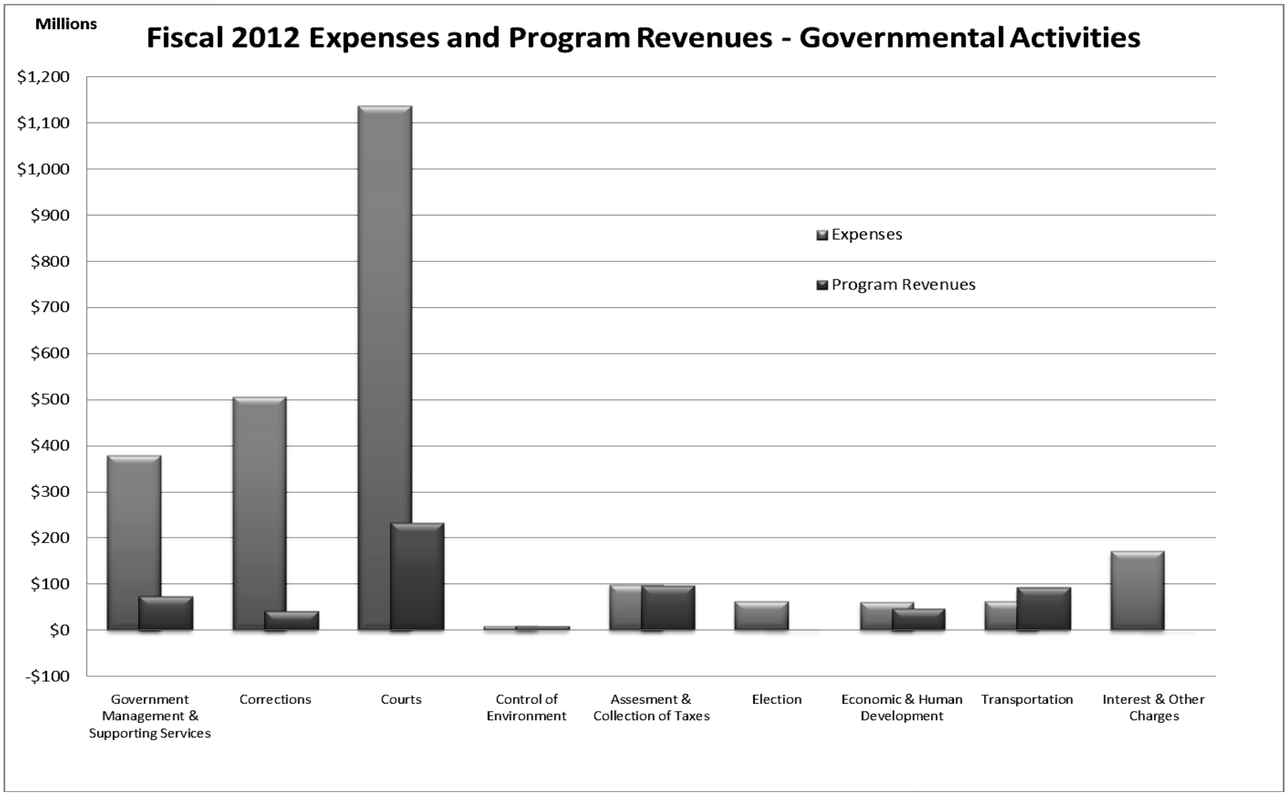
Revenues by Source - All Activities
For the fiscal year ended November 30, 2012



Governmental Activities

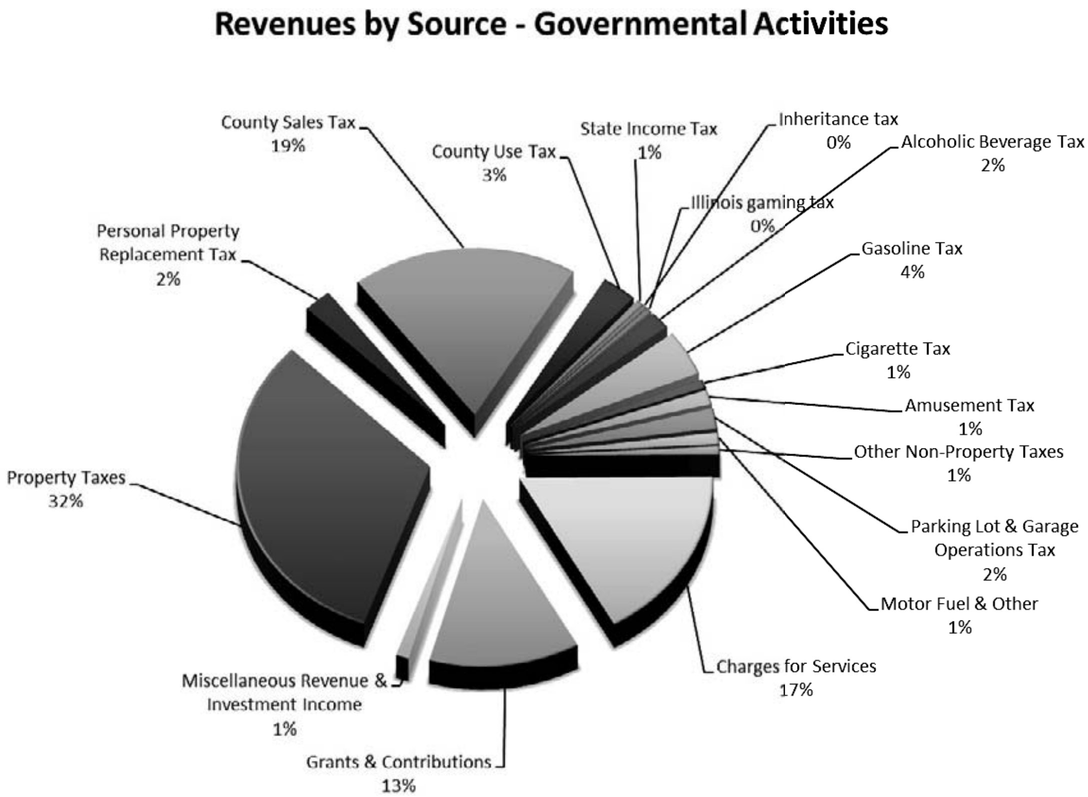
The net position of governmental activities was a negative $3,010.7 million at the beginning of the 2012 fiscal year. Net position of governmental activities decreased $544.9 million (18.1 %) in fiscal year 2012 to a negative $3,555.6 million.

The following chart presents program revenues and expenses for governmental activities for the fiscal year ended November 30, 2012:



Program revenues are derived from the program itself and reduce the costs of operating this particular function to the County. In fiscal 2012, total program revenues of the County for governmental activities amounted to $610.7 million, an increase of $8.8 million (1.5%) from fiscal year 2011 program revenues of $601.9 million. The largest portion of program revenues was charges for services of $341.9 million (56.0%), which primarily consisted of fees and fines from court operations and penalties on real estate taxes. The other portions of program revenues were operating grants and contributions of $182.5 million (29.9%) and capital grants and contributions of $86.3 million (14.1%) received from various federal and state agencies, including donated capital assets. For fiscal year 2011, charges for services were $328.2 million (54.5%), which primarily consisted of fees and fines from court operations and real estate title transfer fees. The other portions of program revenues were operating grants and contributions of $162.7 million (27.0%) and capital grants and contributions of $111.0 million (18.5%) received from various federal and state agencies, including donated capital assets.

The following chart presents revenues by source for governmental activities for the fiscal year ended November 30, 2012:

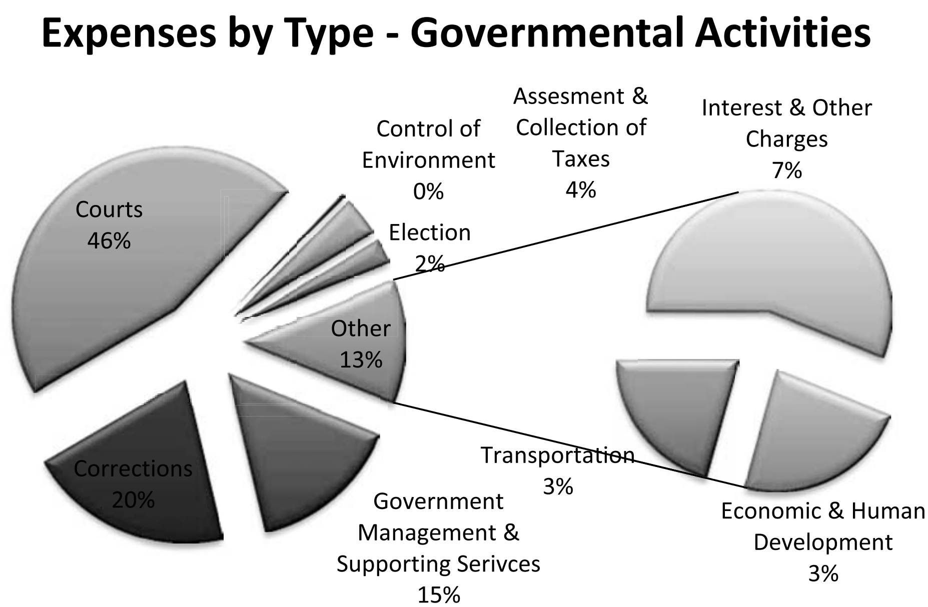


Property taxes, the County's largest general revenue source, were $17.8 million (2.9%) higher than the previous fiscal year. The County's property tax rate for fiscal year 2011 was 0.423 per $100 of equalized assessed valuation. The net property tax levy has been held constant at $720.5 million since 1996, excluding expiring TIF districts. The estimated property tax rate for fiscal year 2012 is 0.531 per $100 of equalized assessed valuation.

Sales tax, the County's second largest tax revenue source, was $4.3 million (1.1%) lower than the previous year, decreasing from $383.6 million in 2011 to $379.3 million in 2012. Additionally, a sales tax revenue reduction of $64.7 million occurred in the business activities, decreasing from $122.2 million in 2011 to $57.5 million in 2012. The reduction was attributable, in part, to a full year of sales tax reduction, offset by stronger sales across the County. On February 25, 2011, the Cook County Board of Commissioners passed an ordinance amendment to lower the County's Sales Tax to 1.0% beginning in January 2012, with a further reduction to 0.75% in January 2013.

Program revenues recognized from licenses and fees increased by $13.7 million (4.2%) from $328.2 million in 2011 to $341.9 million in 2012. The increase was primarily due to the County Treasurer's strong performance in collections of fees. This increase was helped by collection of late payment fees on property taxes and tax sales. Capital grants and contributions decreased 22.2% to $86.3 million primarily due to a decrease in fees from the Clerk of the Circuit Automation and Document Storage Fund. Operating grants and contributions increased 12.1% to $182.5 million due to an increase in federally funded grant programs.

The following chart presents expenses by type for governmental activities for the fiscal year ended November 30, 2012:



Total fiscal year 2012 expenses for governmental activities were $2.492 billion, which represent an increase of $109.5 million (4.6%) over fiscal year 2011 governmental activities of $2.382 billion.

As in previous years, the largest portion of these expenses was used to fulfill the County's public safety responsibilities, which include the operation of the court system (45.7%), and corrections (20.3 %). The Courts expenses decreased $60.4 million while the Corrections expenses increased $27.5 million over the previous year. Government management and supporting services increased $53.5 million (16.4%) over the previous year. The decrease in Courts is due to the result of tighter budgetary controls, conservative revenue and expenditure estimates and new federally mandated officers.

The County is self-insured for various types of liabilities, including medical malpractice, workers' compensation, general automobile and other liabilities. The County is a defendant in lawsuits alleging medical malpractice, work-related injuries, highway cases and other claims. Cases related to these areas are in various stages of the legal process. The County purchased excess liability insurance coverage related to medical malpractice and other claims. The medical malpractice policy is on a claims made basis. While it is difficult to estimate the timing or amount of expenditures, management of the County utilizes an independent actuary to calculate a liability and expense related to this function.

Business-type Activities

The County's major business-type activities include the following healthcare operations:

- Bureau of Health Services
- John H. Stroger, Jr. Hospital of Cook County
- Provident Hospital of Cook County
- Oak Forest Health Center
- Ambulatory and Community Health Network of Cook County
- Department of Public Health
- Cermak Health Services

The net position of the County's business-type activities decreased by $88.9 million in fiscal year 2012 as compared to the decrease of $101.7 million in fiscal year 2011. The change in net position for 2012 is the result of loss before capital contributions and transfers of $109.1 million and capital contributions and transfers of $20.2 million. The change in net position for 2011 is the result of loss before capital contributions and transfers of $156.8 million and capital contributions and transfers of $55.0 million.

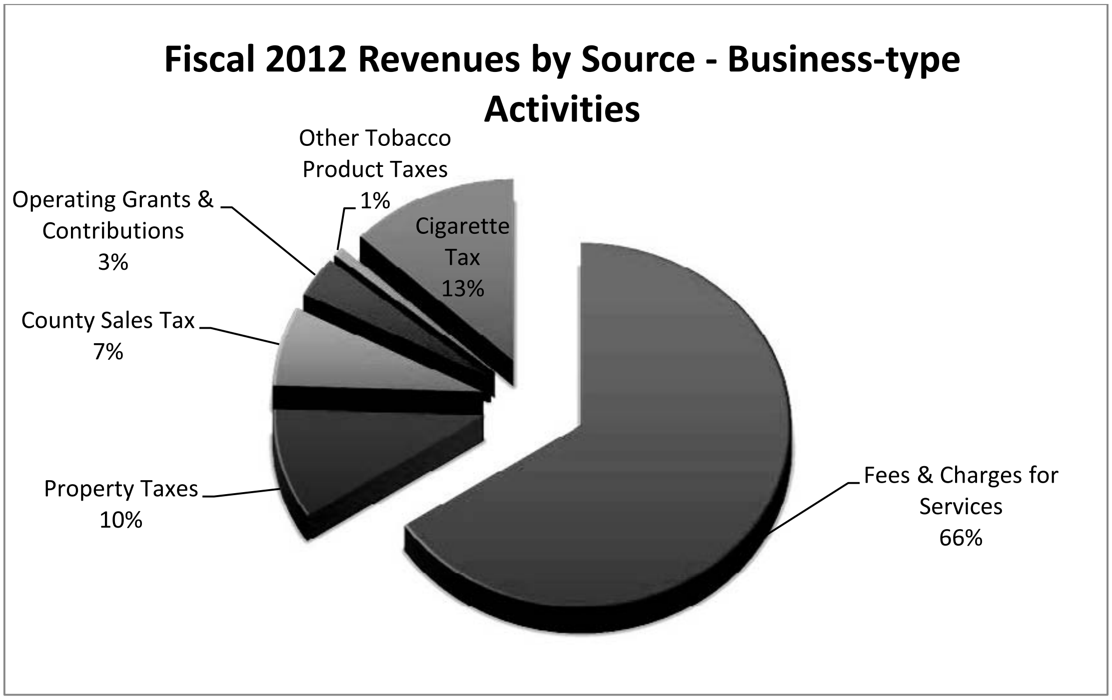
Capital contributions increased $0.3 million to $17.0 million in fiscal year 2012 from $16.7 million in fiscal year 2011. Capital contributions represent the amount the County has contributed toward the construction and acquisition of significant capital assets for the operations of the Cook County Health and Hospitals System.

Transfers from governmental to business-type activities were $62.2 million in fiscal year 2012, representing a decrease of $34.9 million (36.0%) from $97.1 million in fiscal year 2011. These do not include the impact of County taxes that are dedicated to, and recorded in the business-type activities, as detailed on the following page.

In addition, the County subsidizes CCHHS by assuming the vast majority of CCHHS related debt and other long-term obligations. This includes CCHHS's share of General Obligation debt, capital outlay, insurance and pension/OPEB.

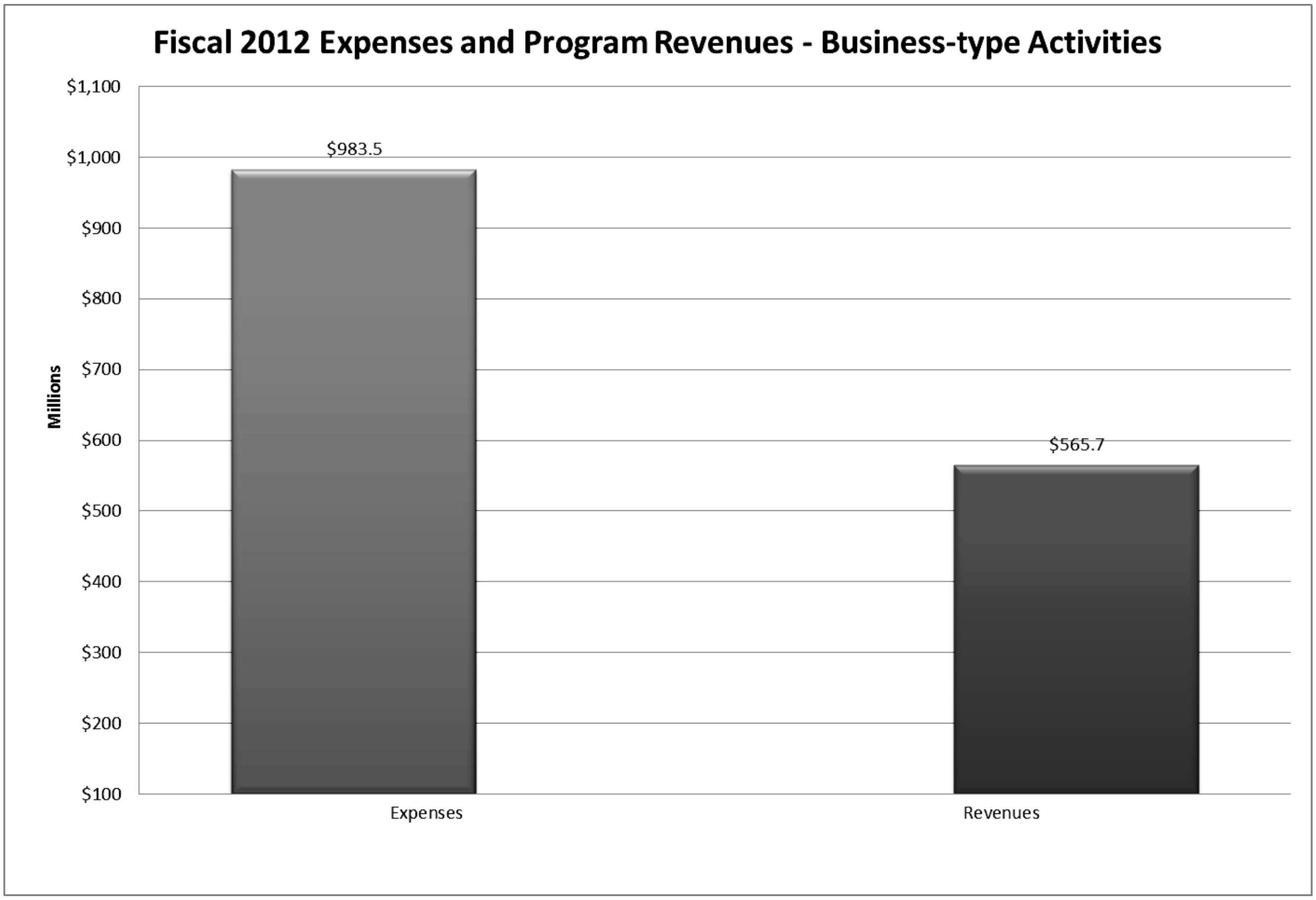
The above activity is more fully described in Footnote I.C. & Footnote VII.

The following chart presents revenues by source for business-type activities for the fiscal year ended November 30, 2012:



Total program revenues for the business-type activities were $565.7 million in fiscal year 2012 as compared to $557.4 million in fiscal year 2011, representing an increase of $8.3 million (1.5%). This increase is primarily due to the first time receipt of electronic health record incentive program revenue totaling $9.9 million in 2012. During fiscal year 2012, the self-pay component of CCHHS's payor mix decreased to 56% from 58% in fiscal year 2011, while Medicaid payor mix increased to 31% from 29% over the same period.

The following graph summarizes the fiscal year 2012 program revenues and expenses of the business-type activities:



The CCHHS is one of the largest public hospital systems in the United States operated by a unit of local government and is the largest provider of medical care to the uninsured and under-insured populations within the state of Illinois. The Emergency Department at the John H. Stroger, Jr. Hospital is the busiest in the metropolitan Chicago area with a 2012 census of more than 127,000 emergency room visits. The Provident Hospital emergency department had almost 33,000 emergency room visits in 2012.

Operating revenues, net of bad debt provision, increased to $565.7 in fiscal year 2012 from $557.4 in fiscal year 2011. This increase is primarily due to the first time receipt of electronic health record incentive program revenue totaling $9.9 million in 2012. CCHHS continues to incur significant operating losses due to a large self-pay patient population, and rising labor and medical costs. These factors will require the Cook County Board of Commissioners and CCHHS's management to identify new sources of revenues, reduce costs, or realign services, efforts that have been underway during FY 2012 and carried into the FY 2013 budget process. The Cook County Board of Commissioners remain committed to the continued mission of CCHHS and through the adopted budget process in fiscal year 2012 approved 31.8% of revenue from other resources in order for CCHHS to complete funding of the adopted budget. In June 2010, the Health and Hospitals System Board of Directors approved the Vision 2015 Strategic Plan which outlines, over five years, a restructuring of CCHHS to deliver the best possible care for the vulnerable population of Cook County within the constraints of dollar resources available to the health system. The Vision 2015 Strategic Plan was subsequently presented to the Cook County Board of Commissioners and was approved in June 2010.

The healthcare industry is highly dependent upon several key factors that have a significant impact on the future operations and financial condition of the CCHHS. These factors include federal and state regulatory authorities, Medicare and Medicaid laws and regulations, healthcare reform initiatives, and managed care contract terms and conditions.

The Vision 2015 Strategic Plan was implemented in 2011. On September 1, 2011, Oak Forest Hospital became Oak Forest Specialty Health Center, moving forward from ineffective, more costly inpatient services, to expanded ambulatory services, targeted to increase volume of services overall by placing emphasis on primary care and prevention. Additionally, Provident Hospital went through reconfiguration by scaling back inpatient services by eliminating the ICU and OB/GYN units. Outpatient services were relocated to vacant inpatient units resulting in an expansion of ambulatory services while reducing costs to the CCHHS.

In 2011, CCHHS implemented a system-wide charity program, known as CareLink. CareLink is a program designed to assist those patients with income up to 600% of the federal poverty guidelines as published annually in the Federal Register, patients that are residents of Cook County, and patients that are either uninsured or underinsured (have public or private coverage that does not cover the cost of medically necessary care). All patients receiving assistance under CareLink must pay a $10 co-payment per day at the time of service to contribute to their cost of care. CareLink is available at all CCHHS facilities. CareLink replaces the former Limit on Liability charity program.

In 2012, CCHHS was approved to receive both the Medicaid and Medicare Electronic Health Record (EHR) Incentive Payments for Eligible Professionals. The EHR Incentive programs will provide incentive payments to eligible professionals, eligible hospitals and critical access hospitals as they adopt, implement, upgrade or demonstrate meaningful use of certified EHR technology in their first year of participation and demonstrate meaningful use for up to five remaining participation years. The goal of the Medicaid and Medicare Health IT provisions in the American Recovery and Reinvestment Act of 2009 is to promote and provide incentives for the adoption of certified electronic health records. In 2012 CCHHS received the initial first year Medicaid EHR Incentive Payment.

In 2012, CCHHS and the Cook County Board Officials collaborated to transform Cook County's hospital system by jump-starting national health care reform in Cook County. In October, 2012 the federal government approved the Section 1115 Medicaid Waiver for the State of Illinois, allowing CCHHS to enroll a projected 115,000 individuals who will be eligible for Medicaid in 2014 into a Cook County network (County Care) with no cost to the State of Illinois.

The 1115 Waiver allows CCHHS to early enroll certain uninsured patients into Medicaid. Specifically, these are patients who are not currently eligible for Medicaid, but who will be eligible in 2014 under the federal Affordable Care Act. Many of these individuals are patients who already are being treated by the system without compensation.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is used in assessing the County's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary spending at the end of the fiscal year. The types of governmental funds reported by the County include the General Fund, Motor Fuel Tax Fund, Annuity & Benefit Fund, Capital Projects Fund, Debt Service Fund and Non-major Governmental Funds.

As of November 30, 2012, the County's governmental funds reported a combined fund balance of $1.083 billion, a decrease of $128.7 million (10.6%) in comparison with the prior fiscal year fund balance of $1.212 billion. Of the current fiscal year total, $903.3 million is restricted, $25.7 million is committed, $29.4 million is assigned and $124.4 million is unassigned.

Revenues from all governmental funds for the current year were $1.988 billion which represented a decrease of $18.0 million (.9%) from the previous year of $2.006 billion. Expenditures for all governmental funds in the current year were $2.470 billion representing an increase of $357.0 million (16.9%) from the previous year of $2.113 billion.

The General Fund is the County's principal operating fund and is primarily used to account for its governmental activities. The General Fund had a total fund balance of $194.7 million at November 30, 2012, which represented a slight decrease of $2.4 million (1.2%), as compared to $197.1 million the prior fiscal year. Of the current fiscal year total, $29.4 million is assigned and $165.3 million is unassigned. General Fund revenues during the current year were $1.242 billion, which represented an increase of $27.2 million (2.2%) from the previous fiscal year of $1.215 billion.

The following items explain significant changes in General Fund revenues and expenditures:

- Revenues from nonproperty taxes decreased by $27.5 million compared to fiscal year 2011, which is primarily a net effect of a $69.1 million reallocation of cigarette taxes to CCHHS. This decrease in revenue from nonproperty taxes was off-set by a $44.0 million increase in County Use Tax, Alcoholic Beverage Tax, Amusement Tax, Parking Lot and Garage Operation Tax collected for fiscal year 2012. This increase was due to a number of factors including greater compliance efforts on the part of the County Department of Revenue for all tax types, an increase in certain tax rates, and stronger sales across the County in other tax types.

- Revenues from fee offices increased by $9.2 million (3.6%). The increase was primarily due to the collection of recording fees and penalties on late payment of real estate taxes.

- Fiscal year 2012 expenditures decreased by $51.9 million (3.7%). The most significant decrease was in the area of the Public Safety Account, included in the General Fund, which decreased $72 million (5.8%) from $1.247 billion in the prior year to $1.175 billion in fiscal year 2012. The decrease in expenditures in fiscal year 2012 was primarily attributable to tighter budgetary controls and personnel reductions. Non-personnel savings included locking in better pricing for electricity and natural gas, benefiting from the ongoing efforts of strategic sourcing and reducing various non-personnel line items.

The Motor Fuel Tax Fund reported a fund balance of $73.4 million at November 30, 2012. This amount represented a decrease of $15.7 million (17.6%) as compared to $89.1 million on November 30, 2011. The entire fund balance for the Motor Fuel Tax Fund is restricted for road improvements and construction.

As of November 30, 2012, the Capital Projects Fund reported a fund balance of $473.5 million, which represented a $12.8 million (2.6%) decrease as compared to $486.3 million on November 30, 2011. The entire fund balance for the Capital Projects Fund is restricted.

The Debt Service Fund reported a fund balance of $233.5 million on November 30, 2012 as compared to $318.3 million at November 30, 2011. The $84.8 million (26.6%) fund balance decrease is primarily due to principal retirement of $105.2 million Taxable General Obligation Corporate Purpose Notes, Series 2011D in the debt service fund.

Proprietary Funds

The County's proprietary fund statements provide similar information found in the government-wide business-type activities financial statements, but in more detail.

For the fiscal year ended November 30, 2012, the unrestricted net assets of the enterprise funds were $95.2 million, compared to $168.1 million at November 30, 2011. Factors concerning the financial activity of this fund have been previously discussed in the County's business-type activities.

General Fund Budgetary Highlights

The Board of Commissioners of the County adopted the County's FY 2012 Budget on November 18, 2011. The total County budget for 2012 was $2.96 billion. The General Funds total was $2.24 billion, representing 75.7% of the total budget; on a budget basis it is important to note that the County includes the Health Fund along with the Corporate and Public Safety Funds in the budgetary General Fund. Of the Budget Basis General Fund, Public Safety comprised 53% and the Health Fund comprised 40%, while the Corporate Account represents 7% of General Fund appropriations.

The accompanying basic financial statements include a Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual on a Non-GAAP Budget Basis. The County's budgetary basis of accounting is discussed in Note I-d. and Note II to the basic financial statements.

During fiscal year 2012, the County's actual General Fund revenues were $1.255 billion, 8% higher than budget estimates. The majority of this increase was primarily attributable to the County Treasurer's collection of penalties and fees on late property tax payments resulting from continued softness in the economy, increases in County Use Tax collections and an Alcoholic Beverage Tax rate change. Actual budgetary basis General Fund expenditures and encumbrances for fiscal year 2012 were $1.310 billion, (2.4% less than budget estimates). The positive variance was primarily attributable to lower than expected expenditures in the Courts ($65.4 million), which was primarily the result of tighter budgetary controls.

Capital Assets

The County's capital assets for its governmental and business-type activities decreased $0.5 million (0.02%), net of accumulated depreciation at November 30, 2012. Capital assets include land, buildings and improvements, intangible assets and machinery and equipment. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

Governmental Activities
Changes in Capital Assets, Net of Depreciation
Primary Government - All Activities
Year end November 30
(in millions)

	Governmental Activities		Business-type Activities		Total		Increase
	2012	2011	2012	2011	2012	2011	(Decrease)
Land	$ 151.3	$ 151.3	$ -	$ -	$ 151.3	$ 151.3	$ -
Buildings	679.7	719.6	389.6	403.4	1,069.3	1,123.0	(53.7)
Machinery and Equipment	93.5	93.1	51.0	52.8	144.5	145.9	(1.4)
Infrastructure	470.4	470.9	-	-	470.4	470.9	(0.5)
Construction in Progress	299.1	244.0	-	-	299.1	244.0	55.1
Total Capital Assets	$ 1,694.0	$ 1,678.9	$ 440.6	$ 456.2	$ 2,134.6	$ 2,135.1	$ (0.5)

The County has undertaken a number of capital improvement projects in recent years. Funding is also provided for the replacement and construction of County roads and County facilities. Countywide projects are designed to target the changing needs of building systems and increase efficiency in maintaining higher building LEED standards. For example, the Countywide Perimeter Security Enhancement Project and the Sheriff Video Camera and Recording Systems reinforced the security entrances and exits, and installed/upgraded high quality video and recording systems in five of the County Courthouses (Skokie, Rolling Meadows, Maywood, Bridgeview and Markham), along with the Criminal Courts Building, Juvenile Temporary Detention Center ("JTDC") and the Stein Forensic Institute. Continuous improvements are being done to the County's highway system, which is an important part of the modern city and suburban transportation network.

Investments in a number of technology-based efficiency initiatives will reduce costs in the long run: the County has funded an Enterprise Resource Planning ("ERP") Center of Excellence to focus on implementing both an upgraded and improved ERP system as well as a Countywide Time and Attendance project. The Time and Attendance project will implement a uniform system throughout Cook County facilities capable of combining time and effort tracking.

Additional information on the County's capital assets can be found in Note I.D.4. & Note III.B. of the Basic Financial Statements.

Debt Administration

General Obligation bonds are issued pursuant to an authorizing Bond Ordinance which is adopted by the Cook County Board of Commissioners. The County has the authority to issue bonds under its home rule powers as defined by the 1970 Illinois Constitution. Each bond issue is sold to investors with the net proceeds from the bond sales being utilized to finance the costs, including design, construction, furnishing and interest during construction of the capital projects and capital equipment, and to finance the working cash accounts and self-insurance accounts which are approved by the Board.

The full faith and credit of the County is pledged for the punctual payment of principal and interest due on the General Obligation bonds. The County has levied ad valorem real property taxes to provide for these payments. These taxes are required to be extended for collection against all taxable real property within the County, without limitation as to rate and amount.

The County continues to obtain long-term financing for the construction, acquisition or renovation of various long-term assets. It is management's objective to meet the County's overall demands for capital improvements and capital equipment and, at the same time, to ensure that property taxpayers are not over-burdened with General Obligation bonds payable from ad valorem taxes.

The County had $3.7 billion of various General Obligation bond issues outstanding in the Governmental Purpose Bond category at the end of the current fiscal year. The County's General Obligation debt is backed by the full faith and credit of the County. The County also had $90 million of Sales Tax Revenue Bonds, Series 2012 outstanding in the Governmental Purpose Bond category at the end of the current fiscal year. On August 8, 2012, the County issued Sales Tax Revenue Bonds, Series 2012 in the amount of $90 million. These bonds were rated AAA by Standard and Poor's Rating Agency, and represented the inaugural use of a new credit structure for the County. These bonds are solely secured by home rule sales tax revenues of the County, and will be used to fund road construction projects during the next several fiscal years

The following table indicates the changes in the County's long-term debt that occurred during fiscal year 2012 (in millions):

Changes in Long-Term Debt
Primary Government - All activities
($ amounts in millions)

Description	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Governmental Purpose Bonds, net	$ 3,832.9	$ 3,861.6	$ -	$ -	$ 3,832.9	$ 3,861.6
Self Insurance Claims	294.8	269.9	-	-	294.8	269.9
Property Tax Objections	62.3	40.8	12.5	10.4	74.8	51.2
Compensated Absences	64.9	65.7	43.3	42.2	108.2	107.9
Pension/OPEB Obligations	2,815.0	2,323.8	-	-	2,815.0	2,323.8
Other	0.7	0.5	-	-	0.7	0.5
Totals	$ 7,070.6	$ 6,562.3	$ 55.8	$ 52.6	$ 7,126.4	$ 6,614.9

During the current fiscal year ended November 30, 2012, the County's liabilities for long-term obligations increased by $512 million (7.7%). The increase was primarily attributable to an increase in pension liability, along with more limited increases in liabilities for the property tax objections and self-insurance claims. It should be noted that all debts associated with the capital assets of the CCHHS (business-type activities) are the General Obligations of the County (governmental activities).

Additional information on the County's long-term debt can be found in Note III.F. of the Basic Financial Statements.

Bond Ratings

Cook County continues to meet the needs of its ongoing capital improvement program through the use of its current revenues for pay-as-you-go financing where practical along with the use of municipal bonds for debt financing where efficient. The County's underlying ratings on its Governmental purpose bonds at November 30, 2012 were:

Fitch	AA-
Moody's Investors Service	Aa3
Standard & Poor's Corporation	AA

All three agencies most recently reaffirmed these ratings in November of 2012 and there were no changes to the County's General Obligation bond ratings during Fiscal 2012, though both Fitch Ratings and Moody's Investors Service currently assign negative outlooks to their respective ratings. During Fiscal Year 2011, the County's underlying rating on its General Obligation bonds was downgraded from Aa2 to Aa3 by Moody's Investors Service in June 2011 and was downgraded from AA to AA- by Fitch Ratings in September 2011, whereas Standard & Poor's reaffirmed the County's underlying ratings at AA at that time.

In August 2012, Cook County issued $90 million in Sales Tax Revenue bonds, which received a credit rating of AAA from Standard and Poor's, which is the sole credit rating assigned to the bonds.

Other Obligations

The County administers a self-insurance program for all risks, including workers' compensation, medical malpractice, auto and general liability and other liabilities subject to certain stop-loss provisions. Detailed information about the County's liabilities related to the self-insurance program is included in Note 1 to the Basic Financial Statements. Other obligations include pension, OPEB and compensated absences for vacation and sick time earned by employees.

Economic Factors and Future Significant Information

The County's revenues and expenditures have been affected by changes in local, national and international financial factors. The new Cook County Administration has taken these economic changes into consideration and has implemented performance management initiatives to improve the County's fiscal future. Some of the key economic factors that influence the County's finances are noted below:

- According to the Bureau of Labor Statistics, the 2012 unemployment rate for Cook County decreased by 0.6% to 8.9% compared to 9.5% in 2011.

- Home sales transactions in Cook County increased during fiscal year 2012 by 6.8% to 55,749 compared to fiscal year 2011 sale transactions of 52,218.

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act (the "Act" or "ACA"), a comprehensive health care reform bill. The Act includes measures that change the dynamics of the health care industry, and is subject to change, including through the adoption of related regulations, the way in which its provisions are interpreted and the manner in which it is enforced. CCHHS remains uncertain as to the ultimate impact these changes will have on its operations because of the numerous steps required to implement the Act.

Requests for Information

This financial report is designed to provide a general overview of the County's financial position for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Comptroller, 118 North Clark Street, Room 500, Chicago, Illinois 60602.

BASIC FINANCIAL STATEMENTS

Exhibit 1
COOK COUNTY, ILLINOIS
STATEMENT OF NET POSITION
November 30, 2012

	Primary Government				
	Governmental Activities	Business-type Activities	Adjustments	Total	Total Component Units
ASSETS					
Cash and Investments	$ 588,665,375	$ 136,098,978	$ -	$ 724,764,353	$ 399,751,450
Cash and Investments with escrow agent	20,613,600	-	-	20,613,600	-
Taxes receivable	656,334,788	90,035,706	-	746,370,494	66,722,615
Other receivables	21,517,175	2,722,082	-	24,239,257	23,878,710
Internal balances	(339,274)	339,274	-	-	-
Due from other governments	173,557,517	17,220,028	-	190,777,545	500,598
Patient accounts -					
Net of allowances for uncollectible accounts - $298,256,873	-	52,888,950	-	52,888,950	-
Third party settlements	-	1,442,694	-	1,442,694	-
Inventories	-	3,305,913	-	3,305,913	4,733,000
Loans receivable, net of allowance of $2,138,380	57,454,344	-	-	57,454,344	-
Deferred bond issuance costs	23,203,871	-	-	23,203,871	1,844,670
Cash and Investments with trustees	488,619,359	-	-	488,619,359	-
Capital assets not being depreciated	450,355,134	-	-	450,355,134	218,047,748
Capital assets, net of accumulated depreciation	1,243,633,479	440,623,431	-	1,684,256,910	339,771,564
Total Assets	**3,723,615,368**	**744,677,056**	**-**	**4,468,292,424**	**1,055,250,355**
LIABILITIES					
Accounts payable	106,185,531	47,683,219	-	153,868,750	14,328,175
Accrued salaries payable	45,948,796	23,024,514	-	68,973,310	5,056,932
Deferred revenue - property tax	-	-	-	-	85,380,446
Deferred revenue - other	17,384,863	80,163,630	-	97,548,493	-
Other liabilities	17,821,818	1,478,281	-	19,300,099	10,312,477
Accrued interest	8,170,073	-	-	8,170,073	-
Line of credit payable	13,000,000	-	-	13,000,000	-
Noncurrent liabilities:					
Due within one year	140,528,251	6,492,483	-	147,020,734	11,475,239
Due in more than one year	6,930,163,968	49,349,567	-	6,979,513,535	346,284,184
Total Liabilities	**7,279,203,300**	**208,191,694**	**-**	**7,487,394,994**	**472,837,453**
NET POSITION					
Net assets (deficit)					
Net investment in capital assets	629,402,738	440,623,431	(915,431,089)	154,595,080	260,938,785
Restricted for:					
Debt service	418,844,518	-	-	418,844,518	14,078,022
Pension benefits	152,699,143	-	-	152,699,143	-
Capital projects	172,312,507	-	-	172,312,507	13,013,782
Other restricted funds for specific purposes	186,243,503	730,566	-	186,974,069	84,811,326
Unrestricted (deficit)	(5,115,090,341)	95,131,365	915,431,089	(4,104,527,887)	209,570,987
Total Net Position (deficit)	**$ (3,555,587,932)**	**$ 536,485,362**	**$ -**	**$ (3,019,102,570)**	**$ 582,412,902**

The notes to the financial statements are an integral part of this statement.

Exhibit 2
COOK COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES
For the Year Ended November 30, 2012

		Program Revenues		
Functions/Programs	**Expenses**	**Licenses, Fees & Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government				
Governmental Activities:				
Government management and supporting services	$ 379,060,453	$ 57,870,863	$ 15,235,016	$ 195,474
Corrections	506,890,286	35,029,286	6,348,472	22,753
Courts	1,138,149,938	144,072,023	89,786,307	8,308,454
Control of environment	9,328,464	8,061,034	871,562	116,681
Assessment and collection of taxes	98,495,112	96,456,719	243,458	2,246
Election	62,377,895	-	598,159	-
Economic and human development	61,194,276	-	47,837,372	6,404,253
Transportation	63,739,422	387,486	21,591,672	71,245,781
Interest and other charges	172,275,279	-	-	-
Total Governmental Activities	2,491,511,125	341,877,411	182,512,018	86,295,642
Business-type Activities:				
CCHHS	983,461,097	536,177,313	29,452,590	-
Total business-type Activities	983,461,097	536,177,313	29,452,590	-
Total primary government	$ 3,474,972,222	$ 878,054,724	$ 211,964,608	$ 86,295,642
Component units:				
Forest Preserve District	$ 182,367,833	$ 52,979,125	$ 32,844,671	$ -
Emergency Telephone Systems	3,818,095	2,588,432	-	-
Total Component units	$ 186,185,928	$ 55,567,557	$ 32,844,671	$ -

General Revenues
Taxes:
Property taxes - tax levy
Nonproperty taxes:
Personal property replacement tax
County sales taxes
County use tax
State income tax
Inheritance tax
Illinois gaming tax
Alcohol beverage tax
Gasoline tax
Cigarette taxes
Other Tobacco products taxes
Amusement tax
Parking lot and garage operation tax
Road taxes
Other nonproperty taxes
Total nonproperty taxes:
Total Taxes:
Miscellaneous revenue
Investment income
Transfers
Transfers - contributed capital
Total general revenues and transfers
Change in net position
Net Position - Beginning
Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Total Component Units	**Functions/Programs**
				Primary government
				Governmental Activities:
$ (305,759,100)	$ -	$ (305,759,100)		Government management and supporting services
(465,489,775)	-	(465,489,775)		Corrections
(895,983,154)	-	(895,983,154)		Courts
(279,187)	-	(279,187)		Control of environment
(1,792,689)	-	(1,792,689)		Assessment and collection of taxes
(61,779,736)	-	(61,779,736)		Election
(6,952,651)	-	(6,952,651)		Economic and human development
29,485,517	-	29,485,517		Transportation
(172,275,279)	-	(172,275,279)		Interest and other charges
(1,880,826,054)	-	(1,880,826,054)		**Total Governmental Activities**
				Business-type Activities:
-	(417,831,194)	(417,831,194)		CCHHS
-	(417,831,194)	(417,831,194)		Total business-type Activities
$ (1,880,826,054)	$ (417,831,194)	$ (2,298,657,248)		**Total primary government**
				Component units:
			$ (96,544,037)	Forest Preserve District
			(1,229,663)	Emergency Telephone Systems
			$ (97,773,700)	**Total Component units**
				General Revenues
				Taxes:
$ 638,594,591	$ 79,629,731	$ 718,224,322	$ 86,711,886	Property taxes - tax levy
				Nonproperty taxes:
46,956,738	-	46,956,738	7,139,035	Personal property replacement tax
379,258,207	57,524,338	436,782,545	-	County sales taxes
59,135,815	-	59,135,815	-	County use tax
10,559,647	-	10,559,647	-	State income tax
7,177,444	-	7,177,444	-	Inheritance tax
8,293,802	-	8,293,802	-	Illinois gaming tax
34,610,244	-	34,610,244	-	Alcohol beverage tax
87,861,956	-	87,861,956	-	Gasoline tax
16,424,593	106,003,772	122,428,365	-	Cigarette taxes
-	6,542,547	6,542,547	-	Other Tobacco products taxes
27,632,232	-	27,632,232	-	Amusement tax
39,662,577	-	39,662,577	-	Parking lot and garage operation tax
21,827,075	-	21,827,075	-	Road taxes
15,411,269	-	15,411,269	-	Other nonproperty taxes
754,811,599	170,070,657	924,882,256	7,139,035	Total nonproperty taxes:
1,393,406,190	249,700,388	1,643,106,578	93,850,921	Total Taxes:
21,758,573	-	21,758,573	2,204,592	Miscellaneous revenue
(20,434)	37,727	17,293	10,321,283	Investment income
(62,232,018)	62,232,018	-	-	Transfers
(16,978,173)	16,978,173	-	-	Transfers - contributed capital
1,335,934,138	328,948,306	1,664,882,444	106,376,796	Total general revenues and transfers
(544,891,916)	(88,882,888)	(633,774,804)	8,603,096	Change in net position
(3,010,696,016)	625,368,250	(2,385,327,766)	573,809,806	Net Position - Beginning
$ (3,555,587,932)	$ 536,485,362	$ (3,019,102,570)	$ 582,412,902	Net Position - Ending

Exhibit 3
COOK COUNTY, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
November 30, 2012

	General	Motor Fuel Tax	Annuity and Benefit	Capital Projects
ASSETS:				
Cash and investments	$ 232,845,599	$ 61,762,165	$ -	$ 20,116,842
Cash and investments with escrow agent	-	-	-	-
Cash and investments with trustees	-	-	-	481,166,959
Taxes receivable -				
(net of allowance for loss of $5,170,368)				
Tax levy - current year	252,090,137	-	147,969,272	-
Tax levy - prior year	17,086,622	-	5,625,912	-
Accrued interest receivable	221	277	-	501,749
Accounts receivable -				
Due from others	20,446,871	-	-	-
Due from other governments	107,274,856	16,076,567	9,821,929	-
Due from other funds	600,200	-	-	-
Loans receivable, net of allowance of $2,138,380	-	-	-	-
Total assets	$ 630,344,506	$ 77,839,009	$ 163,417,113	$ 501,785,550
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	$ 55,658,844	$ 4,417,433	$ -	$ 28,281,958
Claims payable	20,000,000	-	-	-
Accrued salaries payable	42,687,366	-	-	-
Amounts held for outstanding warrants	6,579,895	-	-	-
Due to other funds	4,003,569	-	-	-
Due to others	-	-	10,717,970	-
Deferred revenue - property tax	267,568,256	-	152,699,143	-
Deferred revenue - other	39,154,609	-	-	-
Total liabilities	435,652,539	4,417,433	163,417,113	28,281,958
Fund balance:				
Restricted	-	73,421,576	-	473,503,592
Committed	-	-	-	-
Assigned	29,361,149	-	-	-
Unassigned	165,330,818	-	-	-
Total fund balances	194,691,967	73,421,576	-	473,503,592
Total liabilities and fund balances	$ 630,344,506	$ 77,839,009	$ 163,417,113	$ 501,785,550

The notes to the financial statements are an integral part of this statement.

Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	
			ASSETS:
$ 204,015,706	$ 69,925,063	$ 588,665,375	Cash and investments
20,613,600	-	20,613,600	Cash and investments with escrow agent
7,452,400	-	488,619,359	Cash and investments with trustees
			Taxes receivable -
			(net of allowance for loss of $5,170,368)
193,532,421	37,326,944	630,918,774	Tax levy - current year
2,274,104	429,376	25,416,014	Tax levy - prior year
567,852	-	1,070,099	Accrued interest receivable
			Accounts receivable -
-	205	20,447,076	Due from others
-	40,384,165	173,557,517	Due from other governments
-	3,983,794	4,583,994	Due from other funds
-	57,454,344	57,454,344	Loans receivable, net of allowance of $2,138,380
$ 428,456,083	$ 209,503,891	$ 2,011,346,152	Total assets
			LIABILITIES AND FUND BALANCES:
			Liabilities:
$ -	$ 17,827,296	$ 106,185,531	Accounts payable
-	-	20,000,000	Claims payable
-	3,261,430	45,948,796	Accrued salaries payable
-	-	6,579,895	Amounts held for outstanding warrants
1,441,492	2,160	5,447,221	Due to other funds
-	-	10,717,970	Due to others
193,532,421	37,635,694	651,435,514	Deferred revenue - property tax
-	43,024,571	82,179,180	Deferred revenue - other
194,973,913	101,751,151	928,494,107	Total liabilities
			Fund balance:
233,482,170	122,968,101	903,375,439	Restricted
-	25,705,795	25,705,795	Committed
-	-	29,361,149	Assigned
-	(40,921,156)	124,409,662	Unassigned
233,482,170	107,752,740	1,082,852,045	Total fund balances
$ 428,456,083	$ 209,503,891	$ 2,011,346,152	Total liabilities and fund balances

[THIS PAGE INTENTIONALLY LEFT BLANK]

Exhibit 4
COOK COUNTY, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
November 30, 2012

Total Fund Balances - Governmental Funds		$	1,082,852,045
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			1,693,988,613
Revenues that have been deferred in the governmental funds but are recognized as revenue in the government-wide financial statements.			716,229,831
Noncurrent claims and liabilities for the County's self insurance program are not due and payable in the current period and therefore, are not reported as fund liabilities.			(274,884,157)
The net pension and OPEB liability is not recorded in governmental fund statements.			(2,815,057,153)
Other long-term liabilities, as listed below, are not due and payable in the current period and therefore are not reported as fund liabilities:			
Bonds payable	(3,780,315,000)		
Line of credit payable	(13,000,000)		
Deferred amounts (net premium, refunding)	(52,523,854)		
Property tax objections	(62,279,532)		
Pollution remediation	(731,994)		
Compensated absences	(64,900,529)		
Debt issuance costs	23,203,871		
Accrued interest	(8,170,073)		
			(3,958,717,111)
Total net deficit of governmental activities		$	(3,555,587,932)

The notes to the financial statements are an integral part of this statement.

Exhibit 5
COOK COUNTY, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended November 30, 2012

	General	Motor Fuel Tax	Annuity and Benefit	Capital Projects
REVENUES:				
Taxes -				
Property	$ 243,944,007	$ -	$ 136,262,405	$ -
Nonproperty	693,281,220	71,245,781	46,956,738	-
Fees and licenses	266,804,440	-	-	-
Intergovernmental grants and reimbursements -				
Federal government	1,802,623	-	-	-
State of Illinois	17,993,310	19,159,893	-	-
Other governments	-	2,431,779	-	-
Investment income (loss)	192,351	71,500	8,256	(561,630)
Miscellaneous	18,375,181	132,337	-	-
Total revenues	1,242,393,132	93,041,290	183,227,399	(561,630)
EXPENDITURES:				
Current -				
Government management and supporting services	140,228,154	-	52,001,299	-
Corrections	358,946,941	-	33,722,579	-
Courts	753,273,016	-	77,255,856	-
Control of environment	1,878,051	-	1,108,163	-
Assessment and collection of taxes	35,159,468	-	6,295,898	-
Election	7,478,136	-	4,388,896	-
Economic and human development	1,146,670	-	3,923,351	-
Transportation	6,829,417	32,089,385	2,632,454	-
Health	-	-	1,898,903	-
Insurance claims	5,878,406	-	-	-
Capital Outlay	-	-	-	114,228,987
Debt service -				
Principal	23,000,000	-	-	-
Interest and other charges	362,672	-	-	-
Bond issuance costs	-	-	-	867,128
Total expenditures	1,334,180,931	32,089,385	183,227,399	115,096,115
Revenues over (under) expenditures	(91,787,799)	60,951,905	-	(115,657,745)
OTHER FINANCING SOURCES (USES):				
Transfers in	92,622,397	-	-	-
Transfers out	(3,247,019)	(76,648,565)	-	-
Issuance of general obligation bonds -				
Par value of bonds	-	-	-	90,000,000
Net premium	-	-	-	12,885,856
Total other financing sources (uses)	89,375,378	(76,648,565)	-	102,885,856
Net change in fund balance	(2,412,421)	(15,696,660)	-	(12,771,889)
FUND BALANCE - Beginning	197,104,388	89,118,236	-	486,275,481
FUND BALANCE - Ending	$ 194,691,967	$ 73,421,576	$ -	$ 473,503,592

The notes to the financial statements are an integral part of this statement.

	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes -			
Property	$ 199,003,169	$ 19,713,472	$ 598,923,053
Nonproperty	-	21,692,272	833,176,011
Fees and licenses	-	73,823,538	340,627,978
Intergovernmental grants and reimbursements -			
Federal government	13,138,629	112,015,236	126,956,488
State of Illinois	-	25,935,007	63,088,210
Other governments	-	226,682	2,658,461
Investment income (loss)	156,728	78,707	(54,088)
Miscellaneous	-	4,538,102	23,045,620
Total revenues	212,298,526	258,023,016	1,988,421,733
EXPENDITURES:			
Current -			
Government management and supporting services	-	7,265,617	199,495,070
Corrections	-	17,072,748	409,742,268
Courts	-	99,060,946	929,589,818
Control of environment	-	2,812,767	5,798,981
Assessment and collection of taxes	-	17,531,660	58,987,026
Election	-	38,185,018	50,052,050
Economic and human development	-	45,426,714	50,496,735
Transportation	-	21,465,303	63,016,559
Health	-	4,033,060	5,931,963
Insurance claims	-	-	5,878,406
Capital Outlay	-	-	114,228,987
Debt service -			
Principal	377,475,000	-	400,475,000
Interest and other charges	174,626,737	-	174,989,409
Bond issuance costs	511,965	-	1,379,093
Total expenditures	552,613,702	252,853,833	2,470,061,365
Revenues over (under) expenditures	(340,315,176)	5,169,183	(481,639,632)
OTHER FINANCING SOURCES (USES):			
Transfers in	2,148,565	-	94,770,962
Transfers out	-	(18,122,397)	(98,017,981)
Issuance of general obligation bonds -			
Par value of bonds	253,330,000	-	343,330,000
Net premium	-	-	12,885,856
Total other financing sources (uses)	255,478,565	(18,122,397)	352,968,837
Net change in fund balance	(84,836,611)	(12,953,214)	(128,670,795)
FUND BALANCE - Beginning	318,318,781	120,705,954	1,211,522,840
FUND BALANCE - Ending	$ 233,482,170	$ 107,752,740	$ 1,082,852,045

Exhibit 6
COOK COUNTY, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended November 30, 2012

Net change in fund balances - total governmental funds		$ (128,670,795)
Amounts reported for governmental activities in the statement of activities are different because:		
The governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In addition, donated capital assets are not recorded on the fund financials but are included as capital assets and related revenue on the government-wide statement of activities.		
Capital outlay	136,038,790	
CCHHS transfers - contributed capital	(12,725,204)	
Depreciation and amortization expense	(108,216,065)	
Loss on disposal of capital assets	(3,957)	
		15,093,564
Some expenses reported in the statement of activities do not require the use of current financial resources such as changes in compensated absences, pollution remediation liabilities and property tax objections and are not reported as expenditures in the governmental funds.		
Property tax objections	(21,497,502)	
Pollution remediation	(205,876)	
Compensated absences	815,398	
		(20,887,980)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items, including current year debt issuance and loss on refunding. The effect on net position of these items are the following:		
Debt service principal payments	377,475,000	
Line of credit payment	23,000,000	
Par amount of bond issuance	(343,330,000)	
Premium on bond issuance	(12,885,856)	
Deferred gain/loss on refunding	893,422	
Cost of bond issuance	1,411,301	
Amortization of deferred bond issuance costs	(4,766,866)	
Amortization of deferred bond premium	22,041,632	
Change in accrued interest on bonds	18	
Amortization of deferred amount on refunding	(15,486,284)	
		48,352,367
Self-insurance claims, pension and OPEB expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds but are considered as other long-term liabilities.		
Self-insurance claims		(4,953,984)
Pension and OPEB		(491,236,716)
Revenues in the Statement of Activities that do not provide current financial resources deferred in the fund financials. These amounts represent the increase in unavailable revenue over the prior year.		
Deferred revenue - property and other taxes	26,407,896	
Deferred revenue - grants	11,003,732	
		37,411,628
Change in net position (deficits) of governmental activities.		$ (544,891,916)

The notes to the financial statements are an integral part of this statement.

Exhibit 7
COOK COUNTY, ILLINOIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS
For the Year Ended November 30, 2012

	Original and Final Budget	Actual Amounts	Variance
REVENUES:			
Taxes -			
Property	$ 252,090,137	$ 248,356,374	$ (3,733,763)
Nonproperty taxes	652,891,511	686,385,531	33,494,020
Total taxes	904,981,648	934,741,905	29,760,257
Fees and licenses	255,966,700	279,512,476	23,545,776
Intergovernmental grant and reimbursements-			
Federal government	1,867,500	1,847,760	(19,740)
State of Illinois	40,484,525	18,639,678	(21,844,847)
Investment income	-	149,826	149,826
Miscellaneous	41,707,403	20,381,078	(21,326,325)
Total revenues	1,245,007,776	1,255,272,723	10,264,947
EXPENDITURES AND ENCUMBRANCES:			
Current -			
Government management and supporting services	146,957,832	143,539,977	3,417,855
Corrections	365,251,825	403,052,625	(37,800,800)
Control of environment	2,025,894	1,865,807	160,087
Courts	777,558,839	712,124,627	65,434,212
Assessment and collection of taxes	34,114,901	34,237,712	(122,811)
Election	7,642,414	7,530,761	111,653
Economic and human development	677,242	889,276	(212,034)
Transportation	7,668,170	6,816,989	851,181
Total expenditures and encumbrances	1,341,897,117	1,310,057,774	31,839,343
Revenues over (under) expenditures and encumbrances	(96,889,341)	(54,785,051)	42,104,290
OTHER FINANCING SOURCES:			
Transfers in	96,889,341	92,622,397	(4,266,944)
Total other financing sources	96,889,341	92,622,397	(4,266,944)
Revenues over (under) expenditures and encumbrances and other financing sources	$ -	$ 37,837,346	$ 37,837,346

The notes to the financial statements are an integral part of this statement.

Exhibit 8
COOK COUNTY, ILLINOIS
MOTOR FUEL TAX FUND
STATEMENT OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
For the Year Ended November 30, 2012

	Original and Final Budget	Actual Amounts	Variance
REVENUES:			
Nonproperty tax	$ 77,186,015	$ 71,735,596	$ (5,450,419)
Intergovernmental grants and reimbursements -			
State of Illinois	25,139,339	19,159,893	(5,979,446)
Other governments	-	2,407,622	2,407,622
Investment income	-	71,500	71,500
Miscellaneous	30,000,000	130,118	(29,869,882)
Fund balance	35,156,468	15,594,367	(19,562,101)
Total revenues	167,481,822	109,099,096	(58,382,726)
EXPENDITURES AND ENCUMBRANCES:			
Transportation	92,981,822	32,450,531	60,531,291
Total expenditures and encumbrances	92,981,822	32,450,531	60,531,291
Revenues over expenditures and encumbrances	74,500,000	76,648,565	2,148,565
OTHER FINANCING (USES):			
Transfers out	(74,500,000)	(76,648,565)	(2,148,565)
Total other financing uses	(74,500,000)	(76,648,565)	(2,148,565)
Revenues over expenditures and encumbrances and other financing uses	$ -	$ -	$ -

The notes to the financial statements are an integral part of this statement.

Exhibit 9
COOK COUNTY, ILLINOIS
ANNUITY AND BENEFIT FUND
STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
For the Year Ended November 30, 2012

	Original and Final Budget	Actual Amounts	Variance
REVENUES:			
Property tax	$ 147,969,272	$ 150,387,647	$ 2,418,375
Personal property replacement tax & TIF	48,170,211	48,170,211	-
Investment Income	-	8,256	8,256
Total revenues	196,139,483	198,566,114	2,426,631
EXPENDITURES - Pension Contributions			
Government management and supporting services	55,665,845	56,354,541	(688,696)
Corrections	36,099,018	36,545,634	(446,616)
Courts	82,700,098	83,723,260	(1,023,163)
Control of environment	1,186,255	1,200,932	(14,676)
Assessment and collection of taxes	6,739,571	6,822,953	(83,382)
Election	4,698,183	4,756,309	(58,126)
Economic and human development	4,199,830	4,251,790	(51,960)
Transportation	2,817,964	2,852,828	(34,864)
Health	2,032,719	2,057,868	(25,149)
Total expenditures and encumbrances	196,139,483	198,566,114	(2,426,631)
Revenues over (under) expenditures	$ -	$ -	$ -

The notes to the financial statements are an integral part of this statement.

Exhibit 10
COOK COUNTY, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUND - COOK COUNTY HEALTH AND HOSPITAL SYSTEM FUND
November 30, 2012

		Business-type Activities - CCHHS Fund
ASSETS:		
CURRENT ASSETS:		
Cash and investments	$	136,098,978
Taxes receivable (net of allowance for loss of $5,960,134)		
Tax levy - current year		82,237,608
Tax levy - prior year		7,798,098
Total tax receivable		90,035,706
Accounts receivable -		
Patient accounts receivable, net of allowance for uncollectible accounts of $298,256,873		52,888,950
Due from others -		
Third-party settlements		1,442,694
Other receivables		2,722,082
Due from State of Illinois - sales tax		17,220,028
Due from other County governmental fund		339,274
Total accounts receivable		74,613,028
Inventories at lower of cost (weighted average) or market		3,305,913
Total current assets		304,053,625
NONCURRENT ASSETS:		
Property and equipment, net		440,623,431
Total noncurrent assets		440,623,431
Total assets	$	744,677,056
LIABILITIES AND NET POSITION:		
CURRENT LIABILITIES:		
Accounts payable	$	47,683,219
Accrued salaries payable		23,024,514
Compensated absences		6,492,483
Deferred revenue		80,163,630
Third-party settlements		1,431,444
Trust funds and other		46,837
Total current liabilities		158,842,127
LONG TERM LIABILITIES:		
Compenated Absences less current portion		36,790,727
Property tax objections		12,558,840
Total long term liabilities		49,349,567
Total liabilities		208,191,694
NET POSITION:		
Net investment in capital assets		440,623,431
Restricted		730,566
Unrestricted		95,131,365
Total net position		536,485,362
Total liabilities and net position	$	744,677,056

The notes to the financial statements are an integral part of this statement.

Exhibit 11
COOK COUNTY, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND - COOK COUNTY HEALTH AND HOSPITAL SYSTEM FUND
For the Year Ended November 30, 2012

	Business-type Activities - CCHHS Fund
OPERATING REVENUES:	
Net patient service revenue (net of provision of $342,863,068)	$ 536,177,313
Miscellaneous	29,452,590
Total operating revenues	565,629,903
OPERATING EXPENSES:	
Salaries and wages	504,126,231
Employee benefits	134,456,510
Supplies	106,773,975
Purchased services, rental and other	156,335,523
Insurance	32,739,345
Depreciation	32,512,226
Utilities	13,270,268
Services contributed by other County offices	3,247,019
Total operating expenses	983,461,097
OPERATING LOSS	(417,831,194)
NONOPERATING REVENUES:	
Property taxes	79,629,731
Sales taxes	57,524,338
Cigarette taxes	106,003,772
Other tobacco products taxes	6,542,547
Investment income	37,727
Retirement plan contribution	58,984,999
Total nonoperating revenues	308,723,114
Loss before transfers and capital contributions	(109,108,080)
TRANSFERS	3,247,019
CAPITAL CONTRIBUTIONS	16,978,173
Change in net position	(88,882,888)
NET POSITION - Beginning	625,368,250
NET POSITION - Ending	$ 536,485,362

The notes to the financial statements are an integral part of this statement.

Exhibit 12
COOK COUNTY, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - COOK COUNTY HEALTH AND HOSPITAL SYSTEM FUND
For the Year Ended November 30, 2012

	Business-type Activities - CCHHS Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from third-party payors and patients	$ 570,711,425
Payments to employees	(575,330,449)
Payments to suppliers	(311,170,642)
Other receipts	29,195,536
Net cash used in operating activities	(286,594,130)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Borrowings from Working Cash Fund	80,000,000
Repayment of borrowings from Working Cash Fund	(80,000,000)
Real and personal property taxes received, net	114,664,504
Sales taxes received	73,897,585
Cigarette taxes received	106,003,771
Other tobacco product taxes	6,542,547
Net cash flows from noncapital financing activities	301,108,407
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	41,774
Net cash flows from investing activities	41,774
CHANGE IN CASH AND CASH EQUIVALENTS	14,556,051
CASH AND CASH EQUIVALENTS - Beginning	121,542,927
CASH AND CASH EQUIVALENTS - Ending	$ 136,098,978
NON-CASH TRANSACTIONS:	
Capital assets transferred from governmental activities	$ 16,978,173
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	$ (417,831,194)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation	32,512,226
Provision for bad debts	342,863,068
Retirement plan contribution	58,984,999
Services contributed by other County offices	3,247,019
Change in assets and liabilities:	
Patient accounts receivable	(308,412,047)
Third-party settlements	7,719,677
Other receivables	(1,692,595)
Inter account receivable (payable)	(339,281)
Inventories	254,300
Accounts payable	(9,521,162)
Accrued salaries, compensated absences, wages, and other liabilities	2,900,863
Compensated absences	1,115,302
Deferred revenue	(83,100)
Due to other funds	(349,813)
Due to others	(73,401)
Trust funds	(2,259)
Property tax objection suits payable	2,113,268
Net cash used in operating activities	$ (286,594,130)

The notes to the financial statements are an integral part of this statement.

Exhibit 13
COOK COUNTY, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
November 30, 2012

ASSETS:	Total Pension Trust	Total Agency Funds
Cash	$ -	$ 336,164,623
Receivables -		
Employer contributions (property taxes)	215,861,641	-
Employee contributions	5,280,442	-
Accrued interest	22,652,456	-
Receivable for securities sold	34,897,859	-
Due from other funds	-	523,953
Other receivables	2,619,607	12,559,288
Investments -		
Short term investments	635,490,514	8,309,009
U.S. Government and agency obligations	1,582,287,173	91,358
Corporate bonds	831,881,515	-
Equities and exchange traded funds	3,801,742,949	1,907,424
Fixed income mutual funds	23,986,193	7,627,484
Alternative investments	991,623,313	-
Other	-	3,915,237
Total Investments	7,867,011,657	21,850,512
Collateral held for securities on loan	512,631,466	-
Total assets	8,660,955,128	371,098,376
LIABILITIES:		
Payable for securities purchased	72,893,623	-
Accounts payable	4,595,412	-
Health insurance payable	4,238,769	-
Due to other governments	-	88,591,211
Due to others	-	282,507,165
Securities lending liabilities	519,291,696	-
Total liabilities	601,019,500	371,098,376
NET POSITION:		
Net position held in trust for pension benefits	$ 8,059,935,628	$ -

The notes to the financial statements are an integral part of this statement.

Exhibit 14
COOK COUNTY, ILLINOIS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended November 30, 2012

	Total Pension Trust
ADDITIONS:	
Contributions	
Employer	$ 190,720,776
Plan members	130,570,599
Total contributions	321,291,375
Investment income	
Net appreciation in	
fair value of investments	710,479,251
Dividends	95,576,395
Interest	98,114,263
Total investment income	904,169,909
Less investment expense	(19,625,586)
Net investment income	884,544,323
Securities lending	
Income	3,817,723
Expenses	(674,527)
Net securities lending income	3,143,196
Other	
Federal subsidized programs	3,790,810
Medicare Part D subsidy	3,686,501
Miscellaneous	215,522
Prescription plan rebates	2,434,369
Early Retirement Re-insurance Program Repayment	(142,390)
Employee transfers	205,877
Total other additions	10,190,689
Total additions	$ 1,219,169,583
DEDUCTIONS:	
Benefits	
Annuities	
Employee	$ 469,398,775
Spouse and children	35,762,286
Disability benefits	
Ordinary	11,576,076
Duty	2,390,272
Group hospital premiums	43,964,717
Total benefits	563,092,126
Refunds	33,081,726
Administrative	4,303,353
Total deductions	600,477,205
CHANGE IN NET POSITION	618,692,378
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	
Beginning of year	7,441,243,250
End of year	$ 8,059,935,628

The notes to the financial statements are an integral part of this statement.

Exhibit 15
COOK COUNTY, ILLINOIS
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
November 30, 2012

	Component Units		
	Forest Preserve District December 31, 2012	Emergency Telephone Systems	Total Component Units
ASSETS:			
Cash and investments	$ 273,140,346	$ 6,257,750	$ 279,398,096
Restricted investments	120,353,354	-	120,353,354
Accounts receivable:			
Intergovernmental/grants	1,597,736	-	1,597,736
Due from others	-	500,598	500,598
Tax Levy - current year	66,722,615	-	66,722,615
Other receivables	22,280,974	-	22,280,974
Deferred bond issuance costs	1,844,670	-	1,844,670
Inventory and prepaid items	4,733,000	-	4,733,000
Capital assets, not being depreciated	218,047,748	-	218,047,748
Capital assets, net of accumulated depreciation	339,417,421	354,143	339,771,564
Total assets	$ 1,048,137,864	$ 7,112,491	$ 1,055,250,355
LIABILITIES:			
Accounts payable	$ 14,257,994	$ 70,181	$ 14,328,175
Accrued salaries payable	4,129,709	927,223	5,056,932
Deferred revenue-other	85,380,446	-	85,380,446
Other liabilities	8,689,092	1,623,385	10,312,477
Long-term obligation, due within one year	11,475,239	-	11,475,239
Long-term obligation, due in more than one year	346,284,184	-	346,284,184
Total liabilities	470,216,664	2,620,789	472,837,453
NET POSITION:			
Net investment in capital assets	260,584,642	354,143	260,938,785
Restricted for:			
Debt service	14,078,022	-	14,078,022
Capital projects	8,876,223	4,137,559	13,013,782
Working cash	13,418,326	-	13,418,326
Contributor programs	71,393,000	-	71,393,000
Unrestricted	209,570,987	-	209,570,987
Total net position	$ 577,921,200	$ 4,491,702	$ 582,412,902

The notes to the financial statements are an integral part of this statement.

Exhibit 16
COOK COUNTY, ILLINOIS
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended November 30, 2012

		Program Revenues		
	Expenses	**Licenses, fees & Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Functions/Programs				
Forest Preserve District	$ 182,367,833	$ 52,979,125	$ 32,844,671	$ -
Emergency Telephone Systems	3,818,095	2,588,432	-	-
Total component units	$ 186,185,928	$ 55,567,557	$ 32,844,671	$ -

General revenues
Taxes:
Property taxes
Personal property replacement tax
Investment income
Miscellaneous
Total general revenues
Change in net position
Net position - Beginning
Net position - Ending

The notes to the financial statements are an integral part of this statement.

Forest Preserve District	Emergency Telephone Systems	Total Component Units	
Net (Expense) Revenue and Changes in Net Position			
			Functions/Programs
$ (96,544,037)	$ -	$ (96,544,037)	Forest Preserve District
-	(1,229,663)	(1,229,663)	Emergency Telephone Systems
$ (96,544,037)	$ (1,229,663)	$ (97,773,700)	Total component units
			General revenues
			Taxes:
$ 86,711,886	$ -	$ 86,711,886	Property taxes
7,139,035	-	7,139,035	Personal property replacement tax
10,312,897	8,386	10,321,283	Investment income
2,204,592	-	2,204,592	Miscellaneous revenue
106,368,410	8,386	106,376,796	Total general revenues
9,824,373	(1,221,277)	8,603,096	Change in net position
568,096,827	5,712,979	573,809,806	Net position - Beginning
$ 577,921,200	$ 4,491,702	$ 582,412,902	Net position - Ending

COOK COUNTY, ILLINOIS

NOTES TO BASIC FINANCIAL STATEMENTS

November 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cook County, Illinois (the "County"), a home rule unit under the Illinois Constitution of 1970, was created by the State of Illinois in 1831. The County is managed by 17 Commissioners elected from single member districts for four-year terms. The President of the County Board of Commissioners (the "County Board") is also elected and serves as the chief executive officer; she/he may also be elected as a Commissioner. Currently, the President is not a Commissioner. All 17 Commissioners serve as the legislative body.

The accompanying financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB).

The County implemented the following GASB Statements in the 2012 fiscal year:

- GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." This statement had no effect on the 2012 financial statements.
- GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position." This statement was adopted one year early and resulted in new terminology throughout this report.
- GASB Statement No. 64, "Derivative Investments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53." This statement had no effect on the 2012 financial statements.

Management is currently assessing the impact that the adoption of the following GASB Statements will have on the County's future financial statements, which are not implemented and not required for the fiscal year ended November 30, 2012. The implementation of Statements 67 and 68, the new pension standards, will have a material impact on the County's financial statements and could have a negative impact on net position:

- GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," will become effective for the County in fiscal year 2013.
- GASB Statement No. 62, "Codification of Accounting and Financial Reporting Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," will become effective for the County in fiscal year 2013.
- GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," will become effective for the County in fiscal year 2014.
- GASB Statement No. 66, "Technical Corrections- 2012," will become effective for the County in fiscal year 2014.

- GASB Statement No. 67, "Financial Reporting for Pension Plans", will become effective for the County in fiscal year 2014.
- GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" will become effective for the County in fiscal year 2015.
- GASB Statement No. 69, "Government Combinations and Disposals of Government Operations", will become effective for the County in fiscal year 2015.

A. Financial Reporting Entity

As required by GAAP, these financial statements present the County (the primary government) and its component units, the Forest Preserve District of Cook County, the Cook County Emergency Telephone System, and the County Employees' and Officers' Annuity and Benefit Fund. As used both on the face of the financial statements and in the footnotes, the term "Primary Government" includes both County funds and any Blended Component Units while the term "Component Units" includes only Discretely Presented Component Units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Discretely Presented Component Units

The following two component units have been discretely presented due to the nature and significance of their relationship to the County as described below:

1. The Forest Preserve District of Cook County, Illinois (the "District") was established pursuant to Illinois Compiled Statutes (Chapter 40, Act 5, Sections 9-101 to 10-108) on July 1, 1914. The District is governed by the same Board of Commissioners that currently serve as members of the County's Board or Forest Preserve District Board of Commissioners (the "District Board"). The President of the District appoints management positions and has authority for budgets, fiscal management and the setting of charges and fees for the use of forest preserve facilities. As a separate taxing body the District is subject to its own statutory tax rate limitations. The District has the power to create forest preserve facilities and may issue debt secured by the full faith and credit of the District. The County is not responsible for financing operating deficits or debt service of the District and there is no benefit/burden relationship between the District and the County, nor does the County have operational responsibility for the District. The boundaries of the District are coterminous with the boundaries of the County. The District's financial statements for the fiscal year ended December 31, 2012, are discretely presented in the County's financial statements based on GASB Statement No. 61.

2. The Cook County Emergency Telephone System (the "System") is a venture established by resolution of the Cook County Board of Commissioners in accordance with the Emergency Telephone System Act of the Illinois Compiled Statutes.

The County Board and the Sheriff's Office appoint the System's board members. The System does not provide services directly to the County, the System is responsible for its own debt, and there is not a benefit or burden relationship between the two entities. As such, the System is presented as a discrete component unit in accordance with GASB Statement No. 61. The System was organized for the purpose of providing equipment, services, personnel, facilities and other items necessary for the implementation, operation, maintenance and repair of the E-911 Emergency Telephone System within the unincorporated portions of the County and the municipalities of Robbins, Ford Heights, Stone Park, Northlake, Golf, Phoenix, and Dixmoor, Illinois. The System, for the fiscal year ended November 30, 2012, is presented on the accrual basis of accounting as defined by GASB.

The Housing Authority of the County of Cook (the "Authority" or "HACC") is the second largest public housing authority in Illinois. The Authority is a municipal corporation that was established in 1946 to serve 108 communities, as well as unincorporated areas in suburban Cook County. Funding is provided by the Federal Government through the Department of Housing and Urban Development ("HUD"). The Board of Commissioners of the Authority is comprised of individuals who are appointed by the Cook County Board President and confirmed by the full County Board for five-year terms. The Authority is not considered a discretely presented component unit or blended component unit of the County; however, under GASB Statement No. 14, "The Financial Reporting Entity" the County considers the Authority to be a related organization. The County is not aware of any other significant operational or financial control over the Authority that would require the Authority's financial activity to be presented in the County's financial statements.

The County is not aware of any other entity over which it exercises significant operational or financial control which would result in the entity being blended or discretely presented in the County's financial statements.

Although the County Employees' and Officers' Annuity and Benefit Fund are a legally separate entity for which the County is not financially accountable, it is included in the County's basic financial statements as fiduciary funds (Pension Trust and Other Post-Employment Benefits (OPEB) Trust). The nature and significance of the Pension Trust and OPEB Trust Funds' relationship with the County is such that exclusion would render the County's financial statements misleading. The County Employees' and Officers' Annuity and Benefit Fund are defined benefit, single-employer pension and OPEB plans established by Illinois Compiled Statutes (Chapter 40, Acts 5/9 and 5/10). The County's Retirement Board is the administrator of the County Employees' and Officers' Annuity and Benefit Fund and consists of nine members, two of whom are appointed and seven of whom are elected. The Trust Funds are maintained and operated for the benefit of the employees and officers of the County. As a result, the Trust Funds are financed by investment income, employees' payroll deductions and employer contributions (property taxes levied and collected by the County).

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net positions and the statement of activities) report information on all of the non-fiduciary activities of the County and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for services. Likewise, the primary government is reported separately from its discretely presented component units for which the primary government is financially accountable.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the inter-fund services provided and other charges between the County's governmental activities and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identified with a specific function or segment.

Program revenues include:

1) Licenses, fees and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

2) Operating and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting system of the County, which is maintained by the County Comptroller (the "Comptroller") is a fund system implemented to present the financial position and the results of operations of each fund. It is also designed to provide budgetary control over the revenues and expenditures of each fund. Separate funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund is an independent fiscal and accounting entity made up of a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and residual balances, and changes therein.

Accounting records for the Forest Preserve District, the Trust Funds, and the various fee offices are maintained by these respective entities.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Revenues such as property taxes, non-property taxes, investment income and miscellaneous in the governmental fund financial statements are reported as general revenues on the government-wide statement of activities. Revenues such as fees and licenses, Federal government grants, State of Illinois (the "State") grants and charges for services are reported as program revenues on the government-wide statement of activities.

Governmental fund financial statements are reported using the flow of *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when measurable and available for financing current obligations. Accordingly, property taxes are recognized as deferred revenue in the year of levy and as revenue in the subsequent year when the taxes are collected within the current period, or 60 days thereafter. Uncollected taxes are written off by the County at the end of the fiscal year immediately following the year that the taxes become due. County sales tax revenues are recorded in the accounting period when they are measurable and available. Accordingly, sales tax amounts that are held by the State at the County's fiscal year-end and are transmitted to the County within 60 days of fiscal year-end have been recorded as fiscal year 2012 revenues. Amounts related to the current fiscal year but not collected within the first 60 days are recorded as deferred (unavailable) revenue. Home Rule taxes, except for cigarette taxes, assessed by the County (use, gasoline, parking, alcohol, amusement, etc.) are reported as revenues for the month of assessment as such amounts are collected by the County generally within 30 days of month-end (e.g. taxes assessed in November and collected in December are recorded as November revenue). For most Federal and State grants, reimbursements from other governments are recognized as revenue if collected within 60 days of fiscal year-end and the County has met all eligibility requirements. Interest on investments is recognized when earned. All other revenues (fees, fines, cigarette taxes, etc.) are recognized when collected by the County or its agencies on the cash basis.

Most expenditures, other than long-term debt and similar obligations (pensions, OPEB, tax objections, self-insurance claims, etc.) are expected to be paid with available expendable resources and are recognized when obligations are incurred in governmental fund financials.
In the fund financial statements, proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenue of the Cook County Health and Hospital System ("CCHHS") enterprise fund is charges to patients for services performed. Operating expenses of the CCHHS include the cost of services, administrative expenses, and depreciation on capital assets.

Unrestricted resources arise from normal operations. Restricted resources are resources whose use has been limited by laws and regulations, donors, grantors, debt covenants and county enabling legislation. Restricted funds are accounted for in specific accounts until expended for their identified purpose, at which time they are reported as expenses.

Governmental Funds

The County reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources not accounted for and reported in another fund. There are five accounts used by the County for General Fund financial resources: the Corporate Account, the Public Safety Account, the Self Insurance Account, Emergency Management Agency Account and the Capital Litigation Account. The Corporate Account includes all revenues and expenditures attributable to government management and supporting services; control of environment; assessment, collection and distribution of taxes; election; economic and human development and transportation. The Public Safety Account includes the revenues and expenditures attributable to the protection of persons and property (corrections and courts), government management and supporting services and revenues and expenditures of the Medical Examiner. The Self Insurance Account is used to account for all of the County's risks, including medical malpractice, worker's compensation, general, automobile and other liabilities. The Emergency Management Account includes activities pertaining to the County's emergency preparedness program. The Capital Litigation Account includes activities pertaining to the litigation of death cases.

Motor Fuel Tax Fund – The Motor Fuel Tax Fund was established to provide for the design, construction and maintenance of streets, roads and highways. Revenues are derived from reimbursements from the State, the Federal Government, other governments and other miscellaneous sources. The major portion of the revenue is derived from the County's share of the State's Motor Fuel Tax on gasoline which is restricted for road/highway construction and improvements.

Annuity & Benefit Fund - The Annuity and Benefit Fund was established to account for the yearly revenues and expenditures to fund the County pension fund. Revenues are derived from dedicated tax levies and interest earnings.

Capital Projects Fund – The Capital Projects Fund is used to account for the acquisition, construction and renovation of major capital facilities of the County. The Capital Projects Fund includes the following accounts: transportation, government management and supporting services, protection of health, corrections and courts.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources to pay principal and interest, when due, of the debt incurred by the County.

Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The County reports the following proprietary fund:

Enterprise Fund – The Enterprise Fund is used to account for certain costs of operating CCHHS. In May 2008, the County Board created the Cook County Health and Hospitals System Board (the "CCHHS Board") to provide independent oversight of health care operations. The CCHHS Board is accountable to the County Board. The CCHHS Board and the Ordinance were originally scheduled to terminate in three years. In May of 2010, the County Board of Commissioners voted to make the CCHHS Board permanent. The CCHHS includes the following entities: John H. Stroger, Jr. Hospital of Cook County, Provident Hospital of Cook County, Oak Forest Health Center, Cermak Health Services, the Cook County Department of Public Health, the Cook County Bureau of Health Services and the Ambulatory and Community Health Network of Cook County.

The operations and activities of the CCHHS are greatly subsidized by the County as CCHHS continues to incur significant operating losses due to declining federal reimbursements, dependency on Illinois Medicaid payments, a large self-pay patient population, and rising labor and medical costs. The Cook County Board of Commissioners remain committed to the continued mission of CCHHS and through the adopted budget process in fiscal year 2012 approved 31.8% of revenue from other resources in order for CCHHS to complete funding of the adopted budget, such as property tax, sales tax, cigarette tax and proceeds from debt restructuring savings. Certain significant activities/costs are paid directly by County governmental funds including debt principal and interest, capital assets acquisition/construction, pension and related benefits, insurance claims and contributed services. If all CCHHS expenses and liabilities were recorded in the Enterprise Fund, the reduction in the CCHHS' net position would be significant.

(1) Net Patient Service Revenue

A significant amount of the CCHHS net revenue from patient services is derived from the Medicaid and Medicare programs. Payments under these programs are based on a specific amount per case, or on a contracted price or costs, as defined, for rendering services to program beneficiaries.

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payers and others for services rendered. Retroactive adjustments under reimbursement agreements with third-party payers are accrued in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

(2) Charity Care

The John H. Stroger, Jr. Hospital, Oak Forest Health Center, Provident Hospital and the Ambulatory and Community Health Network of Cook County treat patients in need of medical services without regard to their ability to pay. These entities maintain records to identify and monitor the level of charity care they provide. These records include the amount of charges forgone for services and supplies furnished, as well as the estimated costs incurred for charity care services. During fiscal year 2012, the following levels of charity care were provided:

Charges forgone for charity care	$ 306,509,847
Estimated costs incurred for charity care	$ 256,553,002

During fiscal year 2012, the CCHHS's payer utilization was as follows, based on gross patient service revenue:

Self-Pay	56 %
Medicaid	31 %
Medicare	10 %
Other	3 %
	100 %

(3) Interagency Transfer Agreements

The CCHHS receives enhanced Medicaid reimbursement by means of an Interagency Agreement (the "Agreement") between the County Board and the Illinois Department of Healthcare and Family Services ("DHFS").

Under terms of the Agreement, DHFS will direct additional funding to the CCHHS for inpatient and outpatient services based on per diem and per visit cost reimbursement methodologies. In addition, the Agreement requires DHFS to provide the CCHHS additional funding to assist the CCHHS in offsetting the cost of its uncompensated care. Such adjustment amounts include federal matching funds.

Under the terms of the Secondary Interagency Agreement (collectively, the "Agreements"), CCHHS received $282,057,708 additional payments from DHFS during the fiscal year ended November 30, 2012. Of the amount received, $74,498,173 is unearned and included in deferred revenue on the balance sheet. Such deferred revenue is excluded from net patient service revenue and represents amounts to be earned during December through June 2013, the last seven months of the State of Illinois's 2013 fiscal year. Included in net patient service revenue as earned is $284,516,604 which takes into consideration the prior year deferral of $76,957,069.

Reimbursement under the Agreements will automatically terminate if federal funds under Title XIX are no longer available to match amounts collected and disbursed according to the terms of the Agreements at the rate of at least 50%. The Agreements will also automatically terminate in any year in which the General Assembly of the State fails to appropriate or re-appropriate funds to pay DHFS's obligations under these arrangements or any time that such funds are not available. The Agreements can be terminated by either party upon 15 days' notice. Additionally, the Agreements require the parties to comply with certain laws, regulations, and other terms of operations.

Fiduciary Funds

The County reports the following fiduciary funds:

Pension Trust Fund and Postemployment Health Care Trust Fund – The Trust Funds are used to account for transactions, assets, liabilities and net position available for the pension and Other Postemployment Benefits ("OPEB") of the County Employees' and Officers' Annuity and Benefit Fund of Cook County.

The Pension Trust Fund and Postemployment Health Care Trust Fund utilize the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

Agency Funds – The Agency Funds are used to account for resources received and held by the County as an agent for external parties. Agency Funds include amounts held by the following offices: the County Treasurer (the "Treasurer"), the Clerk of the Circuit Court, the County Sheriff, the State's Attorney, the Public Guardian, the Public Administrator, and Other Fee Offices.

D. Assets, liabilities, and net position or equity

1. Cash and investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity date of three months or less from the date of acquisition.

(1) The County (all Funds other than the Fiduciary Funds):

The County has an ordinance that directs all elected and appointed officials to invest public funds in their possession for which they are the custodians in interest-bearing accounts and that amounts in excess of insured limits must be collateralized at 102%. In addition, the Dodd-Frank Deposit Insurance Provision (DFDIP) provides unlimited coverage at participating Federal Deposit Insurance Corporation's ("FDIC") insured institutions through December 31, 2012. Consequently, these noninterest-bearing transaction deposit accounts that are fully insured by DFDIP do not need to be collateralized for calendar year 2012.

The Treasurer has adopted an investment policy that limits the types of investments to be made for funds held by the Treasurer to the following investments authorized by the State's Public Fund Investment Act:

a. 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 as to principal and interest, and which have a liquid market with a readily determinable market value;

b. Bonds, notes, debentures or other similar obligations of the United States of America or its agencies;

c. Repurchase agreements whose underlying purchased securities consist of the obligations described in paragraph (a) or (b) above;

d. Interest-bearing savings accounts, interest-bearing certificates of deposit, interest-bearing time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, 205 ILCS 5/1, *et seq.*; provided, however, that any such bank is insured by the Federal Deposit Insurance Corporation, is rated in one of the two highest rating categories by at least two of the three major credit rating agencies, and meets all the Treasurer's criteria of creditworthiness and soundness;

e. Money market mutual funds registered under the Investment Company Act of 1940, as from time to time amended (including those funds managed by the Investment Advisor and its affiliates), *provided, however,* that the portfolio of any such money market fund is limited to obligations described in paragraphs

(a) (b) or (d) above and to agreements to repurchase such obligations. All money market mutual funds must have a weighted average maturity of 60 days or less and be managed in accordance with rule 2A-7 of the Investment Company Act of 1940. All funds must be available for redemption on a daily basis. Repurchase agreements within the money market mutual fund must be collateralized using securities consisting only of obligations described in paragraph (a) and (b) above and must be collateralized at 102% of principal amount;

f. Local government investment pools (such as the Illinois Funds or the Illinois Metropolitan Investment Fund), either state-administered or created pursuant to joint powers statutes and other intergovernmental agreement legislation; *provided, however,* that the pool is rated at the time of investment in one of the two highest rating categories by at least two of the three major credit rating agencies. The collateral requirement on County funds invested by the County Treasurer in a local government investment pool shall be maintained by the state agency administering the pool or by the pooled fund's custodial institution, provided that the state agency has collateralized all County funds in accordance with all State laws, County ordinances, and this Investment Policy;

g. Any other investment instruments now permitted by the provisions of the Public Funds Investment Act or any other applicable statutes, or hereafter permitted by reason of the amendment of the Public Funds Investment Act or the adoption of any other statute or ordinance applicable to the investment of County funds, provided that such instruments prior to purchase are approved in writing by the Investment Policy Committee.

The Treasurer's policy prohibits the purchase of derivatives such as financial forwards, swaps, or futures contracts, and any leveraged investments, lending securities, or reverse repurchase agreements.

The County's investments that have a maturity date of less than one year are reported at amortized cost, which approximates their fair value. Additionally, the County's investments in 2a7 money market funds and 2a7- like pools (Illinois Funds) are reported at amortized cost. All other investments are reported at fair value.

Temporary cash borrowings take place among the various operating funds. These inter-fund borrowings allow idle cash not currently required in some funds to be borrowed by other funds on a temporary basis. Since the County's operating bank accounts are maintained on a pooled basis, temporary inter-fund borrowings result from the issuance of checks in amounts in excess of the cash credited to the fund for which the check was issued. The County believes that prudent inter-fund borrowing of temporarily idle moneys constitutes an appropriate cash management practice since it reduces the need for external borrowings.

Inter-fund borrowings are not made from cash accounts maintained for debt service or rental payments.

Working cash funds are maintained by the County. The money to establish and increase these working cash funds was obtained from the issuance of long-term bonds and from legally available County resources. Monies on deposit in the working cash funds are invested with the interest earnings being credited to the working cash funds. The working cash funds, as of November 30, 2012, totaled $209,520,338 of which $90,416,975 is reported in the General Fund, $95,147,154 is reported at CCHHS and $23,956,209 is reported in the Election Fund (non major special revenue fund).

The County maintains separate and restricted trust accounts with trustees for almost all outstanding general obligation debt. These separate and restricted trust accounts are managed by the County's Office of the Chief Financial Officer. Current tax collections are transferred into individual trust accounts to satisfy the above liabilities as they become due. The County invests the principal in the accounts in accordance with the provisions of each bond ordinance. Investments are primarily investment grade commercial paper, certificates of deposit, treasury notes and money market funds.

(2) Agency Funds

The Agency Funds maintain their own cash and investment accounts to manage the various fiduciary responsibilities of the County. The funds are governed by the County's Taxpayers Interest Assurance Ordinance, which requires that all cash held by the fee offices be placed into interest-bearing bank accounts and for those amounts in excess of insured limits, to be collateralized at 102% except for economic reasons or if funds are prohibited by law from being invested (i.e. trust funds). The County's Public Guardian (Agency Fund) is the court appointed guardian of the assets of individuals deemed disabled and unable to control their estate. The Public Guardian does not actively manage the funds, but is simply a custodian. The investments are valued by the financial institutions/funds that manage the investments and are generally reported at fair value.

(3) Trust Funds

The Trust Funds are administered by the respective fund's Retirement Board and its cash and investments are held by a designated custodian. The Funds are authorized to invest in bonds, notes, certificates of indebtedness, mortgage notes, real estate, stocks, debentures or other obligations as set forth in the Illinois Compiled Statutes. Investments are reported at fair value, which generally represents reported market value as of the last business day of the year. Limited partnerships are carried at fair value as estimated by each partnership's general partner.

2. Receivables and Internal Balances

Inter-funds/Internal Balances – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Loans-Cook County HOME Investment Partnership Program (HOME) funds are awarded to eligible public, private or non-profit entities for the development of affordable housing within Suburban Cook County. These funds are awarded as loans with terms negotiated on a per-project basis. The County has established a formal program to monitor the status and repayment of these loans. In accordance with its policy, the County has recorded an allowance for loan losses for all loans past due 120 days or greater. The allowance as of November 30, 2012 totaled $2,138,380.

Property taxes –Following the approval of the Annual Appropriation Bill proceedings as adopted by the County Board, authorization is given to provide for the collection of revenue by direct taxes on real property. This is known as the tax levy and must be certified to and filed in the Cook County Clerk's (the "Clerk") Office. The real property taxes become a lien on property and a receivable as of January 1st in the budget year for which taxes are levied.

The County Assessor (the "Assessor") is responsible for the assessment of all taxable real property within the County, except for certain railroad property and pollution control, which is assessed directly by the State. One-third of the County is reassessed each year on a repeating triennial schedule established by the Assessor.

Property assessed by the County is subject to equalization by the State. The equalized value is added to the valuation of property assessed directly by the State (to which an equalization factor is not applied) to arrive at the assessment base used by the Clerk in determining the tax rate for the County's tax levy. By virtue of its Constitutional "home rule" powers, the County does not have a statutory tax limit, except as described below.

The County Board passed The Property Tax Relief Ordinance, which voluntarily restricts the growth in the aggregate real property tax levy for the General (Corporate and Public Safety Accounts) and the CCHHS funds, to the lesser of 5% or the Consumer Price Index for All Urban Consumers. The Bond and Interest levy, the Pension levy and Election levy are excluded from this ordinance.

Property taxes are collected by the County Collector (who is also the County Treasurer), who remits to the County its respective share of the collections. Taxes levied in one year normally become due and payable in two installments, on March 1st and the latter of August 1st or 30 days after the mailing of the tax bills during the following year.

The first installment is an estimated bill equal to 55% of the prior year's tax bill. The second installment is for the balance of the current year's tax bill, and is based on the current levy, assessment and equalization, and any changes from the prior year in those factors. Railroad property taxes (based on the State's assessments) are due in full at the time the second installment is due. For the governmental fund financial statements, property tax revenue for fiscal year 2012 represents the amount of property taxes levied in fiscal year 2011 and collected in fiscal year 2012 and 60 days thereafter. Property tax receivable at November 30, 2012 represents the fiscal year 2012 taxes certified to the County Clerk in December 2012 and uncollected 2011 levy year taxes. The 2012 levy year taxes are intended to finance FY2012, and are recorded as revenue in the government wide statements (full accrual) even though the tax bills are prepared and collected in the next fiscal year.

Property, on which property taxes are unpaid after the due date (see above), is eligible to be sold at a public sale. If property sold for taxes is not redeemed within two years, the tax buyer receives a deed to the property.

The Annual Appropriation Bill of the County contains a provision for an allowance for uncollectible taxes. It is the County's policy to review this provision annually and to make adjustments accordingly.

On July 29, 1981 State law requiring additional procedures in connection with the annual levying of property taxes, became effective. The law states that, if an aggregate annual levy, exclusive of election costs and debt service requirements, is estimated to exceed 105% of the levy of the preceding year, a public hearing shall be held on the proposed increase. If the final levy as adopted exceeds 105% of the prior year's levy and exceeds the proposed levy specified in the notice, or is more than 105% of such proposed levy and no notice was required, notice of the adoption of such levy must be published within 15 days of the adoption thereof. No amount in excess of 105% of the preceding year's levy may be extended unless the levy is accompanied by a certification of compliance with the foregoing procedures. The express purpose of the law is to require published disclosure of an intention to adopt a levy in excess of the specified levels. The County, at public hearings on its 2012 budget, complied with this law.

During 1995, the State extended the provisions of the Property Tax Extension Limitation Law (the "Limitation Law") to non-home rule taxing districts in the County. Subject to specific exceptions, the Limitation Law limits the annual growth in property tax extensions for the District to (i) 5% for taxes extended in 1995 and (ii) the lesser of 5% or the percentage increase in the Consumer Price Index for All Urban Consumers during the calendar year preceding the relevant levy year for taxes extended in years after 1995.

All personal property taxes in the State of Illinois were abolished, effective January 1, 1979. A personal property replacement tax (the "PPRT") was enacted, effective July 1, 1979.

The PPRT represents an additional income tax for corporations (including certain utilities) at the rate of 2.5% of net taxable income; an additional income tax for trusts at the rate of 1.5% of net taxable income; a new income tax for partnerships and Subchapter S Corporations at the rate of 1.5% of net taxable income; and a new tax at the rate of 0.8% of invested capital for public utilities providing gas, communications, electrical and water services. Partnerships and Subchapter S Corporations previously had not been subject to the Illinois income tax.

The PPRT law provides that monies received by the County from the tax shall be applied, first, toward payment of the proportionate amount of debt service, which was previously levied and extended against personal property for bonds outstanding as of December 31, 1978, and, second, applied toward payment of the proportionate share of the pension or retirement obligations of the County which were previously levied and extended against personal property.

3. Inventories

Inventory (CCHHS) is valued at the lower of cost or market using the first in first out method.

4. Capital assets

Purchases of capital assets, for all funds other than the Enterprise Fund, are recorded as an expenditure of the fund from which the expenditure was made in the fund financial statements.

Capital assets, which include property, plant, equipment, intangible assets (easements, software) and infrastructure assets (e.g. roads, bridges, curbs and gutters, and sidewalks and lighting systems) are reported in the applicable governmental or business type activities columns in the government-wide financial statements and in the Enterprise Fund. Capital assets are defined, by the County, as assets with an initial individual cost of $5,000 or more ($1,000 for CCHHS) and an estimated useful life in excess of one year. Capital assets are recorded at cost. In the governmental activities, costs recorded do not include interest incurred as a result of financing asset acquisition or construction. Assets acquired by gift, bequest or through developer and other contributions are recorded at their fair market value at the date of acceptance. Upon sale or retirement, the cost of the assets and the related accumulated depreciation, if any, are removed from the accounts. Maintenance and repair costs are charged to operations.

Depreciation and amortization is provided over the estimated useful life of each class of assets. The estimated useful lives for assets are as follows:

Assets	Years
Building & Other Improvements	
Buildings	40
Building Improvements	20
Land Improvements	20
Machinery & Equipment	
Fixed Plant Equipment	10
Institutional Equipment	10
Medical Dental Lab Equipment	5
Telecommunications Equipment	5
Computer Equipment	5
Other Fixed Equipment	5
Furniture and Fixtures	10
Vehicle Purchases	5
Automotive Equipment	5
Infrastructure	
Bridges	50
Tunnels	50
Traffic Signals	5
Streets and Highways	20

Depreciation and amortization on capital assets included in the governmental type activities is computed on the straight-line method.

Depreciation and amortization is calculated on a straight-line method for all CCHHS assets, except John H. Stroger, Jr. Hospital (JSH) which used the 150% declining balance, on assets acquired prior to fiscal 2008. Beginning in fiscal 2008, new acquisitions at JSH are depreciated using the straight-line method for better cost allocation.

At November 30, 2012, the County was in the process of numerous construction and renovation projects at the various CCHHS sites. The construction in progress is recorded by the governmental activities. Expenditures from the capital projects fund of the County were for equipment, which amounted to $16,978,173 for the fiscal year ended November 30, 2012, and are included in CCHHS as capital contributions.

5. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. In the fund and government-wide financial statements, the County defers revenue for resources that have been received but not yet earned.

6. Compensated Absences

Governmental and Business-type Activities – Employees can earn from 10 to 25 vacation days per year, depending on their length of employment with the County. An employee can accumulate no more than the equivalent of two years' vacation. Accumulated vacation leave is due to the employee, or employee's beneficiary, at the time of termination or death.

Salaried employees can accumulate sick leave at the rate of one day for each month worked, up to a maximum of 175 days. Accumulated sick leave is forfeited at the termination of employment; therefore, sick leave pay is not accrued and is charged as an expenditure/expense when paid.

Sick leave does not vest, but any unused sick and vacation leave, up to six months in duration, accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes.

Employees may be assigned to overtime work (i.e. compensatory time) provided that such overtime shall be limited to either emergency condition which cannot be deferred and which cannot be performed with the personnel available during normal work hours, or because of an abnormal peak load in the activities of the institutions or department. A maximum of 260 hours of compensatory time can be accumulated at any given point. Banked compensatory time is expected to be used during the year, not carried from year to year. Accumulated banked compensatory time is due to the employee, or employee's beneficiary, at the time of termination or death.

7. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Principal and interest payments are recorded as expenditures when due.

The County in the past has entered into interest rate swap agreements to modify interest rates on outstanding debt. If the County enters into another swap, the net interest expenditures resulting from these arrangements would be recorded as interest expense. The fair value of derivative instruments that would be deemed to be effective would be accounted for as deferred outflows. Derivative instruments that are deemed not effective would be adjusted to fair value with the change in fair value recorded to investment earnings. All interest rate swaps are approved by the Board.

General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the County as a whole and not of the individual constituent funds of the County. General obligation debt proceeds may be used to finance CCHHS projects, but are not recorded as liabilities in the Business-Type Activities. Un-matured obligations of the County are recorded as noncurrent liabilities in the Statement of Net Position.

8. Fund Balances / Net Position

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 54 (GASB 54), “Fund Balance Reporting and Governmental Fund Type Definitions”, fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds.

In the General Fund, it is the County’s policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e. committed, assigned or unassigned) fund balances are available, followed by committed and then assigned resources. Unassigned amounts are used only after the other resources have been used. In all other governmental funds, it is the County’s policy to consider restricted resources to have been spent last when expenditure is incurred for which both restricted and unrestricted (i.e. committed, assigned or unassigned) resources are available. In those funds, the County considers assigned resources to have been spent first, followed by committed and then restricted resources.

Within the governmental fund types, the County's fund balances are reported in one of the following classifications:

Nonspendable – includes amounts that cannot be spent because they are either: a) not in spendable form; or b) legally or contractually required to be maintained intact.

Restricted – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The County's highest level of decision-making authority rests with the County Board. The County Board passes Ordinances to commit their fund balances.

Assigned – includes amounts that are constrained by the County's *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the County Board itself; or b) a body or official to which the Board has delegated the authority to assign amounts to be used for specific purposes. The County has not delegated authority to any other body or official to assign amounts for a specific purpose within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned.

Unassigned – includes the residual fund balance that has not been restricted, committed, or assigned within the general fund and deficit fund balances of other governmental funds.

In the government-wide and proprietary fund statements of net position, equity is displayed in three components as follows:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds and other debt that are attributable to acquisition, construction or improvement of the assets.

Restricted – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

Net position for governmental activities follows the policy for the use of restricted and unrestricted resources outlined above. For Enterprise Funds and Business-type activities, the County considers restricted resources to have been spent first when an expense is incurred for which both restricted and unrestricted resources are available.

9. Cash Flows

For purposes of the Statement of Cash Flows, the County considers all unrestricted, highly liquid investments with a maturity date of three months or less from the date of purchase to be cash equivalents. Restricted investments consist of investments with a maturity date greater than three months from the date of purchase.

10. Indirect Costs

Indirect costs are charged to various Federal programs, State programs and other funds based on a formal plan developed annually by the County. These costs are reflected as expenditures/expenses in those funds benefiting from the services provided and as reimbursements to the General Fund, which provides the services.

11. Use of Estimates

The preparation of financial statements, in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

12. Governmental Activities Column Statement of Net Position

The Governmental Activities column for the County excludes debt related to business-type activities in the "Net investment in capital assets" line item totaling $915,431,089. The County issues debt to finance construction projects for its business-type activities (CCHHS); however, the CCHHS owns the assets and the County retires the debt. The Statement of Net Position reports an adjustment column to properly reflect the entity wide net investment in capital assets.

13. Separately Issued Reports

Copies of this report and all other documents referred to herein, as well as copies of the Single Audit Report may be obtained from the Office of the Chief Financial Officer, Cook County Building, 118 North Clark Street, Room 1127, Chicago, Illinois 60602.

Copies of the Health and Hospitals Systems Report can be obtained from the Chief Financial Officer, 1900 West Polk, Room 505, Chicago, Illinois 60612.

Copies of the Annual Appropriation Bill and the financial statements of the Forest Preserve District may be obtained from the office of the Chief Financial Officer of the Forest Preserve District, 69 West Washington, Suite 2060, Chicago, Illinois 60602.

Copies of the financial statements and actuarial reports of the Pension Funds may be obtained from the office of the Executive Director of the Cook County and Forest Preserve District Employees' and Officers' Annuity and Benefit Funds, 33 North Dearborn, Suite 1000, Chicago, Illinois 60603.

Copies of the Financial Statements of the Emergency Telephone System can be obtained at the Cook County Emergency Telephone System Board-911, 9511 West Harrison Street, Des Plaines, Illinois 60016.

II. Stewardship, compliance, and accountability

A. Budgetary information

1. The County

The development of the Cook County annual budget begins with the publication of the preliminary budget, required by Executive Order to be prepared annually by the Budget Director to present an initial projection of the upcoming fiscal year's revenues and expenditures and also provides a mid-year estimate of current fiscal year revenues and expenses through the end of the year.

Each department then submits a detailed request for appropriation. Meetings are subsequently held by the Budget Director with each department and elected official to review their budget requests. Based on overall budgetary requests and available resources, the Budget Director, prepares an executive budget which is submitted to the President of the County Board for approval. Concurrent with this process, the Chief Financial Officer, the Comptroller, and the Budget Department prepare an estimate of revenues and other resources available for appropriations.

The executive budget recommendation, as approved by the President, is submitted to the County Board's Committee on Finance, which in turn holds public hearings with each department and elected official.

After public hearings on the executive budget are completed, the Committee on Finance recommends the budget to the County Board with such amendments, as it may deem appropriate. The County Board, along with any further approved amendments that may be decided upon by the County Board then approves the budget in the form of the Appropriation Ordinance. The Annual Appropriation Ordinance must be adopted before March 1st of the current fiscal year.

The fiscal year budget is prepared on a budgetary accounting basis in which the current year's encumbrances are treated as expenditures of the current period on the budgetary operating statements. Annual budgetary appropriation accounts are established for the General Fund, certain budgeted Special Revenue Funds, the Debt Service Fund and the CCHHS. These appropriation accounts represent the maximum expenditures authorized during the fiscal year, and they cannot legally be exceeded unless subsequently amended by the County Board. Unexpended and unencumbered appropriations lapse at the end of each fiscal year. Unencumbered balances in the various fund accounts of the County and other fund accounts may be inadequate to pay for services already rendered because of unforeseen commitments at the time the Annual Appropriation Ordinance is passed. The Comptroller and the Treasurer are authorized by the County Board to use these unexpended balances as transfers so that fund deficiencies may be appropriately adjusted. The Capital Projects Fund applies project length budgets for fiscal control. The level of control where expenditures may not exceed the budget is the project level of activity.

Governmental grants and other non-budgeted special revenue funds are not budgeted within the annual budgeting process, as discussed above. The County controls expenditures from non-budgeted funds by monitoring cash balances through its accounting and cash disbursement system. Any Non-budgeted Debt Service Fund expenditures, which arise after the passage of the budget, are determined by the terms of specific bond indentures.

The County Board is authorized to amend the Annual Appropriation Ordinance by approving appropriation line item transfers within a department's budget or intra-fund transfers between departments. The Budget Director can execute such transfers under $10,000 without requiring action from the County Board, and as otherwise permitted by the Budget Resolution. Total appropriations for each fund cannot be changed unless the County Board approves a supplemental appropriation. Supplemental appropriation ordinances are approved when matched with estimated appropriable resources. During the fiscal year ended November 30, 2012, the County Board approved no supplemental appropriations.

2. Budgetary basis of accounting

The accompanying Statements of Revenues, Expenditures and Encumbrances - Budget and Actual have been prepared on a legally prescribed budgetary basis of accounting that differs from GAAP. The significant differences in accounting practices between the operating statements presented under GAAP and the budgetary operating statements include:

- Property tax levies are recognized as revenue in the budgetary statements in the year levied. The operating statements prepared under GAAP recognize property tax levies as revenue when they become measureable and available.

- Expenditures related to specific property tax levies (i.e. pension obligation, principal and interest on general obligation bonds, rental obligations, and allowances for uncollectible taxes) are recognized in the budgetary statements in the year the taxes are levied. The GAAP operating statements recognize these expenditures when the related liability is incurred with the exception of principal and interest on general long-term debt, which is recognized when due.

- Encumbrances are combined with expenditures in the budgetary statements but are excluded in the GAAP operating statements.

- Revenue is recognized when received in the monthly budgetary statements, while the GAAP operating statements recognize these items when measurable and available for financing current obligations.

The following schedule provides a reconciliation of the change in fund balance on the budgetary basis to the change in fund balance on a GAAP basis for the General Fund and major special revenue funds:

	General Fund	Motor Fuel Tax Fund	Annuity & Benefit Fund
Change in fund balances - GAAP basis from Exhibit 5	$ (2,412,421)	$ (15,696,660)	$ -
Effect of deferring 2011 property tax levy	4,412,367	-	14,125,242
Effect of accruing certain revenue	8,467,224	16,057,806	1,213,473
Effect of not including encumbrances as expenditures	24,123,157	(361,146)	(15,338,715)
Effect of excluding unbudgeted transfers	3,247,019	-	-
Revenues and other financing sources over expenditures and encumbrances and other financing uses - budgetary basis from Exhibits 7, 8 & 9 respectively	$ 37,837,346	$ -	$ -

B. Excess of expenditures over appropriations

For the year ended November 30, 2012, expenditures exceeded appropriations (non GAAP budget basis) for the funds listed below.

Fund	Expense Type	Over-expenditure
General	Economic and Human Development	$ (212,034)
General	Assessment and Collection of Taxes	(122,811)
General	Corrections	(37,800,800)
Debt Service	Debt Service	(87,234,189)
County Recorder Document Storage	Government Management Support Services	(26,158)
Cook County Emergency Telephone System Board	Corrections	(845,026)
Chief Judge Juvenile Justice	Courts	(71,307)
State's Attorney Narcotics Forfeiture	Courts	(556,138)
Clerk of the Circuit Court Administrative	Courts	(33,232)

C. Deficit fund equity

The following information provides deficit fund balances at November 30, 2012:

Nonmajor Govermental Funds -		
County Law Library	$	(2,377,601)
Circuit Court Document Storage		(2,350,739)
Circuit Court Automation		(4,316,199)
Cook County Emergency Telephone System		(998,616)
Chief Judge Juvenile Justice		(16,342,034)
Clerk of the Circuit Court Administrative		(291,325)
State's Attorney Narcotics Forfeiture		(1,387,788)
CJ Children's Waiting Room		(276,145)
CJ Mental Health		(52,116)

III. Detailed notes on all funds

A. Deposits and investments

1. **The County**
As of November 30, 2012, the County had the following investments in debt securities:

Investment Type	Investment Maturities (in Years)			
County Funds	**Less Than 1**	**1 - 5**	**6 - 20**	**Fair Value**
U.S. Treasuries	$ 13,871,142	$ 6,841,816	$ -	$ 20,712,958
Freddie Mac	-	9,023,729	-	9,023,729
Fannie Mae	279,146,438	-	6,378,513	285,524,951
State & Local Goverments (SLG)	3,548,947	1,754,888	-	5,303,835
Total	$ 296,566,527	$ 17,620,433	$ 6,378,513	$ 320,565,473

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Treasurer's Investment Policy prohibits the purchase of securities except for U.S. Treasury and agency securities, tax anticipation warrants, municipal bonds, notes, commercial paper, or other debt instruments. The County does not have a formal policy on interest rate risk.

Credit Risk. The County Code of Ordinances ("Code") limits investments in commercial paper to banks whose senior obligations are rated in the top two rating categories by two national rating agencies and maintain such rating during the term of such investment. The Code also limits investments to domestic money market mutual funds regulated by and in good standing with the Securities and Exchange Commission.

Certificates of Deposits are also limited by the Code to national banks which are either fully collateralized by at least 102% with marketable U.S. Government securities marked to market at least monthly, or secured by a corporate surety bond issued by an insurance company licensed to do business in Illinois, have a claims-paying rating in the top rating category by a nationally recognized statistical rating organization, and maintain such rating during the term of such investment.

Type of Investment	Moodys/ Standard&Poor's Rating		2012
Freddie Mac	Aaa/AA+	$	9,023,729
Fannie Mae	Aaa/AA+		285,524,951
Illinois Funds	NR/AAA m		2,774
Money market funds	AAA/Aaa		413,086,862
State & Local Government (SLG)	NR		5,303,835

NR = not rated

Custodial Credit Risk – Cash, Certificates of Deposit and Money Market Funds. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The Treasurer's Investment Policy states that in order to protect the County's public fund deposits, depository institutions are required to maintain collateral pledges on County certificates of deposit during the term of the deposit of at least 102% of marketable U.S. Government or approved securities or surety bonds issued by top-rated issuers. Collateral is required as security whenever deposits exceed the insured limits of the FDIC. The carrying value of Cash – Demand Deposits was $850,612,180 as of November 30, 2012. The County's deposits were not exposed to custodial credit risk as of November 30, 2012.

Custodial Credit Risk – Investments. For an investment, this 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 possession of an outside party. The County had no custodial credit risk exposure as of November 30, 2012 because all investments are held by the County's agent in the County's name.

Foreign Currency Risk – This is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The risk of loss is managed by limiting its exposure to fair value loss by requiring their international securities managers to maintain diversified portfolios. As of November 30, 2012, the County was not invested in any foreign investments or deposits.

Concentration of Credit Risk – The County does not have a formal policy on concentration of credit risk.

The following schedule summarizes the cash and investments reported in the basic financial statements for the Primary Government and Agency Funds:

From Note 3a. - County Investments		
U.S. Treasuries	$	20,712,958
Federal Home Loan Bank		-
Freddie Mac		9,023,729
Fannie Mae		285,524,951
State & Local Governments (SLG)		5,303,835
Total Investments from Note 3a.		320,565,473
Other Investments not categorized		
Money Market Mutual Funds		413,086,862
Common and Preferred Stock		1,907,424
Other Short-Term Investments		5,837,734
Repurchase Agreements		-
Illinois Funds		2,774
Total Other Investments not categorized		420,834,794
Total County Investments		741,400,267
Cash - Demand Deposits		850,612,180
Total Cash and Investments	$	1,592,012,447
Reconciliation to Financial Statements:		
Exhibit 1 - Primary Government:		
Cash and Investments	$	724,764,353
Cash and Investments with escrow agent		20,613,600
Cash and Investments with trustees		488,619,359
Exhibit 13 - Fiduciary - Agency Funds		
Cash		336,164,623
Investments		21,850,512
	$	1,592,012,447

2. Pension Trust Funds

The Pension Trust Funds are authorized to invest in bonds, notes, certificates of indebtedness, mortgage notes, real estate, stocks, shares, debentures, or other obligations or securities as set forth in the "prudent person" provisions of the State Statutes. All of the Plan's financial instruments are consistent with the permissible investments outlined in the State Statutes and any index-linked financial instruments are limited to those indices that replicate the permissible investments outlined in the State Statutes. The following table represents a summarization of the fair value (carrying amount) of the Plan's investments as of December 31, 2012. There were no investments that represent 5% or more of the Plan's net assets held in trust or benefit purposes in a single issuer (other than the US Government).

Type of Investment	Fair Value
U.S. Government and Government Agency Obligations	$ 1,582,287,173
Corporate Bonds	831,881,515
Equities	3,135,494,813
Private Equities	56,090,408
Collective International Equity	54,676,384
Exchange Traded Funds	555,481,344
Comingled Fixed Income	23,986,193
Hedge Funds	688,873,338
Real Estate	302,749,975
Short term Investments	635,490,514
TOTAL INVESTMENTS	$ 7,867,011,657

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Pension Trust Funds have set the duration for the total fixed income portfolio to fall within plus or minus 30% of the duration for the fixed income performance benchmark. The following table presents a summarization of debt investment at December 31, 2012 using the segmented time distribution method:

	Investment Maturities (in Years)				
Type of Investment	Less Than 1	1 - 5	6 - 10	More Than 10	Fair Value
Corporate bonds	$ 47,474,439	$ 207,323,422	$ 342,037,738	$ 235,045,916	$ 831,881,515
Comingled Fixed Income	-	23,986,193	-	-	23,986,193
U.S. Government and					-
government agency obligations	48,442,275	462,356,799	337,326,616	734,161,483	1,582,287,173
Short-Term	635,490,514	-	-	-	635,490,514
Total	$ 731,407,228	$ 693,666,414	$ 679,364,354	$ 969,207,399	$ 3,073,645,395

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. U.S. Government obligations or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality. The Pension Trust Funds have set the average credit quality for the total fixed income portfolio of not less than A- by Moody's Investor Service, Standard & Poor's and/or Fitch ratings. On August 5, 2011, Standard and Poor's downgraded its credit rating of the U.S. Government and government agency obligations from AAA to AA. U.S. Government and government agency obligations which the Plan owns have historically had a credit rating of AAA or nonrated. The following table presents a summarization of the credit quality ratings of investments in corporate bonds, foreign government obligations, short-term investments and pooled funds as of December 31, 2012 as valued by Moody's Investors Service and/or Standard & Poor's and/or Fitch:

Type of Investment	Rating	2012
Corporate bonds	Aaa/AAA	$ 69,366,232
	Aa/AA	38,426,822
	A/A	225,706,036
	Baa/BBB	332,102,420
	Ba/BB	71,443,307
	B/B	64,964,919
	Caa/CCC	11,283,188
	Ca/CC	2,478,442
	DD	128,197
	Not Rated	15,981,952
		$ 831,881,515
U.S. Government and government agency obligations	Aa/AA	$ 1,546,677,942
	A/A	438,030
	Not Rated	35,171,201
		$ 1,582,287,173
Comingled Fixed Income	Ba/BB	$ 23,986,193
		$ 23,986,193
Short term investments	Not Rated	$ 635,490,514
		$ 635,490,514

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Pension Trust Funds will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2012, the Pension Trust Funds had no investments that were uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not held in the Plan's name.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Pension Trust Funds limit the amount of investments in foreign equities to 20% of total assets and foreign fixed income obligations to 2.5% of total fund assets.

The Trust Fund's exposure to foreign currency risk as of December 31, 2012 is as follows:

Foreign Currency Risk	Fair Value (USD) 2012
Equities:	
Austrailian dollar	$ 57,756,044
Brazil real	20,047,433
British pound	286,555,201
Canadian dollar	60,495,096
Chilean peso	187,375
Czech koruna	279,182
Danish krone	13,724,122
Egyptian pound	158,767
European euro	295,288,043
Hong Kong dollar	99,137,374
Hungarian forint	293,397
Indian Rupee	2,841,886
Indonesian rupiah	3,382,800
Israeli shekel	1,703,794
Japanese yen	173,988,007
Malaysian ringgit	4,444,531
Mexican peso	8,756,371
Moroccan dirham	116,002
New Taiwan Dollar	16,751,848
New Zealand Dollar	3,404,939
Norwegian krone	9,232,759
Phillipenes peso	5,045,785
Polish zloty	2,175,151
Singapore dollar	18,810,581
South African rand	8,833,254
South Korean won	36,073,084
Swedish krona	42,872,732
Swiss franc	80,581,702
Thailand baht	9,690,902
Turkish lira	1,699,638
U.S. dollar	1,871,167,013
Total equities	$ 3,135,494,813

Type of Investment	Fair Value (USD) 2012
Corporate bonds:	
European Euro	$ 9,269,886
Mexican Peso	9,397,946
Phillippines Peso	1,260,274
U.S. dollar	811,953,409
Total corporate bonds	$ 831,881,515
Private Equities:	
European euro	$ 856,776
U.S. dollar	55,233,632
Total Private Equities	$ 56,090,408

Securities Lending. State Statutes and the Board of Trustees permit the Pension Trust Fund to lend its securities to broker-dealers and other entities with a simultaneous agreement to return collateral for the same securities in the future. The Pension Trust Fund's custodian, acting as the lending agent, lends securities for collateral in the form of cash, U.S. Government obligations and irrevocable letters of credit equal to 102% of the fair value of domestic securities plus accrued interest and 105% of the fair value of foreign securities plus accrued interest.

The Pension Trust Funds has a limit as to the amount of securities on loan of $750 million. The Trust Fund does not have the right to sell or pledge securities received as collateral unless the borrower defaults. The average term of securities loaned was 80 days for 2012; however, any loan may be terminated on demand by either the Pension Trust Fund or the borrower. Cash collateral was invested in a separately managed portfolio which had an average weighted maturity at December 31, 2012 of 73 days.

Although the Plan's securities lending activities are collateralized as describe above, they involve both market and credit risk. In this context, market risk refers to the possibility that the borrower of securities will be unable to collateralize the loan upon a sudden material change in the fair value of the loaned securities. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of the contract.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower. The contract with the lending agent requires indemnification to the Plan if borrowers fail to return the securities or fail to pay the Plan for income distributions by the issuers of securities while the securities are on loan.

As of December 31, 2012, the fair value (carrying amount) of loaned securities was $729,714,627 and the fair value (carrying amount) of cash collateral received by the Pension Trust Fund was $512,631,466. Securities on loan included equities, U.S Government and government agency obligations, exchange traded funds and corporate bonds. As of year end the fair value of the non-cash collateral received by the Plan was $235,494,187.

During 2008, a security within the collateral pool became insolvent in an insufficiency in the collateral pool. To prevent any one investor from incurring an additional loss should another investor exit the securities lending program, the Pension Trust Fund's custodian allocated a portion of the insolvent security to each investor in the collateral pool. As a result of the allocation, the Pension Trust Fund incurred an unrealized investment loss and corresponding securities lending payable in the amount of $6,660,230 for the year ended December 31, 2012.

When Issued Transactions. The Pension Trust Fund may purchase securities on a when-issued basis, that is, obligate itself to purchase securities with delivery and payment to occur at a later date. At the time the Pension Trust Fund enters into a commitment to purchase the security, the transaction is recorded at purchase price which equals value. The value at delivery may be more or less than the purchase price. No interest accrues to the Plan until delivery and payment take place. As of December 31, 2012, the Pension Trust Fund contracted to acquire securities on a when-issued basis with a total principal amount of $33,015,000.

Derivatives. The Plan's investment policy permits the use of financial futures for hedging purposes only. Speculation and leveraging of financial futures within the portfolio is prohibited. The Plan uses derivative financial instruments to gain exposure to an asset class, manage portfolio risk or to facilitate international portfolio trading.

A derivative security is a financial contract whose value is based on, or "derived" from, a traditional security, an asset, or a market index. Derivative instruments include forward currency contracts and futures contracts as part of the Plan's investment portfolio.

Derivative transactions involve, to varying degrees, credit risk, interest rate risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to the previously agreed upon terms. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle.

Forward currency contracts are used to hedge against fluctuations in foreign currency-denominated assets used primarily in portfolio trade settlements. These contracts are a cash contract in which a seller agrees to deliver a specific cash commodity to a buyer sometime in the future. Forward agreements are subject to the creditworthiness of the counterparties, which are principally large financial institutions. Forward currency contracts are reported at fair value in the receivable for securities sold and payable for securities purchased on the Combining Statement of Pension Plan and Postemployment Healthcare Plan Net Position included in investments. The gain or loss on forward currency contracts is reported as part of investment income on the Combining Statement of Changes in Pension Plan and Postemployment Healthcare Plan Net Position. The foreign currency contracts are short-term in nature, typically ranging from a week to three months.

The Plan uses futures contracts as an investment vehicle to gain exposure to an asset class with minimal market entry costs to the Plan. At December 31, 2012, the Plan had futures contracts with a fair value of $9,843,966 and a notional value of $384,140,094 with maturity dates ranging from January 18, 2013 through March 21, 2013.
Futures contracts are reported at fair value in the equity investments on the Combining Statement of Pension Plan and Postemployment Healthcare Plan Net Position. The gain or loss on futures contracts is reported as part of investment income on the Combining Statement of Changes in Pension Plan and Postemployment Healthcare Plan Net Position.

The Plan's portfolio includes the following derivative instruments at December 31, 2012:

	2012	Change in Fair Value
Forward currency contract receivables	$ 210,837,236	$ (28,479,630)
Forward currency contract payable	(211,339,312)	28,717,233
	(502,076)	237,603
U.S. Treasury Futures Contracts	-	(1,093,422)
U.S. Equity Index Futures Contracts	7,454,825	3,787,084
International Equity Index Futures Contracts	2,389,141	2,163,188
	9,843,966	4,856,850
Total derivative instruments	$ 9,341,890	$ 5,094,453

B. Capital Assets

Capital asset activity for the year ended November 30, 2012 was as follows:

Governmental Activities:	**December 1, 2011**	**Additions**	**Disposals and Transfers**	**November 30, 2012**
Capital assets, not being depreciated:				
Land	$ 151,272,146	$ -	$ -	$ 151,272,146
Construction in Progress	244,002,484	105,128,330	(50,047,826)	299,082,988
Total capital assets not being depreciated	395,274,630	105,128,330	(50,047,826)	450,355,134
Capital assets being depreciated:				
Buildings and Other Improvements	1,411,253,533	5,168,639	(3,200,000)	1,413,222,172
Machinery and Equipment	402,552,111	38,746,823	(25,387,065)	415,911,869
Infrastructure	1,531,150,140	37,042,824	-	1,568,192,964
Total capital assets being depreciated	3,344,955,784	80,958,286	(28,587,065)	3,397,327,005
Less accumulated depreciation for:				
Buildings and Other Improvements	691,658,905	45,112,467	(3,200,000)	733,571,372
Machinery and Equipment	309,398,694	25,631,001	(12,657,903)	322,371,792
Infrastructure	1,060,277,766	37,472,596	-	1,097,750,362
Total accumulated depreciation	2,061,335,365	108,216,064	(15,857,903)	2,153,693,526
Total capital assets being depreciated, net	1,283,620,419	(27,257,778)	(12,729,162)	1,243,633,479
Total Governmental Activities capital assets, net	$ 1,678,895,049	$ 77,870,552	$ (62,776,988)	$ 1,693,988,613

Business-type Activities:	**December 1, 2011**	**Additions and Transfers**	**Disposals and Transfers**	**November 30, 2012**
Capital assets being depreciated:				
Buildings and Other Improvements	$ 656,094,092	$ 4,252,969	$ -	$ 660,347,061
Machinery and Equipment	217,212,073	12,725,204	(11,600)	229,925,677
Total capital assets being depreciated	873,306,165	16,978,173	(11,600)	890,272,738
Less accumulated depreciation for:				
Buildings and Other Improvements	252,694,237	18,016,135	-	270,710,372
Machinery and Equipment	164,450,404	14,496,092	(7,561)	178,938,935
Total accumulated depreciation	417,144,641	32,512,227	(7,561)	449,649,307
Total capital assets being depreciated, net	456,161,524	(15,534,054)	(4,039)	440,623,431
Total Business-type Activities capital assets, net	$ 456,161,524	$ (15,534,054)	$ (4,039)	$ 440,623,431

Depreciation and amortization expense was charged to functions/programs of the County and CCHHS as follows:

Governmental Activities:	
Government Management and Supporting Services	$ 53,317,447
Corrections	4,742,190
Courts	9,109,552
Control of Environment	496,667
Assessment and Collection of Taxes	786,948
Transportation	39,424,112
Economic and Human Development	19,971
Election	319,177
Total depreciation/amortization expense-governmental	$ 108,216,064
Business-type Activities:	
CCHHS:	$ 32,512,227

C. Interfund receivables, payables, and transfers

During the course of normal operations the County has numerous transactions between funds including expenditures and transfer of resources to provide services. These transactions are recorded as transfers, which move resources from revenue collecting funds and Non-major funds to finance various programs in the General Fund in accordance with budgetary authorizations. The County also contributes certain services, such as purchasing, data and payroll processing, to the operations of CCHHS. The transfers of services ($3,247,019 for fiscal year 2012) are reported as other financial sources (uses) in the Governmental Funds and as transfers in the Enterprise Funds. The County also contributes capital assets to CCHHS, which are not recorded in the overall transfer amounts. These capital contributions ($16,978,173 for fiscal year 2012) are reported separately as capital contributions on the Proprietary Fund Statement of Net Position, and as transfers in the Government-wide Statement of Net Position (see Note VII for further information). Transfers between fund types during fiscal year 2012 included:

Transfers Summary - All Funds

November 30, 2012	CR Transfer In	DR Transfer Out
General Fund -		
Enterprise Funds - CCHHS - contributed services	$ -	$ 3,247,019
Non-Major Governmental Funds - operating budget transfers	92,622,397	
	92,622,397	**3,247,019**
Motor Fuel Tax Fund -		
General Fund - operating budget transfers		76,648,565
	-	**76,648,565**
Debt Service -		
Motor fuel Tax -Principal & Interest	**2,148,565**	**-**
Nonmajor Governmental Funds -		
General Fund - operating budget transfers		18,122,397
	-	**18,122,397**
Proprietary Funds -		
General Fund - contributed services	3,247,019	
	3,247,019	**-**
Total all funds	**$ 98,017,981**	**$ 98,017,981**

Interfund receivable and payable balances among Governmental and Proprietary Funds at year end are the result of the time lag between the dates that inter-fund goods and services are provided, the date the transactions are recorded in the accounting system and the date payments between funds are made. Interfund receivables and payable also are a result of reclassifications of cash between funds to eliminate negative cash balances in a particular fund as of November 30, 2012. Balances between Agency Funds and Governmental Funds are a result of payments made to refund property taxes that have not been reimbursed by the Governmental Funds.

Interfund Receivables and Payables November 30, 2012	**Receivable Fund Due from**	**Payable Fund Due to**
General Fund		
General Fund - Enterprise Funds - CCHHS	$ 43,655	$ -
General Fund - Debt Service	556,545	-
General Fund - Nonmajor Special Revenue Funds	-	3,983,794
General Fund - Agency Funds - County Treasurer	-	19,775
	600,200	**4,003,569**
Debt Service Fund		
Debt Service Fund - Agency Fund - County Treasurer	-	502,018
Debt Service Fund - General Fund	-	556,545
Debt Service Fund - Enterprise Funds - CCHHS	-	382,929
	-	**1,441,492**
Nonmajor Governmental Funds		
Nonmajor Special Revenue Funds - General Fund	3,983,794	-
Nonmajor Special Revenue Funds - Agency Fund - County Treasurer	-	2,160
	3,983,794	**2,160**
Proprietary Funds		
Enterprise Funds - CCHHS - General Fund	-	43,655
Enterprise Funds - CCHHS - Debt Service Fund	382,929	-
	382,929	**43,655**
Agency Funds		
County Treasurer - Debt Service Fund	502,018	-
County Treasurer - General Fund	19,775	-
County Treasurer - Nonmajor Special Revenue Funds	2,160	-
	523,953	**-**
Total	**$ 5,490,876**	**$ 5,490,876**

Entity Differences - Balances with Fiduciary Funds

The County Pension Trust Fund and the County Postemployment Healthcare Fund (Pension Trust Funds) reported employer contributions receivable of $211,622,872 and $4,238,769, respectively. These funds report on a calendar year using the full accrual basis, and have recorded the 2012 tax levy as a receivable from the County (employer), and revenue. The County has not recorded a corresponding liability to the Pension Trust Funds for the 2012 levy as of November 30, 2012. It is the opinion of the County's legal counsel that the legal liability to the Pension Funds occurs with the final approval and filing of the *Tax Levy Resolution For Fiscal Year 2012 Filing And Certification* document. This document was approved by the Cook County Board of Commissioners on December 18, 2012. This approval occurred before the end of the fiduciary fund fiscal year, but after the end of the County's fiscal year. Because the County's fiscal year ends on November 30, 2012, the pension expense and liability will be recorded by the County in its fiscal year 2013. Unlike the liability to the fiduciary funds, the associated property tax receivable (2012 levy) has been recorded in the governmental fund financial statements. The revenue is deferred in the governmental funds because it has not been collected within 60 days of year end. In the government wide statement of net position, the revenue has been recognized. The portion pertaining to the fiduciary fund pension contribution has been reported as restricted net position of $152,699,143.

D. Leases

Operating Leases

The CCHHS leases data processing and other equipment. Lease agreements frequently include a renewal option and usually require the CCHHS to pay for maintenance costs. Rental payments for operating leases are charged to operating expense in the period incurred. Rental expense for operating leases was approximately $5,977,000 for fiscal year 2012.

Estimated minimum future lease payments under non-cancelable lease obligations for fiscal years ending November 30 are as follows:

Year		Amount
2013	$	5,469,804
2014		4,224,757
2015		3,898,730
2016		2,861,389
2017		260,042
Thereafter		1,778,368
Total	$	18,493,090

E. Line of Credit - Unsecured

On July 27, 2011, the County borrowed $46 million on a $200 million maximum line of credit to pay for the Young Jail strip search settlement. There are scheduled monthly interest payments based on one month LIBOR plus 0.75%. Currently, management intends to pay off the entire balance by November 30, 2013; however, there is no requirement to do so before November 30, 2014. The County's unsecured line of credit outstanding at November 30, 2012:

Governmental Activities:	December 1, 2011	Issued	Redeemed	November 30, 2012
Line of Credit	$ 36,000,000	$ -	$ (23,000,000)	$ 13,000,000

F. Long-term debt

1. Governmental purpose bonds

General Obligation Bond Debt Service Funds are maintained for the retirement of bonded debt. Property tax receipts for bonds issued prior to 1992 are deposited into a cash escrow account, and property tax receipts for bonds issued in 1992 and thereafter are deposited with a bond trustee for the payment of principal and interest.

Some of the County's bonds are variable rate demand bonds (see details below and on page 87). The interest requirements reported below are based on the rates in effect as of November 30, 2012. Actual interest expense could be materially different. The annual debt service requirements to retire bonds outstanding at November 30, 2012, as provided below, reflect final maturities of principal and interest for all bonds, including demand bonds. As the County has entered into Standby Bond Purchase Agreements that extend beyond one year, demand bonds are reported as long-term liabilities. Should any of the agreements not be extended through the final maturities of these demand bonds, the actual principal retirement due dates could accelerate significantly:

Fiscal Year	Total Principal	Total Interest	Total Requirements
2013	$ 32,920,000	$ 164,021,143	$ 196,941,143
2014	113,430,000	168,466,439	281,896,439
2015	127,045,000	169,550,279	296,595,279
2016	130,605,000	163,740,556	294,345,556
2017	134,355,000	157,642,510	291,997,510
2018 - 2022	804,565,000	679,742,675	1,484,307,675
2023 - 2027	973,040,000	469,862,847	1,442,902,847
2028 - 2032	1,118,345,000	259,003,175	1,377,348,175
2033 - 2037	346,010,000	30,679,048	376,689,048
Total	$ 3,780,315,000	$ 2,262,708,672	$ 6,043,023,672

Interest on variable rate debt was calculated using the interest rate at fiscal year-end, November 30, 2012, and assumes that current rates remain the same.

Series 2002B –.21%
Series 2004D –.23%
Series 2012A –.86%
Series 2012B –.83%

Governmental purpose bonds outstanding at November 30, 2012, are comprised of the following:

1996 County bonds of $486,345,000; $281,920,000 serial bonds due in annual installments of $450,000 to $25,370,000 through November 15, 2016; interest at 4.9% to 6.5%; $204,425,000 of 5.875% term bonds due November 15, 2014	$ 22,560,000
2002B County general obligation variable note capital improvement bonds of $245,400,000 due November 1, 2031	100,000,000
2002C County bonds of $226,060,000; $9,000,000 serial bonds due November 15, 2003 interest rate of 5%; $148,810,000 term bonds due November 15, 2025 interest rate of 5%; $68,250,000 serial bonds due November 15, 2026 interest rate of 5.5%	157,810,000
2002D County bonds of $173,565,000 serial bonds due in annual installments of $1,405,000 to $14,350,000 through November 15, 2022; interest at 4.75% to 5.25%	106,485,000
2003B County bonds of $187,285,000 serial bonds due in annual installments of $3,715,000 to $2,400,000 through November 15, 2022;interest at 5.00% to 5.25%	89,470,000
2004A County refunding bonds of $225,655,000 due in annual installments of $275,000 to $37,050,000 through November 15, 2023; interest at 3.0% to 5.0% to refund $232,230,000 of 1993A, 1993B, 1999A & 2001A bonds with an average interest of 5.27%	196,425,000
2004B County general obligation tax-exempt capital improvement bonds of $165,000,000 due in annual installments of $1,500,000 to $79,900,000 through November 15, 2029; interest at 3.30% to 5.25%	147,200,000
2004C County taxable bonds of $135,000,000; $31,000,000 serial bonds due November 15, 2023 interest rate of 5.70%; $98,000,000 serial bonds due November 15, 2029 interest rate of 5.79%; $6,000,000 serial bonds due November 15, 2029 interest rate of 5.76%	135,000,000
2004D County variable rate taxable bonds of $130,000,000 due in one installment of $130,000,000 November 1, 2030	130,000,000

2006A County refunding bonds of $336,775,000 due in annual installments of $300,000 to $68,495,000 through November 15, 2031; interest at 4.0% to 5.0% to refund $332,495,000 of 1999A, 2001A & 2002C bonds with an average interest of 5.30%	334,775,000
2006B County refunding bonds of $196,200,000 due in annual installments of $8,845,000 to $29,470,000 through November 15, 2022; interest at 5.0%to refund $210,956,306 of 1997A & 1997B bonds with an average interest of 5.62%	196,200,000
2009A County refunding bonds of $176,005,000 due in annual installments of $1,980,000 to $28,310,000 through November 15, 2019; interest at 3.0% to 5.0% to refund $180,785,000 of 1996, 1997B, 1998A & 2004B bonds with an average interest of 4.92%	146,635,000
2009B County taxable bonds of $251,410,000; $120,205,000, 6.31% term bonds due November 15, 2031 and $131,205,000, 6.36% due November 15, 2033; $120,205,000 qualifies for 35% Direct Pay Subsidy; $131,205,000 qualifies for 45% Recovery Zone Rate Direct Pay Subsidy	251,410,000
2009C County refunding bonds of $140,695,000 due in annual installments of $35,000 to $53,185,000 through November 15, 2021; interest at 3.25% to 5.0% to refund $145,215,000 of 1998A, 1999A & 1999B bonds with an average interest of 5.03%	110,860,000
2009D County capital equipment bonds of $97,060,000 due in annual installments of $6,995,000 to $11,110,000 through November 15, 2021;interest at 3.25% to 5.0%	75,235,000
2010A County refunding bonds of $277,950,000 due in annual installments of $8,715,000 to $71,505,000 through November 15, 2033; interest at 5.25% to refund $291,400,000 of 1998A, 1999A, 2001A & 2004E bonds with an average interest of 4.71%	277,950,000
2010D County taxable general obligation bonds of $308,640,000; 6.229% term Build America Bonds due November 15, 2031 through November 15, 2034;qualifies for 35% Direct Pay Subsidy	308,640,000
2010E County taxable general obligation project bonds of $23,255,000 due in annual installments of $11,440,000 and $11,815,000 on November 15, 2014 and November 15, 2015; interest at 3.051% and 3.501% respectively	23,255,000
2010G County refunding bonds of $119,855,000 due in annual installments of $15,000,000 to $26,110,000 due November 15, 2025 through November 15, 2028; interest at 5.0% to refund $125,675,000 of 1999A, 2001A, 2004B & 2009D bonds with an average interest of 4.62%	119,855,000

2011A County refunding bonds of $252,200,000 due in annual installments of $1,200,000 to $23,635,000 through November 15, 2028; interest at 4.00% to 5.25% to refund $147,515,000 of 1996, 1997A, 2002D, 2003B, 2004A,&B, 2006A, & 2009A&C&D bonds with an average interest of 4.54%	252,200,000
2011B County refunding bonds of $130,020,000 due in annual installments of $2,700,000 to $30,535,000 through May 15, 2028; interest at 2.93% to 5.40% to refund $120,490,000 of 1997A, 2002D, 2003B, 2009A&C&D & 2010C bonds	130,020,000
2011C County taxable Self-Insurance bonds of $125,000,000 due in annual installments of $10,695,000 to $28,525,000 on November 15, 2033; interest at 6.205%	125,000,000
2012A County refunding variable rate bonds of $145,530,000 due in installments of $71,130,000 and $74,400,000 through November 15, 2028; interest at 6.00% to refund $145,400,000 of 2002B variable rate bonds	145,530,000
2012B County refunding variable rate bonds of $107,800,000 due in annual installments of $2,055,000 to $70,565,000 through November 15, 2023 interest at 8.00% to refund $107,400,000 of 2002A variable rate bonds	107,800,000
2012 County Sales Tax revenue bonds of $90,000,000; at an interest rate of 2.00% to 5.00% due in annual installments of $1,355,000 to $27,070,000 through November 15, 2037	90,000,000
Total County governmental purpose bonds	**$ 3,780,315,000**

All variable rate demand bonds are direct general obligations of the County to which the County has pledged its full faith, credit and resources. Under certain circumstances, investors in these variable rate demand bonds have the right to demand payment of their demand bonds. If any such demand bonds are not remarketed to other investors, the County is required to purchase the demand bonds. The County's variable rate bonds are supported by Standby Bond Purchase Agreements with two separate banks, additionally during FY 2012 the County executed two Direct Purchase Agreements which eliminate the risk of a failed remarketing for the County. These Direct Purchase Agreements, as well as the Standby Bond Purchase Agreements however, are subject to renewal risk at the expiration of their respective terms.

In 2012, the County restructured its variable rate portfolio as reflected in the below chart to allow for a laddered expiration structure of the various bank facilities associated with its variable rate debt portfolio. The Standby Bond Purchase Agreements allow the County to borrow money, under certain conditions, for the purchase of any demand notes not remarketed. Accordingly, these bonds are reported as long-term debt of the County.

The Direct Purchase Agreements have long-dated maturities, though the facilities have expiration in August 1, 2017, in the case of the Series 2012A Bonds and August 23, 2016, in the case of the Series 2012B Bonds; accordingly these debt obligations are also recorded as long term debt of the County.

A summary of the details for each Standby Bond Purchase Agreement and Direct Purchase, as of November 30, 2012, are included in the table below:

Bond Series	Nov. 30, 2012 Principal Outstanding	Bank	Contract Type	Expiration Date	Maximum Lawful Rate
Series 2002B 1	$100,000,000	Bank of New York Mellon	Standby Bond Purchase Agreement	7/29/2016	18.00%
Series 2004D 2	$130,000,000	Barclays Bank PLC	Standby Bond Purchase Agreement	8/14/2015	18.00%
Series 2012A 3	$145,530,000	JP Morgan	Direct Purchase	8/1/2017	10.00%
Series 2012B 4	$107,800,000	Bank of America	Direct Purchase	8/23/2016	10.00%

1. On July 1, 2012, Landesbank Hessen-Thurgen Girozentrale exercised its option to terminate the Standby Bond Purchase Agreement with the County. The contract was replaced with Bank of New York on July 30, 2012.
2. On August 15, 2012, Barclays Bank PLC replaced BMO Harris Bank and The Northern Trust Company as the new liquidity provider.
3. Series 2012A Bonds refunded $145,400,000 of the principal of Series 2002B Bonds.
4. Series 2012B Bonds refunded $107,400,000 of the principal of Series 2002A Bonds.

On July 30, 2012, the County issued Refunding Variable Rate Bonds, Series 2012A ("Series 2012A") in the amount of $145,530,000. The proceeds of the Series 2012 A were issued to refund $145,400,000 of 2002B variable rate bonds. On August 23, 2012, the County issued Refunding Variable Rate Bonds Series 2012B ("Series 2012B") in the amount of $107,800,000. The proceeds of the Series 2012 B were issued to refund $107,400,000 of 2002A variable rate bonds. Both refundings were current refundings and decreased the County's total debt service by $4.1 million over the next 17 years, resulting in an economic gain of $4.2 million

On August 8, 2012, the County issued Sales Tax Revenue Bonds, Series 2012 ("Series 2012 Bonds") in the amount of $90,000,000 at an interest rate of 2% to 5%. The proceeds of the Sales Tax Revenue Bonds, Series 2012 were issued at a premium to provide funds to finance surface transportation and highway improvements. The outstanding portion of these bonds will be paid from pledged future revenues.

The $90 million 2012 Sales Tax Revenue Bonds are to be paid from the County's home-rule sales tax revenues. The pledge of home rule sales tax revenues will remain until all bonds are retired in FY 2032. The amount of pledges remaining as of November 30, 2012 is $156,323,811. Deposits are made monthly to the financial institution serving as trustee for the bonds, as detailed in an associated trust indenture, though interest payments are made semi-annually and principal payments are made annually. A comparison of the pledged revenues collected and the related principal and interest expenditure for fiscal year 2012 is as follows:

Pledged Revenue Source	2012 Pledged Revenue Collected (in millions)	2012 Principal and Interest Retired
Sales tax	$ 438.5	$ -

In future years, the annual principal and interest requirements will approximate $6.25 million, based on the bonds outstanding as of 11/30/2012

2. Defeased Debt

Defeased bonds have been removed from the Statement of Net Position because related assets have been placed in an irrevocable trust that, together with interest earned thereon, will provide amounts sufficient for the payment of all principal and interest. Defeased bonds at November 30, 2012 were as follows:

Defeased bonds as of November 30, 2012	Amount Defeased	Amount Outstanding
General Obligation Capital Improvement Bonds, Series 1991	$ 207,928,342	$ 118,935,000
General Obligation Capital Improvement Bonds, Series 1992A	166,535,000	103,070,000
General Obligation Capital Improvement Bonds, Series 1992B	169,970,000	107,505,000
General Obligation Capital Improvement Bonds, Series 1993A	176,785,000	114,555,000
General Obligation Capital Improvement Bonds, Series 1993B	211,225,000	75,580,000
General Obligation Capital Improvement and Refunding Bonds, Series 1996	322,275,000	275,000,000
General Obligation Capital Improvement and Refunding Bonds, Series 1997A	181,835,000	157,225,000
General Obligation Capital Improvement and Refunding Bonds, Series 1997B	71,355,000	47,260,000
General Obligation Capital Improvement Refunding Bonds, Series 1998A	272,330,000	266,545,000
General Obligation Capital Improvement and Refunding Bonds, Series 1999A	329,655,000	300,335,000
General Obligation Capital Improvement Bonds, Series 2001A	369,090,000	337,070,000
General Obligation Refunding Bonds, Series 2002D	51,060,000	24,595,000
General Obligation Capital Improvement Bonds, Series 2004B	14,025,000	4,100,000
General Obligation Capital Improvement Bonds, Series 2004E	170,000,000	170,000,000
General Obligation Capital Improvement Bonds, Series 2009D	21,825,000	7,580,000
General Obligation Taxable Pension Bonds, Series 2010C	53,330,000	26,665,000
	$ 2,789,223,342	$ 2,136,020,000

3. Long-term Liabilities

Long-term liabilities activity for the fiscal year ended November 30, 2012 was as follows:

County Governmental Activities:	December 1, 2011	Additions	Reductions	November 30, 2012	Due Within One Year
Bonds payable:					
Governmental purpose bonds	$ 3,814,460,000	$ 343,330,000	$ (377,475,000)	$ 3,780,315,000	$ 32,920,000
Less deferred amounts:					
Net (discount) premium	120,217,332	12,885,856	(22,041,632)	111,061,556	8,705,563
Refunding	(73,130,564)	(893,422)	15,486,284	(58,537,702)	4,707,486
Self insurance claims	269,930,173	74,014,919	(49,060,935)	294,884,157	83,729,129
Property tax objections	40,782,030	21,497,502	-	62,279,532	-
Pollution Remediation Liability	526,118	731,994	(526,118)	731,994	731,994
Compensated absences	65,715,927	57,732,658	(58,548,056)	64,900,529	9,734,079
Net pension obligation	1,830,261,882	380,594,751	-	2,210,856,633	-
Net OPEB obligation	493,558,555	110,641,965	-	604,200,520	-
Total governmental activities	$ 6,562,321,453	$ 1,000,536,223	$ (492,165,457)	$ 7,070,692,219	$ 140,528,251

Business-type Activities:	December 1, 2011	Additions	Reductions	November 30, 2012	Due Within One Year
Compensated Absences	$ 42,167,909	$ 41,877,114	$ (40,761,813)	$ 43,283,210	$ 6,492,483
Property tax objections	10,445,572	2,113,268	-	12,558,840	-
Total Business-type activities	$ 52,613,481	$ 43,990,382	$ (40,761,813)	$ 55,842,050	$ 6,492,483

Compensated absences will be liquidated by the applicable governmental funds that account for the salaries and wages of the related employees. Self-insurance claims will be liquidated from the General Fund.

4. Property Tax Objections

The County refunds property taxes collected in error and those pertaining to the settlement of prior year property tax objection suits. Property tax objection suits have primarily been resolved up to tax year 2002. As of November 30, 2012, there are no significant unpaid settlements for the General Fund and CCHHS relating to tax levy years up to 1996. According to the County State's Attorney, similar suits have been filed for tax years 2002-2011. The County has estimated probable amounts payable relating to such years for which suits have been filed but are not settled. Additional amounts have been estimated for other specific property tax objections and errors for which refunds are expected to be paid.

All settlements and tax refunds are payable from current collections of relevant taxing districts associated with the property at issue, in tax objections or the refund applications.

These amounts are reflected as noncurrent liabilities since payments will be made from property tax collections (including amounts from prior tax levy years) made subsequent to the fiscal year end.

The following schedule summarizes the activity of property tax objections during the fiscal year ended November 30, 2012:

	Governmental Activities	Business-type Activities
Property tax objection liability, November 30, 2011	$ 40,782,030	$ 10,445,572
Current year activity	21,497,502	2,113,268
Property tax objection liability, November 30, 2012	$ 62,279,532	$ 12,558,840

In the opinion of County management, the amount recorded for property tax objections as of November 30, 2012 appears to be adequate to reflect future payments relating to prior tax levy years.

5. Pollution Remediation

The County's Department of Facilities Management consistently responds to the urgent or immediate needs of other departments whenever asbestos removal is required due to a remodeling project, valve, piping or other necessary repair, the entire area is abated, not just the immediate need. In accordance with GASB 49, the County has developed a list of known areas to have contaminated materials and the projected remediation costs. In the opinion of County management, the amount recorded of $731,994 as of November 30, 2012 appears to be adequate to reflect future payments which constitute an estimate of manpower and materials. This has been recorded as a noncurrent liability, due within one year on the government-wide Statement of Net Position.

6. Fund Balance

At November 30, 2012, the County's fund balances were classified as follows:

	General	Motor Fuel Tax	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
Restricted purpose:						
Grant funded loan program	$ -	$ -	$ -	$ -	$ 57,454,344	$ 57,454,344
Transportation	-	73,421,576	-	-	5,512,047	78,933,623
Capital projects -						
Major facilities	-	-	237,580,081	-	-	237,580,081
Hospital Improvements	-	-	171,102,878	-	-	171,102,878
County jail system	-	-	29,631,570	-	-	29,631,570
Court system	-	-	35,189,063	-	-	35,189,063
Debt service	-	-		233,482,170	-	233,482,170
Government management and supporting services	-	-	-	-	3,847,221	3,847,221
Corrections	-	-	-	-	3,911,093	3,911,093
Courts	-	-	-	-	1,662,353	1,662,353
Control of environment	-	-	-	-	7,372,813	7,372,813
Assessment and collection of taxes	-	-	-	-	34,795,798	34,795,798
Election	-	-	-	-	1,658,109	1,658,109
Economic and human development	-	-	-	-	6,754,323	6,754,323
	-	73,421,576	473,503,592	233,482,170	122,968,101	903,375,439
Committed purpose:						
Health	-	-	-	-	25,705,795	25,705,795
Assigned purpose:						
Insurance claims	4,157,602	-	-	-	-	4,157,602
Special projects	25,203,547	-	-	-	-	25,203,547
	29,361,149	-	-	-	-	29,361,149
Unassigned	165,330,818	-	-	-	(40,921,156)	124,409,662
Total fund balances	$ 194,691,967	$ 73,421,576	$ 473,503,592	$ 233,482,170	$ 107,752,740	$ 1,082,852,045

IV. Other Information

A. Risk Management

1. The County

The Self Insurance Fund, a sub-fund of the General Fund, is used to account for certain risk financing activities of the County. The County is self-insured and believes that it is more economical to manage its risks internally within certain risk tolerances and to set aside funds as needed for current claim settlements and adverse judgments through annual appropriations, surplus funds and bond proceeds. Since December 31, 2000, the County has purchased excess liability insurance coverage related to medical malpractice and other claims. The current medical malpractice policy, as of November 30, 2012, is on a claims-made basis and provides up to $60,000,000 of limits above the County's self-insured retention of $40,000,000 per claim. The municipal policy is on an occurrence basis and provides $40,000,000 of coverage above the County's retention of $10,000,000 per claim. The municipal policy provides coverage not only for bodily injury and property damage losses but extends coverage to include employment practices liability, law enforcement liability, public official's liability and employee benefits liability.

The claims liabilities reported on the government-wide statement of net position have been determined by management with the assistance of an external actuary and include an estimate of incurred but not yet reported losses (IBNR). As of November 30, 2012, the County has recorded a liability of $294.8 million in the County's government-wide statements for self-insurance claims and also has recorded claims payable of $20 million in the County's Self Insurance Fund, a sub fund of the General Fund for a claim that was paid subsequent to November 30, 2012. The County has recorded $83.7 million of the total liability as long-term liability that is due within one year.

The County funds its self-insurance liabilities, including those of the CCHHS, on a current basis and has the authority to finance such liabilities through the levy of property taxes or other means. While it is difficult to estimate the timing or amount of expenditures, management of the County believes that the self-insurance liabilities recorded in the statement of net position at November 30, 2012, represent potential losses resulting from medical malpractice, workers' compensation, general liability, automobile, civil rights and other liability claims including incurred but not reported claims. The self-insurance liabilities recorded are based on facts known at the current time. However, the discovery of additional information concerning specific cases could affect estimated costs in the future.

For the fiscal year ended November 30, 2012, amounts charged by the General Fund (Self-Insurance sub fund) to other County funds relating to workers' compensation are reported as offsets to expenditures to the self-insurance sub fund and expenditures/expenses of the fund charged.

The following table presents the activity of the County during fiscal years 2011 and 2012 for the primary classifications of long-term liabilities (in millions, on an actuarial basis):

Type	Balance at Nov. 30, 2010	Insurance and Claims Payouts	Expense, Net of Actuarial Adjustments	Balance at Nov. 30, 2011	Insurance and Claims Payouts	Expense, Net of Actuarial Adjustments	Balance at Nov. 30, 2012
Medical Malpractice	**$ 144.0**	$ (18.8)	$ (3.1)	**$ 122.1**	$ (3.7)	$ 17.0	**$ 135.4**
Workers Compensation	**62.8**	(21.7)	6.1	**47.2**	(20.1)	19.9	**47.0**
General	**2.9**	(0.1)	0.9	**3.7**	(0.4)	0.6	**3.9**
Automobile	**7.2**	(0.2)	0.3	**7.3**	(3.9)	1.9	**5.3**
Claim Expense Reserve	**32.1**	(8.8)	1.6	**24.9**	(7.0)	9.7	**27.6**
Civil Rights, Labor, E&O	**100.3**	(51.2)	15.7	**64.8**	(13.9)	24.7	**75.6**
Total Internal Service Fund Claims Liability	**$ 349.3**	**$ (100.8)**	**$ 21.5**	**$ 270.0**	**$ (49.0)**	**$ 73.8**	**$ 294.8**

B. Encumbrances/Commitments

The encumbrance system of accounting is followed in all governmental funds (except the Fiduciary Fund Types) under which current year's appropriations are charged when purchase orders, contracts and other commitments are made in order to reserve that portion of the applicable appropriation.

Encumbrances are not the equivalent of expenditures/expenses in GAAP operating statements; therefore, the reserve for encumbrances is reported as part of the restricted, committed or assigned fund balance.

Of the County's total reserve for encumbrances of $232,437,368 for fiscal 2012, $186,177,018 is due to contractual commitments for County architectural, engineering and construction services for various construction and rehabilitation projects. Contractual commitments in excess of the cash available at November 30, 2012 are expected to be met with proceeds from future bond issues.

C. Contingent liabilities

1. Federal and State grant programs

The County participates in a number of Federal and State grant programs. The County's participation in these programs is subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant.

2. Arbitrage Liability

The Tax Reform Act of 1986 requires issuers of state and local government bonds to rebate to the federal government arbitrage profits earned on those bonds under certain circumstances. There was no arbitrage liability at November 30, 2012.

D. Conduit debt obligations

The following information represents outstanding limited obligation non-government debt issues, which bear the name of the County. These debt issues are not obligations of the County.

Industrial Development Bonds

As of November 30, 2012, the County had participated in five (5) Industrial Development Bond issues for the purpose of assisting private developers in financing various capital projects:

Issue Date	Issue Amount	Description
June 1, 1996	$25,680,000	The County of Cook, Illinois Revenue Bonds, Series 1996 (Jewish Federation of Metropolitan Chicago Projects)
June 27, 2000	$2,500,000	The County of Cook, Illinois Industrial Development Bonds, Series 2000 (Kenneth Properties, L.L.C. Project)
August 16, 2000	$3,000,000	The County of Cook, Illinois Industrial Development Bonds, Series 2000 (128th Street Limited Partnership Project)
July 2, 2001	$4,755,000	The County of Cook, Illinois Industrial Development Bonds, Series 2001 (Little Lady Foods, Inc. Project)
October 1, 2010	$90,000,000	The County of Cook, Illinois Recovery Zone Facility Revenue Bonds, Series 2010 (Navistar International Corporation Project)

These bonds, and the related interest, are solely payable from revenues arising from the bond holder's capital projects. The bonds and interest therein do not constitute an indebtedness of the County.

V. Pension plans

A. County Pension Plan

Plan Description. The County Employees' and Officers' Annuity and Benefit Fund of Cook County ("the Plan") was established on January 1, 1926 and is governed by legislation contained in the Illinois Compiled Statutes ("Statutes"), particularly Chapter 40, Article 5/9 (the "Article"). The Plan (including employer and employee contribution requirements) can be amended only by the Illinois Legislature. The Plan is a single employer defined benefit pension plan with a defined contribution minimum. The Plan was created for the purpose of providing retirement, death (spouse or children) and disability benefits for full-time employees of the County and the dependents of such employees. The Plan is included in the County's financial statements as a pension trust fund. The financial statements of the Plan are audited by an independent public accountant and are the subject of a separate report. Copies of the Plan's report for the year ended December 31, 2012 are available upon request to the Retirement Board.

The County Employees' and Officers' Annuity and Benefit Fund provide retirement as well as death and disability benefits. Tier 1 employees age 50 or over and Tier 2 employees age 62 or over with at least 10 years of service are entitled to receive a minimum formula annuity of 2.4% for each year of credited service to a maximum benefit of 80% of the final average monthly salary. For Tier 1 employees under age 60 and Tier 2 employees under age 67, the monthly retirement benefit is reduced ½ percent for each month the participant is below the age. This reduction is waived for Tier 1 participants having 30 or more years of credited service.

The Statutes authorize a Board of Trustees (Retirement Board) of nine members to carry out the provisions of the Article. According to the Article, two members of the Board are ex-officio, four are to be elected by the employee members of the Plan, and three are to be elected by the annuitants of the Plan. The two ex-officio members are the Comptroller of Cook County, or someone chosen by the Comptroller, and the Treasurer of Cook County, or someone chosen by the Treasurer. All members of the Retirement Board are fiduciaries with respect to the Plan, and are statutorily mandated to discharge their duties, as such, solely in the interest of the Plan's participants and beneficiaries.

The Board has the powers and duties required in the Article to collect all contributions due to the Plan, to invest the Plan's reserves, to have an annual audit, to appoint employees, to authorize or suspend payment of any benefit, and to have exclusive original jurisdiction in all matters relating to or affecting the Plan. The Board approves its own budget, which is prepared by the administrative staff of the Plan. The Board is required annually to submit to the Board of Cook County a detailed report of the financial affairs and status of the reserves of the Plan. Provisions in other articles of Chapter 40 require the Board to submit its annual audit and actuarial valuation reports to the State of Illinois Department of Insurance, as well as another detailed annual report, the form and content of which is specified by the Department of Insurance.

Summary of Significant Accounting Policies. The financial statements reflect an accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer, Cook County, has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administration costs are financed primarily through the Plan.

Investments are reported at fair value, which generally represents reported market value as of the last business day of the year. Demand notes are carried at cost which approximates fair value. Limited partnerships are carried at fair value as estimated by each partnership's general partner. Where less than an entire holding is sold, average value is used to determine realized gain or loss.

Funding Policy. Covered employees are required to contribute 8.5% (9% for County Police) of their salary to the Plan, subject to the salary limitations for Tier 2 participants in 5/1-160 of the Article. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest (3% or 4% depending on when the employee became a participant). The County's minimum contribution requirement is the amount of contributions made by the employees to the Plan in the calendar year two years prior to the year for which annual applicable tax is levied, multiplied by 1.54. The source of funds for the County's contributions has been designated by State Statute as the County's annual property tax levy. The County's payroll for employees covered by the Plan for 2012 and 2011 was $1,478,253,368 and $1,456,444,123, respectively.

At December 31, 2012, the Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	16,434
Terminated employees entitled to benefits or a refund of contributions, but not yet receiving them	11,856
Current employees	21,447

Annual Pension Cost and Net Pension Obligation. The Plan's annual pension cost and net pension obligation to the Plan for the current year is as follows:

Annual required contribution (ARC)	$ 540,218,287
Interest on net pension obligation	137,269,641
Adjustment to annual required contribution	(149,187,759)
Annual pension cost	528,300,169
Contributions made	147,705,418
Increase in net pension obligation	380,594,751
Net pension obligation - beginning of year	1,830,261,882
Net pension obligation - end of year	$ 2,210,856,633

The County's annual pension cost, the percentage of annual pension cost contributed to the Plan, and the net pension obligation for the most recent fiscal years is as follows:

	Employer Contribution		
Year	Annual pension cost	Percentage contributed	Net pension obligation
2010	$ 446,915,968	32.36%	$ 1,506,834,673
2011	479,246,635	32.51%	1,830,261,882
2012	528,300,169	27.96%	2,210,856,633

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Plan was 58.4% funded. The actuarial value of assets was $7,833,882,926 and the actuarial accrued liability (AAL) was $13,418,486,943, resulting in an unfunded actuarial accrued liability (UAAL) of $5,584,604,017. The covered payroll (annual payroll of active employees covered by the Plan) was $1,478,253,368 and the ratio of the UAAL to the covered payroll was 377.78 percent.

The schedule of funding progress, presented in the Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs between the employer and the plan members to that point. Additional information as of the December 31, 2012 actuarial valuation included:

Actuarial valuation date	December 31, 2012
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar (open)
Amortization period	30 years
Asset valuation method	Five Year Smoothed Average Market
Actuarial assumptions:	
Investment rate of return	7.5% annually
Projected salary increases:	5% annually
Inflation	3% annually

Excise Tax on High Cost Health Insurance Plans

Under the Patient Protection Affordable Care Act (PPACA), effective in 2018, an excise tax of 40% is to be levied on insurance companies and plan administrators for any health coverage that is above a calculated threshold. Accordingly, an actuarial valuation of this excise tax liability was calculated as of December 31, 2012, assuming that the CPI-U would increase at the rate of 3% per year and that the excise tax would be payable by the Fund and the annuitants in the same portion in which the Fund and retirees currently pay health insurance benefits (e.g. the Fund would pay 55% and the annuitants would pay 45% of the excise tax). Based primarily on discussions with Actuaries, this liability has not been included in the overall liability of the Fund as it is not clear at this time whether this excise tax is applicable to the Fund, as the Fund is not an insurance company nor the employer.

B. Illinois Municipal Retirement Fund (IMRF)

The Suburban Tuberculosis Sanitarium District (the "STS District") was transferred to the Cook County Board July 24, 2007 per Public Act 094-1050 by the State of Illinois. The following information is disclosed as the STS District's account with IMRF which is available to meet the STS District's retirement obligations for former employees who have not yet received retirement benefits from IMRF.

Plan Description. The employer's defined benefit pension plan for employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (the "IMRF"), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, Plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County is no longer contributing to the plan as all eligible participants have retired; a final distribution amount for receipts as applicable will be assessed in FY 2017 when the plan benefits will cease.

Annual Pension Cost. For 2012, the actual contribution for pension cost was $0. The required contribution for 2012 was $0. (If an additional payment toward the unfunded amount is made, this payment is to be added to the actual contributions and the percentage of APC contributed recalculated.)

Actuarial Methods and Assumptions. The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the employer Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer's Regular plan's unfunded actuarial accrued liability at December 30, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the regular plan was 91.33% funded. The actuarial accrued liability for benefits was $2,862,262 and the actuarial value of assets was $2,614,102, resulting in an underfunded actuarial accrued liability (UAAL) of $248,160. The covered payroll (annual payroll of active employees covered by the plan) was $0 and the ratio of the UAAL to the covered payroll was 0%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value plan assets are increasing or decreasing over time relative to the actuarial liability for benefits.

VI. Other Postemployment Benefits (OPEB)

County Healthcare Plan

Plan Description. The County Employees' and Officers' Annuity and Benefit Fund of Cook County administers the Healthcare Premium Plan (HPP), a single-employer defined benefit postemployment healthcare plan. HPP provides a healthcare premium subsidy to annuitants who elect to participate in HPP. The Plan is currently allowed, in accordance with State Statutes, to pay all or a portion of medical insurance premiums for the annuitants. The Plan is included in the County's financial statements as a Post-employment Healthcare trust fund. The financial statements of the Plan are audited by an independent public accountant and are the subject of a separate report. Copies of the Plan's report for the year ended December 31, 2012 are available upon request from the Retirement Board.

HPP is administered in accordance with Chapter 40, Article 5/9 of the Illinois Compiled Statutes, which assigns the authority to establish and amend benefit provisions to the Plan's Board of Trustees.

Summary of Significant Accounting Policies. HPP's financial statements are presented using the accrual basis of accounting. The Plan considers the premium subsidy an additional retirement benefit, with no contribution rate or asset allocation associated with it. The cost for postemployment group health benefits is approximately equal to the premium subsidy. Actual costs may differ based on claims experience. Healthcare premium subsidies are recognized when due and payable.

Funding Policy. The contribution requirements of Plan members and the County are established and may be amended by the State legislature. The required contribution is based on projected "pay-as-you-go" financing requirements. The Plan pays all or any portion of the premium for health insurance on behalf of each annuitant who participates in any of the Plan's healthcare plans. The Plan is paying 55% of the total premiums for retiree annuitants, including the cost of any family coverage, and 70% of the premiums for survivor annuitants, including the cost of family coverage. The remaining premium cost is borne by the annuitant. For fiscal year 2012, the County contributed $36,735,453 to the Plan.
At December 31, 2012, there were 21,447 active employees currently eligible for benefits and 1,737 terminated employees entitled to benefits but not yet receiving them. Additionally, the number of annuitants whose cost to participate in the program was subsidized, totaled 8,179.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The County's annual OPEB cost and net OPEB obligation for the most recent fiscal year is as follows:

Annual required contribution (ARC)	$ 156,700,388
Interest on net OPEB obligation	22,210,135
Adjustment to annual required contribution	(31,533,105)
Annual OPEB cost	147,377,418
Contributions made	36,735,453
Increase in net OPEB Obligation	110,641,965
Net OPEB Obligation - Beginning of year	493,558,555
Net OPEB Obligation - End of year	$ 604,200,520

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the most recent fiscal years is as follows:

Year	**Annual OPEB cost**	**Percentage of Annual OPEB cost contributed**	**Net OPEB obligation**
2010	$ 160,054,715	25.11%	$ 372,126,785
2011	158,468,396	23.37%	493,558,555
2012	147,377,418	24.93%	604,200,520

The actuarial valuations of the HPP of the Plan as of December 31, 2012 indicate the annual required contribution to be $156,700,388. The annual required contribution is based on an annual projected payroll of $1,478,253,368 for 21,447 active members in 2012.

Funded Status and Funding Progress. As of December 31, 2012, the Plan was zero percent funded. The actuarial value of Assets was zero, and the actuarial accrued liability (AAL) value of assets was $1,845,609,132, resulting in an unfunded actuarial accrued liability (UAAL) of $1,845,609,132. The covered payroll (annual payroll of active employees covered by the plan) was $1,478,253,368 and the ratio of the UAAL to the covered payroll was 124.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented in the RSI following the notes to the financial statements, present multi-year trend information about whether the actuarial value of the Fund assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations. Additional information as of the December 31, 2012 actuarial valuation follows:

Actuarial valuation date		December 31, 2012
Actuarial cost method		Entry Age Normal
Amortization method		Level Dollar (open)
Amortization period (open)		30 years
Actuarial assumptions:		
Discount Rate		4.5%
Salary Scale		5%
Increases in Postretirement health care costs		
	2013 to 2014	7.5%
	2014 to 2015	7.0%
	2015 to 2016	6.5%
	2016 to 2017	6.0%
	2017 to 2018	5.5%
	2018 and later	5.0%

VII. County Health and Hospitals System (CCHHS)

Certain expenses incurred by various departments of the County in the operation of the CCHHS have been recorded in the financial statements of the CCHHS (e.g., Data Processing, Purchasing and Auditing) as an expense, with a corresponding credit to transfer in for the subsidy. These expenses amounted to $3,247,019 in fiscal year 2012. These expenses are included in the cost reimbursement reports submitted by the CCHHS to the State and Federal health care intermediary.

In addition, the County made contributions of $58,984,999 for fiscal year 2012, to the Cook County Employees' and Officers' Annuity and Benefit Fund, on behalf of the CCHHS, which the County is not reimbursed for.

Construction-in-progress and other capital expenditures affecting the CCHHS are accounted for in various Capital Project Funds maintained by the Comptroller as expenditures. These expenditures amounted to $16,978,173 for fiscal year 2012. The corresponding long-term debt which finances these expenditures is reflected as a liability in the County's Governmental Activities and not the CCHHS.

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act (the "Act"), a comprehensive health care reform bill. The Act includes measures that change the dynamics of the health care industry, and is subject to change, including through the adoption of related regulations, the way in which its provisions are interpreted and the manner in which it is enforced. CCHHS remains uncertain as to the ultimate impact these changes will have on its operations because of the numerous steps required to implement the Act.

The CCHHS continues to experience rising costs attributable to labor, insurance, pharmaceuticals, and new technology. Moreover, the CCHHS continues to be highly dependent on reimbursement from the State of Illinois Department of Healthcare and Family Services (DHFS). Management continues to monitor payment levels from DHFS and other payers, and on July 1, 2008, the Cook County Board of Commissioners passed a resolution to continue to fund the Bureau of Health Services (BOHS), currently known as Cook County Health and Hospitals System (CCHHS). However, future declines in DHFS reimbursement or continued significant cost increases may require management and the Board of Commissioners to further realign or reduce services to the community.

The Vision 2015 Strategic Plan was implemented in 2011. On September 1, 2011, Oak Forest Hospital became Oak Forest Specialty Health Center, moving forward from ineffective, costly inpatient services, to expanded ambulatory services, targeted to increase volume of services overall by placing emphasis on services by eliminating the ICU and OB/GYN units. Outpatient services were relocated to vacant inpatient units.

In 2011, CCHHS implemented a system-wide charity program, known as CareLink. CareLink is a program designed to assist those patients with income at or below 600% of the federal poverty guidelines as published annually in the Federal Register, patients that are residents of Cook County, and patients that are either uninsured or underinsured (have public or private coverage that does not cover the cost of medically necessary care). All patients receiving assistance under CareLink must pay $10 co-payment per day at the time of service to contribute to their cost of care. CareLink is available at all CCHHS facilities. CareLink replaces the former Limit on Liability charity program.

VIII. State Treasurer Claim

The Treasurer has received demands from the Illinois State Treasurer for certain monies, which are claimed to be subject to the Illinois Uniform Disposition of Unclaimed Property Act. The Cook County State's Attorney has reviewed the State Treasurer's demands and concluded that the claims are generally without merit with the exception of amounts related to certain warrants outstanding. The County believes, however, that the warrant list used in establishing the amounts claimed is inaccurate and that the demand and listing are excessive and incorrect. The Treasurer has declined to comply with the State Treasurer's demand of certain monies pursuant to the opinion rendered by the Cook County State's Attorney.

In the opinion of the Cook County State's Attorney, the lawsuits fail to state a claim under the Property Tax Code or the Unclaimed Property Act.

The County presently maintains a cash balance and an offsetting liability of $6,579,895 related to outstanding warrants. The County does not believe that the final resolution of the amounts claimed will have a material impact on the County's financial statements.

IX. Component Unit – Forest Preserve District (District)

A. The Forest Preserve District Reporting Entity

The Forest Preserve District of Cook County, Illinois ("the District") was established in July 1915. The District is a separate governmental entity with boundaries coterminous with Cook County, Illinois. The District operates under a Board of Commissioners form of government and provides the following services as authorized by its charter: law enforcement, recreation, resources management, planning and development, and general administrative services.

Reporting Entity - The accounting policies of the Forest Preserve District of Cook County, Illinois, conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

This report includes all of the funds of the Forest Preserve District of Cook County, Illinois. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Presented Discretely With the Reporting Entity - The Chicago Horticultural Society (Chicago Botanical Garden) and Chicago Zoological Society (Brookfield Zoo) maintain their own boards, however their annual property tax levy requests require the District's approval. The District owns the land sites of the Chicago Botanical Garden and Brookfield Zoo. The Chicago Botanical Garden and the Brookfield Zoo are subject to agreements with the District to operate and maintain their respective land sites.

The Chicago Botanical Garden's agreement expires in 2015 and the contract provides for an automatic renewal for 40 years upon agreement of both parties. The Brookfield Zoo's agreement expires in 2026. Because of the nature of the Chicago Botanical Garden's and Brookfield Zoo's financially integrated relationship to the District, they are not blended with the District but presented discretely beside the District's financial statements.

Information contained in this section (Note IX) is for the Forest Preserve District only, and omits information for the District's two discretely presented component units - the Chicago Horticultural Society (Chicago Botanical Garden) and Chicago Zoological Society (Brookfield Zoo).

Complete financial statements for the Forest Preserve District, the Chicago Horticultural Society (Chicago Botanical Garden) and Chicago Zoological Society (Brookfield Zoo) may be obtained by request from the District at 69 West Washington Street, Suite 2060, Chicago, Illinois 60602.

B. Deposits and Investments

For purposes of the statement of cash flows, the District considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents. Illinois Statutes authorize the District to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool. The District maintains a cash and investment pool that is available for use by all funds except its Pension Fund. This pool holds deposits, certificates of deposit, and other investments with a maturity of less than one year. The portion of each fund's share of this pool is displayed as cash and cash equivalents. Investments are stated at fair value. Accrued interest on investments is separately stated. The Illinois Statutes authorize the District to discretionarily allocate interest income to the various funds, except for the pro rata share belonging to the Bond and Interest Fund. The District has adopted an investment policy. That policy follows the Illinois Statutes (Public Funds Investment Act of the State of Illinois) for allowable investments.

Interest Rate Risk

The District's investment policy seeks to ensure preservation of capital in the District's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The District's policy limits the District to investments with a maturity of no more than 3 years from the date of purchase, unless matched to a specific cash flow. Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding 5 years if the maturities of such investments are made to coincide as nearly as possible with the expected use of funds. The intent to invest in securities with longer maturities is required to be disclosed to the Board of Commissioners in writing. In addition to the maturity restrictions, the policy requires the District investment portfolio to be sufficiently liquid to meet all cash flow requirements as they come due. The District is not exposed to interest rate risk at year end.

Credit Risk

State Statutes limit the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). The District's investment policy authorizes investments in any type of security allowed for in Illinois statutes regarding the investment of public funds. As of December 31, 2012, the District has invested in certificates of deposits and money markets, which are not rated, and State Treasurer - Illinois Funds, which are rated AAA by Standard & Poor's. Additionally the District had the following investments and ratings:

Type of Investment	Rating	Fair Value
U.S. Government and	Aaa/AAA	$ 22,476,563
government agency securities	P-1/A-1	27,998,600
Commerical Paper	P-1/A-1	29,800,000

Concentration of Credit Risk

The District's investment policy requires diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer, or maturity. The District's policy further states that no financial institution shall hold more than 25% of the District's total portfolio at the current time of investment placement. In addition, no more than 33% of total investments may be invested in commercial paper at any time. The District operates its investments as an internal investment pool where each fund reports its pro rata share of the investments made by the District. In this internal investment pool there were no investments which are subject to concentration for credit risk that represent more than 5% of the portfolio as of December 31, 2012. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The District operates its investments as individual portfolios within each fund. In the 2012 Capital Improvement Bonds Fund, more than 5% of the District's investments are invested in securities issued by the Federal Home Loan Bank, Anglesea Funding Commercial Paper, Ridgefield Funding Commercial Paper, and Mount Cliff Finance Commercial Paper at December 31, 2012. The 2012 Capital Improvement Bonds Fund holds $27,998,600 in securities issued by the Federal Home Loan Bank, representing 25% of the fund's investment portfolio; $10,000,000 in Anglesea Funding Commercial Paper, representing 9% of the fund's investment portfolio; $10,000,000 in Ridgefield Funding Commercial Paper, representing 9% of the fund's investment portfolio; and $9,800,000 in Mount Cliff Finance Commercial Paper, representing 9% of the fund's investment portfolio.

Custodial Credit Risk – Deposits

The District's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution to the extent of 110% of the value of the deposit.

Custodial Credit Risk – Investments

The District's investment policy requires all securities to be held by a third party custodian designated by the Comptroller's Office and evidenced by safekeeping receipts. Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit. Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes.

Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, the price for which the investments could be sold.

C. Capital Assets

A summary of changes in the District's capital assets for the year ended December 31, 2012 is as follows:

	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Capital assets not being depreciated:				
Land	$ 191,228,191	$ 8,844,999	$ -	$ 200,073,190
Construction in progress	20,095,996	10,993,937	17,730,375	13,359,558
Total capital assets not being depreciated	211,324,187	19,838,936	17,730,375	213,432,748
Capital assets being depreciated:				
Land improvements	63,588,159	5,491,578	4,335,835	64,743,902
Buildings	70,332,606	9,631,838	-	79,964,444
Equipment	5,932,369	592,575	-	6,524,944
Vehicles	10,595,134	737,041	-	11,332,175
Total capital assets being depreciated	150,448,268	16,453,032	4,335,835	162,565,465
Less accumulated depreciation for:				
Land improvements	16,298,195	2,747,899	4,327,477	14,718,617
Buildings	29,383,186	2,463,678	-	31,846,864
Equipment	3,594,052	357,311	-	3,951,363
Vehicles	5,447,318	934,882	-	6,382,200
Total accumulated depreciation	54,722,751	6,503,770	4,327,477	56,899,044
Total capital assets being depreciated, net	95,725,517	9,949,262	8,358	105,666,421
Governmental activities capital assets, net	$ 307,049,704	$ 29,788,198	$ 17,738,733	$ 319,099,169

Amounts above exclude $238.4 million of capital assets reported by the District's discretely presented component units.

D. Long Term Debt

Long-term obligations activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Refundings/ Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	$ 94,885,000	$ 142,930,000	$ 49,865,000	$ 187,950,000	$ 8,295,000
Unamortized bond premium	7,940,094	17,477,385	3,546,595	21,870,884	-
Unamortized deferred loss on refunding	-	(1,036,531)	(49,752)	(986,779)	-
Compensated absences	1,792,974	1,657,405	1,591,648	1,858,731	1,115,239
Postemployment benefit obligation	9,892,669	2,387,908	-	12,280,577	-
Net pension obligation	29,000,897	7,381,113	-	36,382,010	-
Total long-term liabilities	$ 143,511,634	$ 170,797,280	$ 54,953,491	$ 259,355,423	$ 9,410,239

The obligations for postemployment benefits, pensions, and compensated absences will be repaid from the Corporate Fund. Balances above exclude long-term debt of the District's discretely presented component units totaling approximately $96.5 million.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the District. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

	Interest Rates	Original Indebtedness	Carrying Amount
Series 2004 General Obligation Bonds - Due in annual installments of $3,270,000 to $8,000,000 through November 15, 2024	5.00% - 5.25%	$ 100,000,000	$ 48,610,000
Series 2012A General Obligation Unlimited Tax Refunding Bonds - Due in annual installments of $815,000 to $6,905,000 through November 15, 2022	2.00% - 5.00%	31,575,000	28,900,000
Series 2012B General Obligation Limited Tax Project and Refunding Bonds - Due in annual installments of $45,000 to $4,250,000 through December 15, 2037	2.00% - 5.00%	54,905,000	53,990,000
Series 2012C General Obligation Unlimited Tax Bonds (Personal Property Replacement Tax Alternative Revenue Source) - Due in annual installments of $1,250,000 to $3,805,000 through December 15, 2037	2.00% - 5.00%	56,450,000	56,450,000
Total Governmental Activities - General Obligation Bonds		$ 242,930,000	$ 187,950,000

Debt service requirements to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2013	$ 8,295,000	$ 9,250,388	$ 17,545,388
2014	7,120,000	8,947,838	16,067,838
2015	7,205,000	8,638,438	15,843,438
2016	7,820,000	8,293,788	16,113,788
2017	8,220,000	7,889,500	16,109,500
2018 - 2022	47,035,000	32,838,500	79,873,500
2023 - 2027	36,940,000	20,903,000	57,843,000
2028 - 2032	28,695,000	13,599,250	42,294,250
2033 - 2037	36,620,000	5,671,500	42,291,500
Total	$ 187,950,000	$ 116,032,202	$ 303,982,202

The District is subject to the Illinois Municipal Code, which limits the amount of certain indebtedness to 0.345% of the most recent available equalized assessed valuation of the District. As of December 31, 2012, the statutory debt limit for the District was $524,638,228, providing a debt margin of $344,983,228.

X. Subsequent Events

A. 2012 Tax Levy Filing and Certification – Annuity and Benefit Fund

In accordance with State Statute, the County has until the last Tuesday in December of each year to certify its levy with the County Clerk. On that date, the County becomes obligated to provide a contribution to the County Employee's and Officer's Annuity and Pension Fund (Pension Fund). In 2012, the Chief Financial Officer signed and certified the levy with the County Clerk on December 8, 2012. The portion of the levy pertaining to the pension fund (pension contribution liability) was $147,969,272. This pension contribution will be paid to the Pension Fund in FY13 as the property taxes are collected by the County, in addition to an estimated payment of $48,170,211 from Personal Property Replacement Taxes during the same time period.

B. General Obligation Refunding Bonds, Series 2012C and 2012D

On December 19, 2012, the County issued $409,940,000 General Obligation Refunding Bonds, Series 2012C/D at a premium of $79.1 million. The proceeds from the bonds are being used to refund a portion of the County's outstanding Series 2002C/D, Series 2004A/B and 2011C bonds and to pay certain cost of issuance of the bonds. As a result of the issuance, $457.1 million was deposited in an escrow account to refund Series 2002C/D and 2004A/B. The remaining $29.2 million tendered Series 2011C Bonds, which consist of the redemption of $24.2 million in principal, $142,112 of accrued interest and $4.9 million in redemption premium. The debt service on this issuance will be paid from the general obligation unlimited tax pledge. The refunding resulted in an overall present value savings of $74.3 million.

C. Payment on Letter of Credit

On March 15, 2013, the County made a payment of $13 million on the Letter of Credit outstanding to J.P Morgan Chase, which represented payment in full of the then outstanding balance. The Line of Credit remains intact in the full undrawn amount of $200 million, with an expiration of November 30, 2014.

COOK COUNTY, ILLINOIS

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULES OF FUNDING PROGRESS

November 30, 2012

County Employees' and Officers' Annuity and Benefit Fund of Cook County

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
Pension Benefits						
December 31, 2010	$ 7,982,368,659	$ 12,023,222,885	$ 4,040,854,226	66.39	$ 1,494,093,569	270.46%
December 31, 2011	7,897,102,116	12,628,274,561	4,731,172,445	62.54	1,456,444,123	324.84%
December 31, 2012	7,833,882,926	13,418,486,943	5,584,604,017	58.38	1,478,253,368	377.78%
Post Employment Group Health Benefit Plan						
December 31, 2010	$ -	$ 1,724,622,462	$ 1,724,622,462	0.00	$ 1,494,093,569	115.43%
December 31, 2011	-	1,678,571,388	1,678,571,388	0.00	1,456,444,123	115.25%
December 31, 2012	-	1,845,609,132	1,845,609,132	0.00	1,478,253,368	124.85%

Suburban Cook County Tuberculosis District - Illinois Municipal Retirement Fund (IMRF)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
Pension Benefits						
December 31, 2010	$ 3,129,225	$ 3,439,466	$ 310,241	90.98	$ -	0.00%
December 31, 2011	2,722,900	3,128,554	405,654	87.03	-	0.00%
December 31, 2012	2,614,102	2,862,262	248,160	91.33	-	0.00%

Source: The information above was taken from the actuarial statements prepared for each of the respective plans.

APPENDIX C
Demographic and Economic Information

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

DEMOGRAPHIC AND ECONOMIC INFORMATION

Demographic and economic developments are best understood in a comparative framework. This appendix provides material for analyzing and comparing trends in the County with those in other major counties in the nation. To maximize the value of the comparisons, the counties utilized in the tables were selected on the basis of several criteria in addition to size. These include:

(1) Governmental functions similar in magnitude and scope to those of the County. This requirement resulted in the exclusion of counties that exist in form but perform no, or only minor, government activities. This group includes, among others, the five counties comprising New York City, Middlesex, Massachusetts; and such city-counties as Philadelphia and Baltimore.

(2) A large central city within the county. This requirement led to the exclusion of such populous counties as Orange, California and Nassau and Suffolk in New York State.

Several tables in this appendix compare economic trends in metropolitan areas rather than in counties, since timely data are available only on a metropolitan area basis.

Extensive revisions have been made to the definitions of U.S. metropolitan areas. These changes have not affected all metropolitan areas equally. For example, "Primary Metropolitan Statistical Areas" are now obsolete. Under the 2000 standards, "Metropolitan Statistical Area" (*"MSA"*) is the term used for the basic set of county-based areas defined under this classification. In addition, eleven (11) MSAs were deemed large enough to be subdivided into "Metropolitan Divisions" (*"MD"*). The MDs are the most comparable in concept to the now obsolete Primary Metropolitan Statistical Area.

Population of Ten Major Counties

COUNTY	2010	2000	1990	1980	1970
Cook, IL	5,194,675	5,376,741	5,105,067	5,253,190	5,493,766
Los Angeles, CA	9,818,605	9,519,338	8,863,164	7,477,657	7,041,980
Harris, TX	4,092,459	3,400,578	2,818,199	2,409,544	1,741,912
Maricopa, AZ	3,817,117	3,072,149	2,122,101	1,508,030	971,228
San Diego, CA	3,095,313	2,813,833	2,498,016	1,861,946	1,357,854
Miami-Dade, FL	2,496,435	2,253,362	1,937,094	1,625,946	1,267,792
Dallas, TX	2,368,139	2,218,899	1,852,810	1,556,549	1,327,695
Wayne, MI	1,820,584	2,061,162	2,111,687	2,337,240	2,670,368
Cuyahoga, OH	1,280,122	1,393,978	1,412,140	1,498,295	1,720,835
Allegheny, PA	1,223,348	1,281,666	1,336,449	1,450,085	1,605,133

Source: U.S. Department of Commerce, Bureau of the Census.

Per Capita Personal Income[1]

COUNTY	2011	2010	2009	2008	2007
Cook, IL	$46,937	$45,311	$44,228	$47,073	$46,996
Los Angeles, CA	42,564	41,791	40,356	42,881	41,237
Harris, TX	48,935	44,757	43,432	51,1378	46,907
Wayne, MI	34,012	33,133	31,926	33,258	32,654
San Diego, CA	46,800	45,627	44,412	47,197	45,768
Miami-Dade, FL	37,834	36,520	35,621	37,346	36,492
Dallas, TX	45,402	43,178	42,088	47,446	46,347
Cuyahoga, OH	43,735	41,909	40,292	43,133	40,959
Maricopa, AZ	38,071	37,352	36,707	39,369	39,300
Allegheny, PA	48,812	46,274	44,943	47,829	45,367
U.S. Average, Metropolitan Counties	41,560	41,585	40,401	43,667	42,203

(1) Per capita personal income was computed using Census Bureau midyear population estimates. Revised Estimates for 2006-2009 reflect county population estimates available as of April 2012. In 2010, the U.S. Department of Commerce, Bureau of Economic Analysis conducted a comprehensive reevaluation of historical data, numbers may differ from prior County official statements.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Nonfarm Payroll Employment in Metropolitan Statistical Areas and Metropolitan Divisions[1]

	2013[2]	2012	2011	2010	2009	2008
Chicago, IL	3,694.6	3,709.2	3,647.7	3,607.1	3,644.1	3,845.0
New York, NY	8,578.8	8,472.0	5,218.6	5,128.8	5,114.9	5,274.4
Los Angeles, CA	3,926.3	3,843.7	3,794.1	3,773.1	3,824.1	4,070.7
Philadelphia, PA	2,726.3	2,713.8	1,873.3	1,862.9	1,862.8	1,922.4
Detroit, MI	708.4	713.1	699.5	693.1	697.9	756.7
Dallas, TX	2,161.5	2,092.0	2,058.9	2,017.2	2,015.0	2,097.2
Houston, TX	2,762.5	2,660.2	2,593.1	2,528.1	2,532.9	2,601.5
San Francisco, CA	1,012.3	979.3	948.2	931.9	944.1	996.7
Cleveland, OH	1,009.0	1,003.1	992.7	991.1	1,000.8	1,058.5
Pittsburgh, PA	1,153.4	1,151.0	1,148.6	1,125.3	1,120.7	1,148.9

(1) Number of persons, in thousands, not seasonally adjusted.
(2) Preliminary.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

Unemployment Rates in Metropolitan Statistical Areas and Metropolitan Divisions[1]

	2013	2012	2011	2010	2009	2008
Chicago, IL[m]	9.5%	9.0%	9.9%	10.4%	10.1%	6.2%
New York, NY[t]	8.1	8.8	8.5	9.0	8.6	5.3
Los Angeles, CA[t]	9.0	10.4	11.4	11.8	10.9	6.9
Philadelphia, PA[t]	8.2	8.5	8.3	8.5	7.8	5.4
Detroit, MI[m]	9.9	10.4	11.5	13.9	15.0	8.7
San Francisco, CA[t]	6.9	8.6	9.4	10.3	9.6	5.7
Dallas, TX[t]	6.2	7.0	7.8	8.2	7.7	5.0
Houston, TX[t]	6.1	7.0	8.1	8.5	7.5	4.8
Pittsburgh, PA[t]	7.1	7.3	7.2	7.8	7.2	5.1
Cleveland, OH[m]	7.0	7.2	7.7	8.7	8.8	6.7

[1] Not seasonally adjusted.
[t] Reflects revised inputs, re-estimation, and new statewide controls through 2011.
[m] Reflects revised population controls and model re-estimation through 2011.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

Unemployment Rates for the Civilian Labor Force

	2013[1]	2012[2]	2011	2010	2009	2008
United States	7.5%	8.1%	8.9%	9.6%	9.3%	5.8%
State of Illinois[m]	9.4	8.6	9.8	10.3	10.0	6.2
Cook County, IL[t]	9.7	8.9	10.4	10.5	10.3	6.5
Chicago-MD[t]	9.5	8.9	9.9	10.1	10.0	6.2

[1] Preliminary.
[2] As of December 31, 2012.
[m] Reflects revised population controls and model re-estimation through 2011.
[t] Reflects revised inputs, re-estimation, and new statewide controls through 2011.
Source: U.S. Department of Labor, Bureau of Labor Statistics and Illinois Department of Employment Security.

Housing Units Authorized by Building Permits

METROPOLITAN AREA – MSA/MD	2012	2011	2010	2009	2008
Chicago, IL	1,990	7,593	7,267	6,097	16,058
Cleveland, OH	177	1,767	1,941	2,069	2,685
Dallas, TX	7,085	24,827	19,558	20,370	36,321
Detroit, MI	146	3,366	3,210	1,333	2,590
Houston, TX	12,533	31,271	27,452	27,326	42,728
Los Angeles, CA	6,700	14,247	10,394	7,281	15,045
Miami, FL	951	7,532	5,877	3,875	7,821
New York, NY	26,912	21,539	18,668	16,707	51,590
Philadelphia, PA	2,175	6,979	7,053	7,093	10,570
Phoenix, AZ	4,434	9,081	8,300	9,272	18,533
San Diego, CA	3,083	5,370	3,494	2,946	5,357
San Francisco, CA	3,089	5,783	4,621	3,550	7,555

Source: U.S. Department of Commerce, Bureau of the Census, Building Permits Branch, Construction Statistics Division.

APPENDIX D
County Employees' and Officers' Annuity and Benefit Fund of Cook County

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND OF COOK COUNTY

The County Employees' and Officers' Annuity and Benefit Fund of Cook County (the *"Retirement Fund"*) is established, administered and financed under the Illinois Pension Code (the *"Pension Code"*), including specifically Articles 1, 1A, 9 and 22 therein. The Retirement Fund is a separate body politic and corporate, distinct and apart from the County, established for the benefit of the eligible employees of the County and their beneficiaries. The Retirement Fund provides retirement, survivor, death, health and disability benefits for certain eligible employees of the County and eligible employees of the Retirement Fund, as set forth in the Pension Code. Unless otherwise stated, all references to "employee," "member," or "retiree" in this Appendix D of the Official Statement are references to both the County employees and retirees and the Retirement Fund employees and retirees participating in the Retirement Fund.

Section 5 of Article XIII of the Illinois Constitution provides that "[m]embership in any pension retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired. Public Act 96-0889, effective as of April 14, 2010, provided certain reforms to the State's various public pension systems by reducing benefits for new hires, increasing the minimum retirement age, reducing annual cost of living adjustments (i.e. automatic benefit increases), changing the benefit calculations, capping total pensionable salary, and suspending retirement benefits if the member takes another job with a pension under an Illinois public pension plan.

This Appendix D of the Official Statement describes, in part, the current provisions of the Pension Code applicable to the County's funding of the Retirement Fund. The provisions of the Pension Code may be amended only by the State of Illinois, acting through its legislature (the *"Illinois State Legislature"*). No assurance can be made that the statutory provisions governing the Retirement Fund, as described in this Appendix D of the Official Statement, will not be amended in the future by the Illinois State Legislature.

The Retirement Fund's primary sources of funding come from the County contribution, the employees' contribution, and investment income on the Retirement Fund's assets. The amount of benefits under the Retirement Fund, the County contribution and employee contribution levels and other aspects of the Retirement Fund are established in the Pension Code. The County contribution and the employee contribution, determined pursuant to statutorily prescribed formulas do not necessarily correlate to the Actuarially Required Contribution (as defined below) as determined by an independent Actuary (as defined under *"Source of Information"* below) engaged by the Retirement Fund. The level of contributions is affected only by a change in current payroll with respect to active Retirement Plan members, as described in *"Determination of County's Contribution"* below. The Pension Code has no mechanism for adjusting the funding to reflect any changes in benefits, assets or demographics.

Also according to the Retirement Fund's reports, and due to a variety of factors, some of which are described below, the unfunded actuarial liability of the Retirement Fund reported in the Retirement Fund's 2012 Actuarial Valuation (as defined herein) for the fiscal year ended December 31, 2012 increased to $6.8 billion, resulting in a funded ratio of 53.6%, determined on an actuarial basis.* Based

---

* This actuarial liability is calculated to include both the pension obligations and the optional OPEB, as defined below. See Tables 5 through 7.

on the Retirement Fund's 2012 Actuarial Valuations, under the current Illinois statutes, the funded ratio is projected to continue to decline in future years. These projections are prepared by the Retirement Fund's Actuary based on a variety of factors and assumptions that may be more or less favorable than the actual experience. Therefore, the actual funding levels of the Retirement Fund in future years may differ from the Actuary's projections. The County was not involved in the actuarial process and is making no representation as to the accuracy or validity of the actuarial projections made by the Retirement Fund's Actuary.

According to the comprehensive annual financial report of the Retirement Fund for the fiscal year ending December 31, 2011 (the *"2011 Retirement Fund CAFR"*), the nine-member board of trustees that governs the Retirement Fund (the *"Retirement Fund Board"*) is actively investigating ways to address the funding of the Retirement Fund. County officials are likewise investigating strategies to enhance the vitality of the Retirement Fund. Any such measures will require action by the Illinois State Legislature. The County is not making any representation as to the probability of any future legislative action by the Illinois State Legislature. However, if taken, such legislative action could increase the amount of contributions the County is required to make to the Retirement Fund.

The Retirement Fund administers post-employment group health benefits, through which it provides an optional healthcare premium subsidy to annuitants who elect to participate in its group health plan. Under Illinois State statutes, the Retirement Fund has discretion, but is not obligated, to pay a portion of the healthcare insurance premiums for the annuitants. Presently, the Retirement Fund subsidizes approximately 54% and 70% of the monthly premiums for retiree and spouse annuitants, respectively. The remaining premium cost is borne by the annuitant. The Retirement Fund funds retiree healthcare premium subsidies on a "pay-as-you-go" basis. The unfunded actuarial accrued liability for healthcare benefits under the Retirement Fund as of December 31, 2012 was $1,845,609, which was 124.85% of the covered payroll. These numbers are included in the total unfunded actuarial accrued liability of the Retirement Fund, as described above. The foregoing references to the Retirement Fund's liability for retiree healthcare benefits are for accounting reporting purposes only and shall not be construed as a legal obligation of the Retirement Fund. The Pension Code specifically states that the post-employment healthcare benefits "are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970." See 40 ILCS 5/9-239.

Source of Information

The information presented herein comes from and is prepared in reliance on the documents produced by the Retirement Fund, the Actuarial Valuations as of January 31, 2003 through 2012 (each, an *"Actuarial Valuation"* and, collectively, the *"Actuarial Valuations"*) prepared by independent actuaries (in 2012 -- Buck Consultants, LLC), engaged by the Pension Board (the *"Actuary"* or *"Actuaries"*), and the financial statements (the *"2012 Financial Statements"*) prepared by independent auditors Legacy Professionals, LLP, Chicago, Illinois (the *"Retirement Fund Auditors"*) (the Actuarial Valuations and the 2012 Financial Statements are referred to as the *"Source Information"*). The County has not independently verified the Source Information and makes no representations nor expresses any opinion as to the accuracy of the Source Information. The 2012 Financial Statements and the Actuarial Valuation as of December 31, 2012 (the *"2012 Actuarial Valuation"*) are the most recent audit and actuarial valuation available to the County. The questions about any information provided in Source Information should be addressed to: County Employees' and Officers' Annuity and Benefit Fund of Cook County, Attention: Executive Director, 33 North Dearborn Street, Suite 1000, Chicago, IL 60602.

The financial statements of the Retirement Fund for the fiscal years ending December 31, 2008 through December 31, 2012 (each, a *"Financial Statement"* and together, the *"Financial Statements"*), the comprehensive annual financial reports of the Retirement Fund for the fiscal years ending December 31, 2010 through December 31, 2011 (each, a *"CAFR"* and together, the *"CAFRs"*), and the Actuarial Valuations of the Retirement Fund, which contain a detailed statement of the affairs of the Retirement Fund, its income and expenditures, and its assets and liabilities as of December 31 of the years 2005 through 2012, may be obtained by contacting the Retirement Fund. The majority of these reports is also available on the Retirement Fund's website at www.cookcountypension.com; *provided, however*, that the content of these reports and of the Retirement Fund's website is not incorporated herein by such reference.

Any discussion herein with respect to actuarial assumptions, methodology, results or projections are strictly from the sources cited and should not be construed as statements or information from the County. The County makes no representation with respect to the accuracy or completeness thereof.

Cautionary Statement

The information included under heading *"Projection of Funded Status"* relies on Source Information produced by the Retirement Fund Actuaries. Actuarial assessments are "forward-looking" information that reflects the judgment of the Retirement Fund fiduciaries. A variety of factors impact the Retirement Fund's Unfunded Actuarial Liability and Funded Ratio (as defined below). Increases in member salary and benefits, a lower rate of return on investment than that assumed by the Retirement Fund and insufficient contributions when compared to the Actuarially Required Contribution (as defined under *"The Actuarial Valuation – Actuaries and the Actuarial Process"*) plus interest will all cause an increase in the Unfunded Actuarial Accrued Liability and a decrease in the Funded Ratio. Conversely, decreases in member salary and benefits, a higher return on investment than assumed and employer contributions in excess of the Actuarially Required Contribution will decrease the Unfunded Actuarial Accrued Liability and increase the Funded Ratio. In addition, changes in actuarial assumptions and certain other factors will have an impact on the Unfunded Actuarial Accrued Liability and the Funded Ratio.

Retirement Fund

Membership and Benefits

The Retirement Fund was created by the State of Illinois, under State statute, as a separate body politic and corporate for the benefit of the eligible employees of the County and their beneficiaries. The corporate purposes of the Retirement Fund are separate and apart from the corporate purposes of the State of Illinois, and any county, city, town, municipal corporation, or other body politic and corporate in the State of Illinois.

According to the 2012 Actuarial Valuation, the Retirement Fund had a total membership of 49,477, consisting of 21,447 active members, 16,174 retired members and beneficiaries receiving benefits, and 11,856 inactive members, as of December 31, 2012.

The Retirement Fund is a single-employer, defined benefit, public employee retirement plan. "Single-employer" refers to the fact that there is a single employer, in this case, the County. "Defined benefit" refers to the fact that the Retirement Fund pays a periodic benefit to retired employees (and upon their death to their surviving spouses and in certain instances, their children) in an amount determined pursuant to a statutory formula on the basis of the employees' service credits and salary. Members have no accounts in a defined benefit plan, and the amount of their benefits is not dependent on the investment performance of the plan assets.

The benefits available under the Retirement Fund accrue throughout the time a member is employed by the County or the Retirement Fund. Although benefits accrue during employment, a member must satisfy certain age and service requirements to receive a periodic retirement or survivor's benefit payments upon retirement or termination from the County's employ.

To fund the benefits payable by the Retirement Fund, both employees and employers make contributions to the plan's assets. Both the employees' contribution and the County's contribution are established and calculated in accordance with the Pension Code, which can only be amended by the Illinois State Legislature. See *"Determination of Employees' Contribution"* and *"Determination of County's Contribution"* below.

Governance and Duties of Retirement Fund Board

The Retirement Fund is governed by a nine-member board of trustees (the *"Retirement Fund Board"*). The trustees are the officials of the Retirement Fund, vested with the powers and duties set out in the Pension Code. Two trustees serve as ex-officio trustees (the Comptroller and Treasurer of the County, or someone designated by them). The remaining trustees are elected as follows: three from active employees of the County; two from annuitants of the Retirement Fund; one from active employees of the Forest Preserve District of Cook County (the *"Forest Preserve District"*); and one from annuitants of the Forest Preserve District Annuity and Benefit Fund of Cook County (the *"Forest Preserve Retirement Fund"*).

The Retirement Fund Board members are fiduciaries of the Retirement Fund and are authorized to perform all functions necessary for operation of the Retirement Fund. The Retirement Fund Board is authorized by the Pension Code to make certain autonomous decisions, including decisions regarding the investment of funds, the management of assets, the disbursement of benefits, and the hiring of staff, financial advisors and asset managers.

The Retirement Fund Board is authorized to promulgate rules and procedures regarding its administration of benefits and other matters in accordance with the Illinois Administrative Procedure Act, and its decisions in awarding, limiting, or denying benefits are subject to the Illinois Administrative Procedure Act. Certain aspects of the Retirement Fund, however, including the amount of benefits and the employer and employee contribution levels, are established in the Pension Code and may be amended or terminated only by the Illinois State Legislature.

Oversight

The State of Illinois, through the Public Pension Division (the *"Public Pension Division"*) within its Department of Insurance, regulates public pension funds. The Public Pension Division is required to make periodic examinations and investigations of all pension funds established under the Pension Code. In lieu of making an examination and investigation, the Public Pension Division may accept and rely upon a report of audit or examination of any pension fund made by an independent certified public accountant. The Retirement Fund is required to provide the Public Pension Division with a statement, which shall include but need not be limited to, the following: (i) a financial balance sheet as of the close of the fiscal year; (ii) a statement of income and expenditures; (iii) an actuarial balance sheet; (iv) statistical data reflecting age, service, and salary characteristics concerning all participants; (v) special facts concerning disability or other claims; (vi) details on investment transactions that occurred during the fiscal year covered by the report; (vii) details on administrative expenses; and (viii) such other supporting data and schedules as in the judgment of the Public Pension Division may be necessary for a proper appraisal of the financial condition of the Retirement Fund and the results of its operations. The annual statement shall also specify the actuarial mortality and interest tables used in the operation of the Retirement Fund.

The Illinois Attorney General and annuitants may bring a civil action to obtain relief for violations of a fiduciary duty to the Retirement Fund or any act or practice which violates any provision of the Pension Code.

Investments

The Retirement Fund Board manages the investments of the Retirement Fund. The provisions of the Pension Code regulate the types of investments in which the Retirement Fund's assets may be invested. Furthermore, the Retirement Fund Board is required to invest the Retirement Fund's assets in accordance with the prudent person rule, which requires members of the Retirement Fund Board, who are fiduciaries of the Retirement Fund, to discharge their duties with the care, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in a similar situation.

As stated in the 2011 Retirement Fund CAFR, the Retirement Fund has adopted a formal investment policy in accordance with the Pension Code. Such policy is further described in the comprehensive annual financial report of the Retirement Fund for the fiscal year ending December 31, 2011 (the "2011 Retirement Fund CAFR").

In carrying out its investment duty, the Retirement Fund Board may appoint investment managers with a discretionary authority to manage, in a fiduciary capacity, all or a portion of the Retirement Fund's assets in accordance with the prudent person rule.

Additional information regarding the Retirement Fund's investments, investment management and authority, policy provisions, diversification principles, performance objectives and asset allocation may be found in the Retirement Fund CAFRs and on the Retirement Fund's website at www.cookcountypension.com; *provided, however* that the content of such website is not incorporated into this Official Statement by such reference.

The Actuarial Valuations assume an investment rate of return on the assets in the Retirement Fund. At least for the last 8 fiscal years, the Retirement Fund assumed an investment rate of return of 7.5%. Due to the volatility of the marketplace, however, the actual rate of return earned by the Retirement Fund on its assets may be higher or lower than the assumed rate.

As a result of the use of the Asset Smoothing Method (as hereinafter defined), only a portion of investment gains or losses is recognized in the year when realized, and the remaining gain or loss is spread over the remaining four years. See *"Actuarial Valuation – Actuarial Value of Assets"* for additional explanations regarding the Asset Smoothing Method.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Table 1 provides information from the Actuarial Valuations as of December 31 of the years 2003 through 2012 regarding the investment returns experienced by the Retirement Fund for the period 2003 through 2012.

Table 1 - Investment Rates of Return, 2003-2012[1]

	INVESTMENT RETURN[2]
2003	16.99%
2004	9.46
2005	4.88
2006	10.77
2007	6.22
2008	-23.23
2009	16.91
2010	12.19
2011	1.11
2012	12.5

Source: The Actuarial Valuations of the Retirement Fund.
(1) For actuarial purposes, the Retirement Fund assumes an investment rate of return of 7.50%. See "Actuarial Assumptions" herein.
(2) Calculated based on the market value of Retirement Fund's assets as of December 31 of each year.

Determination of Employees' Contribution

The Pension Code prescribes the level of contributions that the County's employees are required to contribute to the Retirement Fund as a condition of eligibility for benefits thereunder. To that extent, the County's ability to deduct a portion of employees' salaries and disburse these proceeds to the Retirement Fund is circumscribed by the Pension Code. County employees are required to contribute 8.5% (9.0% for County police) of their salary to the Retirement Fund. This contribution consists of 6.5% (7.0% for County police) for the retirement annuity, 1.5% for the surviving spouse's annuity, and 0.5% for the automatic increase in retirement annuity. Because State statute defines and limits employee contributions, those contributions do not necessarily have a direct correlation to the Actuarially Required Contribution (as hereinafter defined).

Determination of County's Contribution

The Pension Code limits the County's ability to contribute to the Retirement Fund. The Pension Code provides that County contributions to the Retirement Fund are to be made from the proceeds of an annual levy of real estate taxes (the *"Pension Levy"*) by the County for such purpose. The Pension Code further provides that, with some exceptions, no money of the County derived from any source other than the Pension Levy and collection for the Pension Levy or the sale of tax anticipation warrants may be used to provide revenue for the Retirement Fund. The Pension Levy is levied solely for the purpose of contributing to the Retirement Fund, and such levy is exclusive of and in addition to the amount of tax which the County may levy for general purposes. The amount of the Pension Levy may not exceed 1.54 times (the *"Multiplier"*) the amount contributed by the County's employees to the Retirement Fund two years prior to the year in which the tax is levied (the *"Contribution Limitation"*). Because State statute defines and limits the County's contributions, those contributions do not necessarily have a direct correlation to the Actuarially Required Contribution (as hereinafter defined). See *"The Actuarial Valuation – County's Statutorily Required Contribution Not Related to GASB Standards."*

The Pension Code provides that the Retirement Fund Board must annually certify to the County a determination of the County's contribution to the Retirement Fund, based on the statutorily capped Multiplier of 1.54. In making its request for the County's annual contribution, the Retirement Fund, acting through the Retirement Fund Board, annually approves and then submits a resolution to the County Board requesting that the County Board adopt a particular tax levy rate. The Retirement Fund Board most recently requested a Pension Levy at the statutory maximum amount based on the 1.54 Multiplier and has done so for at least the last eleven years.

In addition to the funds generated by the Pension Levy, the County is required to contribute to the Retirement Fund a portion of the Illinois Personal Property Replacement Tax Fund *("PPRT")* received from the State. The amount of PPRT revenues required to be contributed to the Retirement Fund is determined in accordance with Section 12 of the Illinois Revenue Sharing Act. Since 2005, the amount of PPRT contributed by the County to the Retirement Fund has averaged approximately $38.6 million annually. In 2012, the amount of PPRT contributed to the Retirement Fund was approximately $48,170,211.

The Actuarial Valuation

General

In addition to the process outlined above, the Pension Code requires that the Retirement Fund annually submit to the County Board a report containing a detailed statement of the affairs of the Retirement Fund, its income and expenditures, and assets and liabilities, which would include the Actuarial Valuation. According to the 2012 Financial Statements, the Actuarial Valuation determines the financial position and the Actuarially Required Contribution (as defined below) of the Retirement Fund for reporting purposes pursuant to Governmental Accounting Standards Board *("GASB")* Statement No. 25 (*"GASB 25"*). See also, *"New GASB Standards"* below.

A description of the statistics generated by the Actuary in the Actuarial Valuation follows in the next few paragraphs. This information was derived from the 2012 Financial Statements and the 2012 Actuarial Valuation.

GASB, which is part of a private non-profit corporation known as the Financial Accounting Foundation, promulgates standards regarding accounting and financial reporting for governmental entities. Although these principles are not legally binding and do not impose any legal liability on the County, independent auditors that audit governmental entities require such entities to follow these principles.

Actuaries and the Actuarial Process

According to the 2012 Financial Statements, in producing the Actuarial Valuation, the Retirement Fund's Actuary uses demographic data (including employee age, salary and service credits), economic assumptions (including estimated salary and interest rates), and decrement assumptions (including employee turnover, mortality and retirement rates) to determine, as of the valuation date, the Normal Cost (as defined below), the Actuarially Required Contribution (as defined below), the Actuarial Accrued Liability (as defined below), and the Actuarial Value of Assets (as defined below) for the Retirement Fund. The Retirement Fund's Actuarial Valuations are publicly available and may be obtained from the Retirement Fund. Certain of these Actuarial Valuations are available on the Retirement Fund's website, www.cookcountypension.com; *provided, however*, that the content of these reports and of the Retirement Fund's website is not incorporated herein by such reference.

According to the 2012 Financial Statements, the primary purpose of the Actuarial Valuation is to determine the amount that must be contributed, pursuant to GASB standards and without consideration of the Pension Code, to the Retirement Fund in a given fiscal year (the *"Actuarially Required Contribution"*)[*] to satisfy its current and future obligations to pay benefits to eligible members of the Retirement Fund. The 2012 Actuarial Valuation provides that the Actuarially Required Contribution consists of two components: (1) that portion of the present value of pension plan benefits which is allocated to the valuation year by the actuarial cost method (as described in *"Actuarial Methods – Actuarial Accrued Liability"* below), termed the *"Normal Cost"*; and (2) a portion required to amortize any unfunded actuarial accrued liability.

As part of the Actuarial Valuation, the Retirement Fund's Actuary also calculated the Retirement Fund's *"Actuarial Accrued Liability"* and the *"Actuarial Value of Assets."* According to the 2012 Actuarial Valuation, the Actuarial Accrued Liability, determined by a particular actuarial cost method as of any date, is the value of all past accumulated Normal Costs. The 2012 Actuarial Valuation also provides that the Actuarial Value of Assets is the value of the pension plan assets determined for purposes of the Actuarial Valuation by spreading the effect of each year's investment return in excess of or below the expected return over a five-year period. For a discussion of the methods and assumptions used to calculate the Retirement Fund's Actuarial Accrued Liability and Actuarial Value of Assets, see *"Actuarial Methods"* and *"Actuarial Assumptions"* below.

As stated in the 2012 Actuarial Valuation, the excess of the Actuarial Accrued Liability over the Actuarial Value of Assets is referred to as the *"Unfunded Actuarial Accrued Liability"* or *"UAAL."* The Retirement Fund's Actuary computes the *"Funded Ratio,"* which is equal to the ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability, expressed as a percentage.

Actuarial Value of Assets

The Retirement Fund's Actuary calculates the Actuarial Value of Assets by smoothing investment gains and losses over a period of five years, a method of valuation referred to as the *"Asset Smoothing Method."* In accordance with the Asset Smoothing Method, currently recognized by GASB standards, the Retirement Fund's Actuary calculates the Actuarial Value of Assets by recognizing in the current year 20% of the investment gain or loss realized in each of the previous four years.

As described in the interpretive guidance released by GASB upon adoption of GASB Statement No. 25, the Asset Smoothing Method prevents extreme fluctuations in the Actuarial Value of Assets, the UAAL and the Funded Ratio that may otherwise occur as a result of market volatility. However, asset smoothing delays recognition of gains and losses, thereby providing an Actuarial Value of Assets that does not reflect the true value of pension plan assets at the time of measurement. As a result, presenting the Actuarial Value of Assets as determined under the Asset Smoothing Method might provide a more or less favorable presentation of the current financial position of a pension plan than would a method that recognizes investment gains and losses annually.

Table 2 provides a comparison of the assets of the Retirement Fund on a fair value basis to the value of the assets after application of the Asset Smoothing Method.

---

[*] GASB (as hereinafter defined) pronouncements refer to this concept as the Annual Required Contribution. For the convenience of the reader, this disclosure refers to the concept as the Actuarially Required Contribution to denote the fact that the Actuarially Required Contribution is the amount an Actuary would require to be contributed in a given year, to differentiate it from the amount the County will be permitted to contribute under applicable law.

Table 2 – Asset-Smoothed Value of Assets vs. Fair Value of Net Assets
($ IN THOUSANDS)

FISCAL YEAR	ACTUARIAL VALUE OF ASSETS[1] (a)	FAIR VALUE OF NET ASSETS (b)	ACTUARIAL VALUE AS A PERCENTAGE OF FAIR VALUE[2] (a/b)
2003	$5,929,201	$6,063,872	97.78%
2004	6,700,845	6,618,941	101.24
2005	7,027,508	6,963,955	100.91
2006	7,462,683	7,670,787	97.29
2007	8,059,880	8,069,710	99.88
2008	8,036,075	6,069,280	132.41
2009	7,945,567	6,929,486	114.66
2010	7,982,369	7,574,654	105.38
2011	7,891,102	7,441,243	106.05
2012	7,833,883	8,059,936	97.20

Source: The Actuarial Valuations of the Retirement Fund for the years 2003-2012, except as provided in note (2) below.
(1) The Actuarial Value of Assets is calculated through use of the Asset Smoothing Method.
(2) The percentage is derived from the Actuarial Valuations of the Retirement Fund for the years 2003-2012.

Actuarial Accrued Liability

The 2012 Actuarial Valuation provides that the Actuarial Accrued Liability is calculated by a particular actuarial cost method as the value of all past accumulated Normal Costs. The 2012 Actuarial Valuation further provides that for purposes of determining Normal Cost, the Retirement Fund uses the entry age actuarial cost method (the *"Entry Age Method"*), which is a GASB-approved actuarial cost method. As stated in the 2012 Actuarial Valuation, the Entry Age Method is a cost method under which the Normal Cost is computed as the level percentage of pay which, if paid from the earliest time each member would have been eligible to join the Retirement Fund if it then existed (thus, entry age) until his retirement or termination, would accumulate with interest at the rate assumed in the valuation to an amount sufficient to pay all benefits under the Plan. Under this method, the actuarial gains (losses), attributable to deviations in experience from the actuarial assumptions, generally reduce (increase) the UAAL.

Actuarial Assumptions

In its Actuarial Valuation, the Retirement Fund's Actuary uses a variety of assumptions as to future events affecting pension costs. The assumptions used by the Retirement Fund are based on the experience of the Retirement Fund over the period 2005 through 2008, as stated in the 2012 Actuarial Valuation, and were adopted by the Retirement Fund Board based upon the recommendation of the Retirement Fund's prior Actuary as of December 31, 2009. Variances between the assumptions and actual results may cause an increase or decrease in the Actuarial Value of Assets, the Actuarial Accrued Liability, the UAAL, the Funded Ratio or the Actuarially Required Contribution.

Additional information on the Retirement Fund's actuarial assumptions is available in the Retirement Fund's 2012 Actuarial Valuation and the 2012 Financial Statements. See also *"New GASB Standards"* for changes to the actuarial principles that will take effect for fiscal years 2014 and 2015 and may affect the determination and presentation of the Retirement Funds Actuarial Accrued Liability, Actuarial Value of Assets, the UAAL and the Funded Ratio.

County's Statutorily Prescribed Contribution Not Related to GASB Standards

The Pension Code requires that the County contribute to the Retirement Fund through the levy, collection, and contribution of a Pension Levy. Because the County's contribution limit is based on the amount of employee contributions made two years prior to the year in which the Pension Levy is collected and the Multiplier, as established by State statute, the County's contribution to the Retirement Fund does not necessarily correlate to the current manner of calculating a contribution as established by GASB. As stated in the Actuarial Valuation, the Retirement Fund's Actuarially Required Contribution is equal to its Normal Cost plus a 30-year level-dollar amortization of the Retirement Fund's UAAL. This method of calculating the Actuarially Required Contribution is developed under the standards promulgated by GASB. However, the statutorily prescribed limit on the members' and the County's contributions has in the past prevented and is likely in the future to prevent contributions to the Retirement Fund on an actuarial basis, as demonstrated in the Actuarial Valuations. Therefore, the statutory structure pursuant to which the County and the members contribute to the Retirement Fund does not conform to the standards promulgated by GASB for reporting purposes. See *"Table 3 – Information Regarding Contributions"* below.

In each year, the County has contributed to the Retirement Fund as required by the Pension Code. However, as evidenced by the Actuarial Valuations, this amount has been lower than the Actuarially Required Contribution in each year.

Table 3 provides information on the Actuarially Required Contribution, the County's actual contributions in accordance with the Pension Code, the tax levy requested by the Retirement Fund Board and the percentage of the Actuarially Required Contribution made in each year that would have been necessary in each year had the County been in a position to contribute the Actuarially Required Contribution for each year 2003 through 2012, all of which was derived from the Actuarial Valuations. Based on the 2012 Financial Statements, the Multiplier that would have been required for the County's contribution to equal the Actuarially Required Contribution for the 2012 fiscal year was 5.22 instead of the statutorily prescribed maximum of 1.54.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Table 3 - Information Regarding Contributions[1]
($ IN THOUSANDS)

FISCAL YEAR	ACTUARIALLY REQUIRED CONTRIBUTION (a)	TAX LEVY REQUESTED BY THE RETIREMENT FUND BOARD (b)	ACTUAL COUNTY CONTRIBUTION (c)	PERCENTAGE OF ACTUARIALLY REQUIRED CONTRIBUTION CONTRIBUTED (c/a)
2003	364,658	187,745	185,608	50.90
2004	457,427	220,223	201,957	44.15
2005	428,971	209,151	218,292	50.89
2006	398,341	223,270	225,438	56.59
2007	421,092	264,846	261,535	62.11
2008	406,626	183,124	188,009	46.24
2009	468,181	186,100	188,285	40.22
2010	572,318	186,523	184,723	32.28
2011	613,953	194,234	198,837	32.39
2012	655,800	196,139	190,721	29.08%

Sources: The 2012 Financial Statements, except for the column titled "Tax Levy Requested by the Retirement Fund" which incorporates information from the annual resolution of the Retirement Fund Board pursuant to 40 ILCS 5/9-169 for each year.

(1) Includes amounts related to the post-employment healthcare benefit.

Funded Status of the Retirement Fund

The fact that the contributions received from all sources by the Retirement Fund were less than the Actuarially Required Contribution, in conjunction with other factors, had the effect of increasing the Retirement Fund's UAAL, according to the 2012 Actuarial Valuation. In addition, expenses related to the optional other post-employment benefits ("OPEB") provided by the Pension Board are paid from the funds received from the County, which has the effect of reducing the Actuarial Value of Assets and decreasing the Funded Ratio.

According to the 2012 Actuarial Valuation, the Retirement Fund had a UAAL, including OPEB, of approximately $6.8 billion on an actuarial basis (using the Asset Smoothing Method) as of December 31, 2012. The 2012 Actuarial Valuation provides that the respective Funded Ratio for this UAAL is 53.6%. The 2012 Actuarial Valuation further provides that the largest factors in the increase in the UAAL from December 31, 2011 to December 31, 2012 were insufficient contributions to the Retirement Fund, as compared to the Actuarially Required Contribution, demographic loss experienced by the Retirement Fund and losses on an actuarial value of the assets (primarily attributable to the recognition, using the Asset Smoothing Method, of investment losses incurred in 2008).

The following tables, which were produced from information provided in the CAFRs of the Retirement Fund, the 2012 Financial Statements and the Actuarial Valuations, summarize the current financial condition and the funding progress of the Retirement Fund.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 4
FINANCIAL CONDITION OF THE RETIREMENT FUND
FISCAL YEARS 2003-2012
($ IN THOUSANDS)

FISCAL YEAR	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Beginning Net Position (Fair Value)[5]	$5,221,853	$6,063,872	$6,618,941	$6,963,955	$7,670,787	$8,069,710	$6,069,280	$6,929,486	$7,574,654	$7,441,243
Income										
- Employee Contributions	140,030	148,924	174,214	121,673	123,048	123,777	127,796	129,450	127,577	130,571
- Employer Contributions & other additions[1]	185,608	202,669	221,827	230,443	268,144	190,997	195,456	194,305	195,338	190,721
- Investment Income[2]	883,496	572,598	324,732	749,245	477,494	(1,858,448)	1,013,615	833,053	82,912	887,688
-- Other[4]									17,403	10,191
Total Additions[3]	$1,209,134	$924,191	$720,773	$1,101,361	$868,686	$(1,543,674)	$1,336,867	$1,156,808	$423,230	$1,219,170
Deductions										
- Benefits	$315,773	$344,638	$348,319	$365,627	$398,689	$427,454	$452,008	$482,523	$523,397	$563,092
- Refunds	44,210	17,970	23,042	24,922	66,623	24,724	20,405	25,042	29,165	33,082
- Administration	7,132	6,514	4,398	3,979	4,450	4,578	4,248	4,075	4,079	4,303
Total Deductions[3]	$367,115	$369,122	$375,759	$394,528	$469,762	$456,756	$476,661	$511,640	$556,641	$600,477
Ending Net Position (Fair Value)	$6,063,872	$6,618,941	$6,963,955	$7,670,787	$8,069,710	$6,069,280	$6,929,486	$7,574,654	$7,441,243	$8,059,936

Source: The 2012 Financial Statements and the Actuarial Valuations of the Retirement Fund for the years 2003-2012. Table may not add due to rounding.

(1) Includes other additions to the assets from sources such as employer federal subsidized programs, employer interest on levies, and Medicare Part D subsidy.

(2) Investment income is shown net of fees and expenses. Includes income from the Retirement Fund's securities lending program. For more information, see Note 8 in the 2012 Financial Statements.

(3) Includes amounts related to OPEB.

(4) This item "Other" is included to reflect the change in the format of the financial presentations in the 2011 and 2012 Retirement Fund CAFRs and 2012 Financial Statements.

(5) GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* renamed the residual measure from "net assets" to "net position," effective for periods beginning after December 31, 2011, as reflected in the 2012 Financial Statements.

TABLE 5
SCHEDULE OF FUNDING PROGRESS – PENSION AND HEALTHCARE COMBINED
FISCAL YEARS 2003-2012
($ IN THOUSANDS)

FISCAL YEAR	ACTUARIAL ACCRUED LIABILITY[1] (a)	ACTUARIAL VALUE OF ASSETS[2] (b)	UAAL (ACTUARIAL)[3] (a-b)	FUNDED RATIO (ACTUARIAL)[3] (b/a)	PAYROLL (C)	UAAL TO PAYROLL (ACTUARIAL)[3] ((a-b)/c)
2003	$8,780,970	$5,929,201	$2,851,769	67.5%	$1,307,079	218.2%
2004	9,450,784	6,700,845	2,749,939	70.9	1,371,540	200.5
2005	9,269,944	7,027,508	2,242,436	75.8	1,387,459	161.6
2006	9,904,578	7,462,683	2,441,895	75.3	1,412,879	172.8
2007	10,423,730	8,059,880	2,363,850	77.3	1,370,845	172.4
2008	11,073,181	8,036,075	3,037,107	72.6	1,463,372	207.5
2009	12,575,516	7,945,567	4,629,949	63.2	1,498,162	309.0
2010	13,142,137	7,982,369	5,159,769	60.7	1,494,094	345.3
2011	13,724,012	7,897,102	5,826,910	57.5	1,456,444	400.1
2012	14,630,251	7,833,883	6,796,368	53.6	1,478,253	459.8

Source: The Retirement Fund CAFRs for the fiscal years ended December 31, 2003-2011, the 2012 Financial Statements and the Actuarial Valuations of the Retirement Fund as of December 31, of the years 2003-2012.

(1) Includes OPEB. The amount of OPEB at the end of each year for 2006-2012 was as follows (in thousands): 2006-$1,506,822; 2007-$1,554,123; 2008 - $1,448,829; 2009 - $1,686,872; 2010 - $1,724,622; 2011 - $1,095,738; and 2012 – $1,845,609. Prior to 2006, GASB did not require presentation of the OPEB separate from pension liabilities. As such, this data is not available for 2003-2005. In addition, the Actuarial Accrued Liability presented in this Table 5 incorporates a change in the interest rate assumption for the Healthcare Plan solely for purposes of financial reporting of combined pension and OPEB results. As such, the amounts presented in Tables 6 and 7 cannot be added together to reach the amounts presented in this Table 5. See the 2012 Financial Statements for additional information.

(2) The actuarial value is determined by application of the Asset Smoothing Method as discussed in *"Actuarial Methods—Actuarial Value of Assets*" above.

(3) For purposes of this column, "Actuarial" refers to the fact that the calculation was made using the Actuarial Value of Assets. The Actuarial Value of Assets is determined using the Asset Smoothing Method, described in *"Actuarial Valuation – Actuarial Value of Assets."* The UAAL and Funded Ratio as published in the CAFR and Actuarial Valuations (and presented in this Table 5) were not calculated on the fair value basis.

TABLE 6
SCHEDULE OF FUNDING PROGRESS – PENSION
FISCAL YEARS 2006-2012
($ IN THOUSANDS)

AS OF DECEMBER 31ST	ACTUARIAL ACCRUED LIABILITY	ACTUARIAL VALUE OF ASSETS[1]	UAAL (ACTUARIAL)[2]	FUNDED RATIO (ACTUARIAL)[2]	PAYROLL	UAAL TO PAYROLL (ACTUARIAL)[2]
	(a)	(b)	(a-b)	(b/a)	(c)	((a-b)/c)
2006	$8,826,581	$7,462,683	$1,363,898	84.5%	$1,412,879	96.5%
2007	9,386,288	8,059,880	1,326,408	85.9	1,370,845	96.8
2008	10,097,028	8,036,075	2,060,953	79.6	1,468,372	140.4
2009	11,489,081	7,945,567	3,543,514	69.2	1,498,162	236.5
2010	12,023,223	7,982,369	4,040,854	66.4	1,494,094	270.5
2011	12,628,275	7,897,102	4,731,172	62.5	1,456,444	324.8
2012	13,418,487	7,833,883	5,584,604	58.4	1,478,253	377.8

Source: The Retirement Fund CAFRs as of December 31, of the years 2006-2011, the Actuarial Valuations of the Retirement Fund as of December 31, of the years 2006-2012 and the 2012 Financial Statements. Prior to 2006, GASB did not require presentation of OPEB separate from pension liabilities. For information on the combined pension obligation and OPEB, see Table 5 herein.

(1) The actuarial value is determined by application of the Asset Smoothing Methods as discussed in *"Actuarial Methods – Actuarial Value of Assets"* above.

(2) For purposes of this column, "Actuarial" refers to the fact that the calculation was made using the Actuarial Value of Assets. The Actuarial Value of Assets is determined using the Asset Smoothing Method, described in *"Actuarial Valuation – Actuarial Value of Assets."* The UAAL and Funded Ratio as published in the CAFR and Actuarial Valuations (and presented in this Table 6) were not calculated on the fair value basis.

TABLE 7
SCHEDULE OF FUNDING PROGRESS – HEALTHCARE PLAN
FISCAL YEARS 2006-2012[1]
($ IN THOUSANDS)

AS OF DECEMBER 31ST	ACTUARIAL VALUE OF ASSETS[2] (a)	ACTUARIAL ACCRUED LIABILITY (AAL) (b)	UNFUNDED AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS % OF COVERED PAYROLL (b-a)/(c)
2006	--	$1,506,822	$1,506,822	0.00%	$1,412,879	106.65%
2007	--	1,554,123	1,554,123	0.00	1,370,845	113.37
2008	--	1,448,829	1,448,829	0.00	1,463,372	99.01
2009[3]	--	1,686,872	1,686,872	0.00	1,498,162	112.60
2010	--	1,724,622	1,724,622	0.00	1,494,094	115.43
2011	--	1,678,571	1,678,571	0.00	1,456,444	115.25
2012[3]	--	1,845,609	1,845,609	0.00	1,478,253	124.85

Source: The 2012 Financial Statements.

(1) Prior to 2006, GASB did not require presentation of OPEB separate from pension liabilities. For information on the combined pension obligation and OPEB, see Table 5 herein.

(2) The Healthcare Plan is funded on a "pay-as-you-go" basis.

(3) Change in actuarial assumptions.

The 2012 Actuarial Valuation indicates that a variety of factors (as identified in Table 8 below) impact the Retirement Fund's UAAL and Funded Ratio. According to the 2012 Actuarial Valuation, the most significant causes of the increase in the UAAL between the end of fiscal year 2011 and the end of fiscal year 2012 were demographic losses, recognition (under the Asset Smoothing Method) of investment losses incurred in 2008 and contributions to the Retirement Fund as compared to the Actuarially Required Contribution, as set forth in Table 8 below.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 8 - COMPONENTS OF CHANGE IN UNFUNDED LIABILITY ($ IN THOUSANDS)

FISCAL YEAR	SALARY INCREASES/ (DECREASES) HIGHER/ (LOWER) THAN ASSUMED	INVESTMENT RETURNS (HIGHER)/LOWER THAN ASSUMED	EMPLOYER CONTRIBUTIONS HIGHER/(LOWER) THAN NORMAL COST PLUS INTEREST	LEGISLATIVE AMENDMENTS	CHANGES IN ACTUARIAL ASSUMPTIONS	OTHER FACTORS[1]	TOTAL CHANGE IN UNFUNDED LIABILITY
2003	$(163,466)	$357,789	$169,405	$506,254	-	$(3,289)	$866,693
2004[2]	N/A	N/A	N/A	N/A	-	N/A	(101,830)
2005	(120,058)	196,929	181,602	-	-	(765,976)	(507,503)
2006	(43,192)	47,914	152,221	-	-	42,516	199,459
2007	78,766	(118,960)	135,979	-	-	(173,830)	(78,045)
2008	160,615	481,087	198,155	-	-	(166,600)	673,256
2009	(138,750)	534,155	258,310	-	810,787	128,341	1,592,842
2010	(185,530)	364,313	349,354	-	-	1,684	529,820
2011	(138,555)	459,875	371,793	-	-	(25,972)	667,141
2012	34,073	376,602	252,886	-	-	305,897	969,458

Source: The Actuarial Valuations as of December 31 for the years 2003-2012. Totals may not add due to rounding.

(1) "Other Factors" includes, but is not limited to, health insurance, optional retirement experience and death, retirement and withdrawal experience.

(2) Components of the change in unfunded liability were not calculated for fiscal year 2004 because the Retirement Fund changed actuaries.

MOST RECENT LEGISLATIVE CHANGES

On April 14, 2010, the Governor of the State signed Public Act 96-0889 (the *"Pension Reform Act"*) into law. The Pension Reform Act establishes a "two-tier" benefit system with less generous benefits for employees who become members of the Retirement Fund on or after January 1, 2011, as compared to those provided to individuals who were County employees prior to such date. Among other changes, the Pension Reform Act:

- Increases the time required for pension benefits to vest to ten years from five years;
- Increases the minimum age at which an active employee may retire with unreduced benefits to age 67 from age 60 or younger based on a formula combining the age of the employee and the number of years of service;
- Increases the minimum age at which an active employee may retire with reduced benefits to age 62 from age 50;
- Reduces the cost of living adjustment to the lower of 3% or 50% of the change in the consumer price index for all urban consumers, whichever is lower, and eliminates compounding for employees hired after January 1, 2011, from a cost of living adjustment of 3%, compounded; and
- Caps the salary on which a pension may be calculated at $106,800 (subject to certain adjustments for inflation).
- The Pension Reform Act does not impact persons that first became members or participants prior to its effective date of January 1, 2011.

Taken independently of any other legislative or market effects, the reduced benefits afforded new hires by the Pension Reform Act are expected to reduce the growth in the Actuarial Accrued Liability and the UAAL. In calculating the Actuarial Accrued Liability, the actuaries make assumptions about future benefit levels. As the value of future benefits decreases, as will occur when a greater percentage of the

County's workforce is covered by the Pension Reform Act, the growth in Actuarial Accrued Liability is expected to slow down. As the growth in the UAAL slows, the amount of UAAL to be amortized decreases. However, the County makes no representation and no assurance can be given that these expectations will be the actual experience of the Retirement Fund going forward.

This subsection does not purport to address every item of legislation recently enacted affecting the Pension Code; rather, it addresses only the most comprehensive pension legislation enacted to date.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Projection of Funded Status

Table 9 contains a projection, provided by the Retirement Fund, of the Actuarial Value of Assets, the Actuarial Accrued Liability, the UAAL and the Funded Ratio for the next years through 2042, based on certain assumptions including a 5% salary increase and 7.5% rate of return on investments.

Table 9 - Projection of Future Funding Status under Current Statutory Structure(1) ($ in Millions)

Fiscal Year	Actuarial Accrued Liability (a)	Actuarial Value of Assets(2) (b)	Unfunded Accrued Actuarial Liabilities (UAAL) (a-b)	Funded Ratio (b/a)
2013	$14,630.3	$7,833.9	$6,796.4	53.5%
2014	14,948.6	8,163.3	6,785.3	54.6
2015	15,577.4	8,345.6	7,231.8	53.6
2016	16,208.7	8,431.5	7,777.2	52.0
2017	16,839.8	8,577.3	8,262.5	50.9
2018	17,470.5	8,615.5	8,855.0	49.3
2019	18,099.2	8,609.1	9,490.1	47.6
2020	18,723.6	8,549.1	10,174.5	45.7
2021	19,338.7	8,433.3	10,905.4	43.6
2022	19,946.1	8,260.2	11,685.9	41.4
2023	20,547.7	8,024.0	12,523.7	39.1
2024	21,142.9	7,716.9	13,426.0	36.5
2025	21,727.6	7,330.5	14,397.1	33.7
2026	22,297.6	6,861.9	15,435.7	30.8
2027	22,855.3	6,315.0	16,540.3	27.6
2028	23,409.2	5,676.7	17,732.5	24.2
2029	23,951.7	4,936.3	19,015.4	20.6
2030	24,476.9	4,087.3	20,389.6	16.7
2031	24,984.6	3,124.8	21,859.8	12.5
2032	25,477.0	2,056.1	23,420.9	8.1
2033	25,968.9	858.1	25,110.8	3.3
2034	26,444.2	-476.5	26,920.7	-1.8
2035	26,903.8	-1,958.6	28,862.4	-7.3
2036	27,344.0	-3,588.2	30,932.2	-13.1
2037	27,773.1	-5,365.5	33,138.6	-19.3
2038	28,200.8	-7,313.6	35,514.4	-25.9
2039	28,613.7	-9,437.3	38,051.0	-33.0
2040	29,016.0	-11,745.6	40,761.6	-40.5
2041	29,409.7	-14,244.9	43,654.6	-48.4
2042	29,801.2	-16,941.3	46,742.5	-56.8

Source: The 2012 Actuarial Valuation.
(1) These projections are based on the legislative structure in place as of the date of this Official Statement and assume *no* changes to such legislative structure.
(2) The actuarial value is determined by application of the Asset Smoothing Method as discussed in *"Actuarial Methods – Actuarial Value of Assets"* above.

As shown in Table 9, based on the current legislative structure, the Retirement Fund's Actuary projects a continual decrease in the funding level of the Retirement Fund, which could jeopardize the solvency of the Retirement Fund. The Retirement Fund's Actuary further projects that the existing statutory funding regime is insufficient to meet the needs of the Retirement Plan and that based on the current statutes and certain assumptions and trends, the Retirement Fund would be expected to deplete its assets by 2034 (except for the contributions that the County and active employees will continue to make to the Retirement Fund annually). The County is not making any representation as to the accuracy or validity of these projections.

The projections in Table 9 are based upon numerous variables that are subject to change, and are forward-looking statements regarding future events based on the Retirement Fund's actuarial assumptions and assumptions made regarding such future events, including that there are no changes to the current legislative structure and that all contributions to the Retirement Fund are made as required by statute. No assurance can be given that these assumptions will be realized or that actual events will not cause material changes to the data presented.

The Retirement Fund's Board of Trustees has independently proposed state legislation that would have modified various aspects of the State Pension Code as it relates to the Retirement Fund. Thus, in May of 2010 the Fund caused the introduction of two pieces of legislation in the 96th General Assembly (Senate Bill 3942 and an amendment to Senate Bill 1642). The proposed legislation would have raised the Pension Multiplier from 1.54 to 2.25 in years 2011 through 2013 and to 3.0 in years 2014 through 2017; for the years 2018 and beyond, the County's contribution from the real estate levy would have been required to be sufficient to amortize the Retirement Fund's accrued liabilities over a period of 30 years; and the County would have been authorized to contribute to the Retirement Fund from any source legally available for that purpose, rather than exclusively from the real estate levy. Similar proposals were introduced by the Board of Trustees in February of 2012, in the 97th General Assembly (Senate Bill 3630 and Senate Bill 3421). The proposal would generally have raised to 62 the retirement age for employees hired on or after January 1, 2011; raised the Pension Multiplier from 1.54 to 2.25 in years 2014 through 2016 and to 3.0 in years 2017 through 2020; and for the years 2021 and beyond would have required the County's contribution from the real estate levy to be sufficient to amortize the Retirement Fund's accrued liabilities over a period of 30 years.

All these pieces of legislation introduced by the Board of Trustees in 2010 and 2012 died upon adjournment of each respective General Assembly.

Thus far, in the current 98th General Assembly, the Board of Trustees has caused the introduction of two bills (Senate Bill 1584, introduced February 13, 2013, and Senate Bill 1436, introduced February 6, 2013), which would generally raise to 62 the retirement age for employees hired on or after January 1, 2011; raise the Pension Multiplier from 1.54 to 2.25 in years 2015, 2016, and 2018 and to 3.0 in years 2019 through 2022; from the year 2023 onward, would require the County's contribution from the real estate levy to be sufficient to amortize the Fund's accrued liabilities over a period of 30 years. The proposed Senate Bill 1436 reverted to the Senate Committee on Assignments on March 22, 2013.

No assurance can be given that any proposal altering relevant provisions of the Pension Code will be enacted, nor can the impact of any such proposal on the financial obligations of the County or the financial health of the Retirement Fund be predicted.

Forest Preserve Retirement Fund

For accounting purposes, the Forest Preserve District is a component unit of the County. See Note I.A. to the County's Comprehensive Annual Financial Report for fiscal year ending November 30, 2012 (the "2012 County CAFR"), attached hereto as Appendix B. The Forest Preserve Retirement Fund, which provides retirement benefits to Forest Preserve District employees, is funded through a tax levied by the Forest Preserve District. The County is not responsible for making any payments to fund the Forest Preserve Retirement Fund. As such, information regarding the Forest Preserve District and the Forest Preserve Retirement Fund is not incorporated into this Appendix D of the Official Statement. For additional information on the Forest Preserve Retirement Fund, see Note IX to the 2012 County CAFR.

New GASB Standards

On June 25, 2012, GASB approved two new standards for employee pension accounting and financial reporting by state and local governments. The two new GASB Statements, Nos. 67 and 68, replace some of the requirements of previous statements (Nos. 25, 27, and 50) related to pension plans.

Some of the key changes imposed by these new standards include: (1) requiring governments for the first time to recognize the difference between the total pension liability (i.e., the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) as a liability of the employer; (2) immediate recognition of annual service cost and interest on the pension liability and immediate recognition of the effect on the net pension liability of changes in benefit terms; (3) the effects on the net pension liability of differences between expected and actual investment returns will be recognized in pension expense over a closed 5-year period (previously 15-30-year period); (4) with respect to benefits not covered by projected plan assets, the use of a discount rate based on a yield or index rate on tax-exempt 20-year, AA-or-higher rated municipal bonds rather than the expected rate of return on plan investments; and (5) revising the presentation of pension liabilities in a government's financial statements. The use of the new standards may produce higher UAAL than one determined under the current principles. Statement 67 will go into effect for fiscal years beginning after June 15, 2013 and Statement 68 will go into effect for fiscal years beginning after June 15, 2014.

The projections set forth in this Appendix D of the Official Statement rely on information produced by the Retirement Fund's independent Actuaries and were not independently verified by the County as to their validity, accuracy or conformance to any acceptable accounting, actuarial or reporting standards. This information should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the prospective financial information. Neither the County, the County's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained in the projections, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

APPENDIX E
Certain Definitions and Summary of Certain Provisions of the Indenture

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

CERTAIN DEFINITIONS

The following are definitions of certain terms used in this Official Statement that are provided for the convenience of the reader and do not purport to be comprehensive or definitive. Certain capitalized terms used herein are defined elsewhere in this Official Statement. All references herein to terms defined in the Indenture are qualified in their entirety by the definitions set forth in the Indenture.

"Accounts" means the special accounts established by the Indenture.

"Accreted Amount" means, with respect to any Capital Appreciation Bonds, the amount set forth in the Supplemental Indenture authorizing such Bonds as the amount representing the initial public offering price thereof, plus the amount of interest that has accreted on such Bonds, compounded periodically, to the date of calculation, determined by reference to accretion tables contained in each such Bond or contained or referred to in any Supplemental Indenture authorizing the issuance of such Bonds. The Accreted Amounts for such Bonds as of any date not stated in such tables shall be calculated by adding to the Accreted Amount for such Bonds as of the date stated in such tables immediately preceding the date of computation a portion of the difference between the Accreted Amount for such preceding date and the Accreted Amount for such Bonds as of the date shown on such tables immediately succeeding the date of calculation, apportioned on the assumption that interest accretes during any period in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months.

"Additional Bonds" means Bonds authenticated and delivered pursuant to the provisions of the Indenture summarized under the heading "Other Obligations Payable From Pledged Sales Tax Revenues – Additional Bonds and Refunding Bonds" in this Appendix E.

"Adjusted Pledged Sales Tax Revenues" means for any applicable period of time, Pledged Sales Tax Revenues adjusted to reflect any increase or decrease approved pursuant to an ordinance adopted by the Board of Commissioners in the rate at which Home Rule Sales Tax is to be imposed and collected and either is in effect at time that Additional Bonds are proposed to be issued in accordance with the Indenture or will be in effect subsequent to the time of such issuance but was not in effect during the period specified in the Indenture.

"Annual Debt Service Requirement" means, with respect to any Fiscal Year, the aggregate of the Interest Requirement and the Principal Requirement for such Fiscal Year.

"Authorized Denomination" means, with respect to the Series 2013 Bonds, $5,000 or any integral multiple thereof, or, in the case of Additional Bonds or Refunding Bonds, such other denominations as may be specified in the Supplemental Indenture authorizing the issuance thereof.

"Authorized Officer" means the President, the Chief Financial Officer and any other officer or employee of the County authorized to perform specific acts or duties under the Indenture by ordinance or resolution duly adopted by the Board of Commissioners.

"*Available Project Proceeds*" means (i) the excess of the proceeds from the sale of the Series 2013 Bonds over the issuance costs financed by the Series 2013 Bonds and (ii) the proceeds from any investment of the excess described in clause (i).

"*Available Project Proceeds Expenditure Period*" means the period ending (a) on the third anniversary of the date the Series 2013 Bonds are issued, or (b) in the event the United States Internal Revenue Service grants an extension of the three-year expenditure period, the last day of the extended expenditure period.

"Board of Commissioners" or *"County Board"* means the governing body of the County as from time to time constituted.

"Bond" or *"Bonds"* means any bond or bonds, including the Series 2013 Bonds and Additional Bonds, authenticated and delivered under and pursuant to the Indenture.

"Bond Counsel" or *"Co-Bond Counsel"* means one or more firms of nationally recognized bond counsel designated by the County.

"Bondholder," "holder," or *"Owner"* means any Person who shall be the registered owner of any Bond or Bonds.

"Bond Insurance Policy" means any municipal bond new issue insurance policy insuring and guaranteeing the payment of the principal of and interest on a Series of Bonds or certain maturities thereof as may be provided in the Supplemental Indenture authorizing such Series.

"Bond Insurer" means any bond insurer of any Series of Bonds and any other Person authorized under law to issue a Bond Insurance Policy.

"Bond Ordinance" means the ordinance duly adopted by the Board of Commissioners on June 19, 2013, authorizing the issuance, sale and delivery of the Series 2013 Bonds, and the execution and delivery of the Indenture.

"Business Day" means any day which is not a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of any Fiduciary is located are authorized by law or executive order to close (and such Fiduciary is in fact closed).

"Capital Appreciation and Income Bond" means any Bond as to which accruing interest is not paid prior to the Interest Commencement Date specified therefor and is compounded periodically on certain designated dates prior to the Interest Commencement Date specified therefor, all as provided in the Supplemental Indenture authorizing the issuance of such Capital Appreciation and Income Bond.

"Capital Appreciation Bond" means any Bond the interest on which (i) will be compounded periodically on certain designated dates, (ii) will be payable only at maturity or redemption prior to maturity and (iii) will be determined by subtracting from the Accreted Amount the initial public offering price thereof, all as provided in the Supplemental Indenture authorizing the issuance of such Capital Appreciation Bond. The term "Capital Appreciation Bond" also includes any Capital Appreciation and Income Bond prior to the Interest Commencement Date specified therefor.

"Chief Financial Officer" means the Chief Financial Officer of the County appointed by the President.

"Code and Regulations" means the Internal Revenue Code of 1986, as amended and the regulations promulgated or proposed pursuant thereto as the same may be in effect from time to time.

"Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys of recognized standing in the area of law to which the opinion relates (which attorney may include the State's Attorney for the County).

"County" means The County of Cook, Illinois, a home rule unit of local government.

"County Code" means The County of Cook, Illinois Code of Ordinances (2006), as amended.

"Credit Bank" means, as to any particular Series of Bonds, the Person (other than a Bond Insurer) providing a Credit Facility, as may be provided in the Supplemental Indenture authorizing such Series; provided that any Credit Bank or obligations secured by such Credit Bank must be rated in one of the three highest rating categories (without reference to gradations such as "plus" or "minus") by the Rating Services then rating the Bonds.

"Credit Facility" means, as to any particular Series of Bonds, a letter of credit, a line of credit, a guaranty, a standby bond purchase agreement or other credit or liquidity enhancement facility, other than a Bond Insurance Policy, as may be provided in the Supplemental Indenture authorizing such Series.

"Current Funds" means moneys which are immediately available in the hands of the payee at the place of payment.

"Current Interest Bond" means any Bond the interest on which is payable on the Interest Payment Dates provided therefor in the Supplemental Indenture authorizing such Bond. The term *"Current Interest Bond"* also includes any Capital Appreciation and Income Bond from and after the Interest Commencement Date specified therefor.

"DTC" means the Depository Trust Company, New York, New York, as securities depository for the Series 2013 Bonds.

"Debt Reserve Credit Facility" has the meaning assigned to such term in this APPENDIX E – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Application of Certain Pledged Sales Tax Revenues – Debt Service Reserve Fund."

"Debt Service Fund" means the fund so designated which is established by the Indenture.

"Debt Service Reserve Fund" means the fund so designated which is established by the Indenture.

"Defeasance Government Obligations" means Government Obligations which are not subject to redemption other than at the option of the holder thereof.

"Defeasance Obligations" means (i) Defeasance Government Obligations and (ii) obligations of any state or territory of the United States or any political subdivision thereof which obligations are rated in the highest rating category by any of the Rating Services and which obligations meet the following requirements: (a) the obligations are not subject to redemption or the trustee therefor has been given irrevocable instructions by the issuer thereof to call such obligations for redemption; (b) the obligations are secured by cash or Defeasance Government Obligations that may be applied only to interest, principal and premium payments of such obligations; (c) the principal of and interest on the Defeasance Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations; (d) the Defeasance Government Obligations serving as security for such obligations are held by an escrow agent or trustee; and (e) the Defeasance Government Obligations are not available to satisfy any other claims, including those against such escrow agent or trustee.

"Depositary" means any bank, national banking association or trust company having capital stock, surplus and retained earnings aggregating at least $10,000,000, selected by an Authorized Officer as a depositary of moneys and securities held under the provisions of the Indenture, and may include the Trustee.

"Deposit Day" means the Business Day specified in the Indenture on which day a withdrawal from the Pledged Sales Tax Revenue Fund and a deposit to one or more other Funds or Accounts is required to accomplish the payments and transfers required by the Indenture.

"Direct Participant" means any securities broker or dealer, bank, trust company, clearing corporation or other organization depositing the Series 2013 Bonds with DTC pursuant to the book-entry only system described in APPENDIX G – "BOOK-ENTRY SYSTEM."

"*Escrow Accounts*" mean the Permitted Sinking Fund Deposit Account and the Permitted Sinking Fund Payment Account which are established by the Escrow Agreement.

"Escrow Agent" means with respect to any Bonds refunded after the date of execution and delivery of the Indenture, any trust company, bank or national banking association duly appointed for such purpose.

"Escrow Agreement" means the Escrow Agreement, dated as of July 1, 2013, by and between the County and The Bank of New York Mellon Trust Company, N.A., a national banking association, as escrow agent.

"Event of Default" means any event so designated and specified as such in this APPENDIX E – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default and Remedies – Events of Default."

"Fiduciary" or *"Fiduciaries"* means the Trustee, the Registrar, the Paying Agents and any Depositary, or any or all of them, as may be appropriate.

"Fiscal Year" means the period from December 1 through November 30 of the immediately succeeding calendar year or such other twelve month period as may be designated by the Board of Commissioners as the fiscal year of the County.

"Fitch" means Fitch Ratings, its successors and their assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the County by notice to the Trustee.

"Funds" means the special funds established by the Indenture.

"Government Obligations" means (i) any direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, including SLGs, and (ii) certificates of ownership of the principal of or interest on obligations of the type described in clause (i) of this definition, (a) which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System in the capacity of a custodian; (b) the owner of which certificate is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations; and (c) for which the underlying obligations are held in safekeeping in a special account segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any Person claiming through the custodian, or any Person to whom the custodian may be obligated.

"Home Rule Sales Tax Revenues" means, collectively for any Fiscal Year or other period of time, all collections distributed to the County of those taxes ("Home Rule Sales Taxes") imposed by the County pursuant to its home rule powers as currently authorized by the Home Rule County Retailers' Occupation Tax Act of the State, as amended, and the Home Rule County Service Occupation Tax Act of the State, as amended, or any successor or substitute law, ordinance or other legislation subsequently enacted (which taxes are currently imposed by the County pursuant to Sections 74-150 et *seq.* and 74-190 et *seq.*, respectively, of the County Code, or successor or substitute taxes therefor as provided by law in the future.

"Indenture" means the Master Trust Indenture, dated as of August l, 2012, by and between the County and the Trustee, as from time to time amended and supplemented, including, without limitation, as supplemented by the Second Supplemental Indenture.

"Indirect Participant" means any securities broker or dealer, bank, trust company, clearing corporation or other organization that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly, pursuant to the DTC book-entry only system described in APPENDIX G – "BOOK-ENTRY SYSTEM"

"Initial Bonds" means the first Series of Bonds (which may consist of one or more Series of Bonds issued simultaneously) issued under the Indenture.

"Interest Commencement Date" means, with respect to any Capital Appreciation and Income Bond, Capital Appreciation Bond or Current Interest Bond, the date specified in the Supplemental Indenture authorizing the issuance of such Bond (which date must be prior to the maturity date for such Capital Appreciation and Income Bond, Capital Appreciation Bond or Current Interest Bond) after which

interest accruing on such Capital Appreciation and Income Bond, Capital Appreciation Bond or Current Interest Bond will be payable periodically, with the first such payment date being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

"Interest Payment Date" means May 15 and November 15 of each year.

"Interest Period" means the period from the date of the Bonds of any Series to and including the day immediately preceding the first Interest Payment Date and thereafter shall mean each period from and including an Interest Payment Date to and including the day immediately preceding the next Interest Payment Date.

"Interest Requirement" for any Interest Period, as applied to Bonds of any Series then Outstanding, shall mean the total of the sums that would be deemed to accrue on such Bonds during such Interest Period if the interest on the Current Interest Bonds of such Series were deemed to accrue daily during such year or Interest Period in equal amounts. In the case of a Qualified Swap Agreement, the methods of calculation used in determining the Interest Requirement is set forth in this APPENDIX E – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Other Obligations Payable From Revenues – Hedging Transactions." Unless the County provides otherwise in a Supplemental Indenture, interest expense on Credit Facilities drawn upon to purchase but not to retire Bonds, except to the extent such interest exceeds the interest otherwise payable on such Bonds, will not be included in the determination of the Interest Requirement. If interest is not payable at a single numerical rate for the entire term of such Bonds, then "Interest Requirement" will have the appropriate meaning assigned thereto by the Supplemental Indenture authorizing such Bonds.

"Interest Sub-Account" means the sub-account of that name in the Debt Service Fund established by the Indenture.

"Investment Securities" means any of the following securities authorized by law as permitted investments of County funds at the time of purchase thereof:

(i) Government Obligations;

(ii) bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Government National Mortgage Association, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, Export-Import Bank, Federal Financing Bank, Resolution Funding Corporation and Student Loan Marketing Association;

(iii) investments in a money market fund registered under the Investment Company Act of 1940, as amended (including any such money market fund sponsored by or affiliated with any Fiduciary), comprised of any of the investments set forth in subparagraph (i) or subparagraph (ii) above then rated in the highest rating category by the Rating Agencies then rating the Bonds;

(iv) negotiable or non-negotiable certificates of deposit or time deposits or other banking arrangements issued by any bank, trust company or national banking association (including any Fiduciary or affiliate thereof), which certificates of deposit or time deposits or other banking arrangements will be continuously secured or collateralized by obligations described in subparagraphs (i), (ii) or (iii) of this definition, which obligations will have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit or time deposits or other banking arrangements and will be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit or time deposits or other banking arrangements, which certificates of deposit or time deposits or other banking arrangements acquired or entered into pursuant to this subparagraph (iv) will be deemed for all purposes of the Indenture to constitute investments and not deposits;

(v) repurchase agreements or forward purchase agreements with any bank, trust company or national banking association (including any Fiduciary) or government bond dealer reporting to the Federal Reserve Bank of New York continuously secured or collateralized by obligations described in subparagraph (i) of this definition, which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amortized value of such repurchase agreements, provided such security or collateral is lodged with and held by the Trustee or the County as title holder, as the case may be; and

(vi) any other investments of County funds authorized by Section 34-4 of the County Code (or any successor or replacement provision of the County Code).

"Junior Lien Debt Service Fund" means the fund so designated which is established by the Indenture.

"Junior Lien Debt Service Reserve Fund" means the fund so designated which is established by the Indenture.

"Junior Lien Obligations" means those obligations having a claim on the Trust Estate, including the Pledged Sales Tax Revenues, that is junior in all respects to the claim of the Bonds and are authorized by subsequent Supplemental Indentures as more fully described in this APPENDIX E – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Other Obligations Payable From Pledged Sales Tax Revenues – Junior Lien Obligations."

"Letter of Representations" means the Blanket Issuer Letter of Representations dated July 2, 1996, between the County and DTC, as the same may from time to time be supplemented and amended.

"Level Debt Service" means the largest amount of debt service payable in any applicable Fiscal Year does not exceed the smallest amount payable in applicable Fiscal Year by more than $100,000.

"Mandatory Tender Bonds" means Bonds issued under structures commonly referred to as “medium term notes” or “put option bonds” and have provisions for the mandatory tender and purchase thereof prior to otherwise applicable maturity or mandatory redemption dates, the extension of any stated mandatory purchase requirements and an increase in the interest rate payable on such Bonds following any such extension.

"Master Trust Indenture" means the Master Trust Indenture, dated as of August l, 2012, by and between the County and the Trustee, as from time to time amended and supplemented.

"Maximum Annual Debt Service Requirement" means, as of any date of calculation, the largest Annual Debt Service Requirement occurring in the then current and all succeeding Fiscal Years.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *"Moody's"* shall be deemed to refer to any other nationally recognized securities rating agency designated by the County by notice to the Trustee.

"Opinion of Co-Bond Counsel" means a written opinion of Co-Bond Counsel in form and substance acceptable to the County.

"Optional Tender Bonds" means any Bonds with respect to which the Owners thereof have the option to tender to the County, to any Fiduciary or to any agent thereof, all or a portion of such Bonds for payment or purchase.

"Outstanding,*"* when used with reference to Bonds, means, as of any date, all Bonds theretofore and thereupon being authenticated and delivered under the Indenture except:

(i) Any Bonds cancelled by the Trustee at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys and/or Defeasance Obligations, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or date fixed for redemption, are held in trust under the Indenture and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption will have been given as provided in the Indenture or provision satisfactory to the Trustee will have been made for the giving of such notice;

(iii) Bonds in lieu of or in substitution for which other Bonds will have been authenticated and delivered in connection with any substitution, transfer or exchange;

(iv) Bonds deemed to have been paid as described in this APPENDIX E – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Defeasance;" and

(v) Optional Tender Bonds deemed to have been purchased in accordance with the provisions of the Supplemental Indenture authorizing their issuance in lieu of which other Bonds have been authenticated and delivered under such Supplemental Indenture.

"Owner" means any Person who shall be the registered owner of any Bond or Bonds.

"Paying Agent" means any bank, national banking association or trust company designated by an Authorized Officer as paying agent for the Bonds of any Series, and any successor or successors appointed by an Authorized Officer pursuant to the Indenture. The Trustee is the Paying Agent for the Series 2013 Bonds.

"Payment Date" means any Interest Payment Date or Principal Payment Date.

"*Permitted Sinking Fund Deposit Account*" means the trust account established under the Escrow Agreement to hold Permitted Sinking Fund Deposit Amounts, deposited by the Trustee with the Escrow Agent pursuant to the Second Supplemental Indenture, and any investment earnings thereon.

"*Permitted Sinking Fund Deposit Amount*" means an amount equal to (a) 10 (ten) percent of the annual Permitted Sinking Fund Payment amount to be deposited into the Permitted Sinking Fund Payment Account under the Escrow Agreement, less (b) any amounts then on deposit to the credit of the Permitted Sinking Fund Deposit Account.

"*Permitted Sinking Fund Payment Account*" means the trust account established under the Escrow Agreement to hold the annual deposits of Permitted Sinking Fund Payments.

"Permitted Sinking Fund Payments" means, with respect to each of the years 2014 to 2035, the deposits required to be made by, or on behalf of, the County pursuant to the Escrow Agreement into the Permitted Sinking Fund Payment Account established under the Escrow Agreement for the purpose of paying the principal of the Series 2013 Bonds when due and upon redemption.

"Person" or *"person"* means and includes an association, unincorporated organization, a corporation, a partnership, a limited liability company, a joint venture, a business trust, or a government or an agency or a political subdivision thereof, or any other public or private entity, or a natural person.

"Pledged Sales Tax Revenue Fund" means the Pledged Sales Tax Revenue Fund established by the Indenture.

"Pledged Sales Tax Revenues" means for any applicable period of time the Home Rule Sales Tax Revenues.

"President" means the President of the Board of Commissioners.

"Principal" or *"principal"* means (i) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest) except as used in the Indenture in connection with the

authorization and issuance of Bonds and with the order of priority of payments of Bonds after an event of default, in which case "principal" means the initial public offering price of a Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest) but when used in connection with determining whether the Owners of the requisite principal amount of Bonds then Outstanding have given any request, demand, authorization, direction, notice, consent or waiver or with respect to the Redemption Price of any Capital Appreciation Bond, "principal amount" means the Accreted Amount; and (ii) with respect to the principal amount of any Current Interest Bond (including the Series 2013 Bonds), the principal amount of such Bond payable in satisfaction of a Sinking Fund Installment, if applicable, or at maturity.

"Principal Payment Date" means any date upon which the principal of any Bond is stated to mature or upon which the principal of any Term Bond is subject to redemption in satisfaction of a Sinking Fund Installment; *provided, however,* that *"Principal Payment Date"* may mean, if so provided by a Supplemental Indenture, such other date or dates as may be provided thereby or permitted therein.

"Principal Requirement" for any Fiscal Year, an amount equal to the sums that would be scheduled to be paid or come due on such Bonds during such Fiscal Year if

(i) the principal of the Current Interest Bonds of such Series scheduled to mature or have a required Sinking Fund Installment during such Fiscal Year, and

(ii) the Accreted Amount of the Capital Appreciation Bonds of such Series, scheduled to become due or have a required Sinking Fund Installment during such Fiscal Year, determined by employing the methods of calculation set forth in the body of this Official Statement in subparagraphs (i) and (ii) under the caption "SECURITY FOR THE SERIES 2013 BONDS – Additional Bonds," in the cases of Optional Tender Bonds and Variable Rate Bonds, were each deemed to accrue daily during such Fiscal Year in equal amounts; *provided, however,* that an amount of principal shall be excluded from the determination of Principal Requirement to the extent that such amount is to be paid (a) from the proceeds of Bonds allocable to the payment of such principal as provided in the Supplemental Indenture authorizing the issuance of such Bonds or other available moneys or from the investment (but not reinvestment) earnings thereon if such proceeds or other moneys shall have been invested in Investment Securities and to the extent such earnings may be determined precisely or (b) from investment earnings on deposit in the Principal Sub-Account derived from the investment of moneys on deposit therein or the transfer of investment earnings from the Debt Service Reserve Fund to the extent any such earnings may be determined precisely.

"Principal Sub-Account" means the sub-account of the Debt Service Fund so designated which is established by the Indenture.

"Project" means any lawful project or expenditures to be financed with the proceeds of a Series of Bonds issued under the Indenture as determined by the County.

"Project Fund" means the fund so designated which is established by the Indenture.

"Purchase Price" means the purchase price established in any Supplemental Indenture authorizing Optional Tender Bonds or Mandatory Tender Bonds as the purchase price to be paid for such Bonds upon an optional or mandatory tender of all or a portion of such Bonds.

"Qualified Swap Agreement" means an agreement between the County and a Swap Provider under which the County agrees to pay the Swap Provider an amount calculated at an agreed-upon rate or index based upon a notional amount and the Swap Provider agrees to pay the County for a specified period of time an amount calculated at an agreed-upon rate or index based upon such notional amount or pursuant to which the County purchases a cap or a collar on any interest rate to be paid by the County on Variable Rate Bonds, where each Rating Service (if such Rating Service also rates the unsecured obligations of the Swap Provider or its guarantor) has assigned to the unsecured obligations of the Swap

Provider, or of the Person who guarantees the obligation of the Swap Provider to make its payments to the County, as of the date the swap agreement is entered into, a rating that is within the two highest rating classifications established by such Rating Service (without regard to interim gradations within a rating classification, such as plus or minus or any interim numerical gradations).

"Rating Services" or *"Rating Agencies"* means each and every one of the nationally recognized rating services that will have assigned ratings to any Bonds Outstanding as requested by or on behalf of the County, and which ratings are then currently in effect.

"Rebate Fund" means the fund so designated which is established by the Indenture.

"Record Date" means, with respect to the Series 2013 Bonds, the 15th day (whether or not a Business Day) preceding each Interest Payment Date and, with respect to any other Series of Bonds, such other day as may be determined in the applicable Supplemental Indenture.

"Redemption Price" means, with respect to any Bond, the Principal thereof plus the applicable premium, if any, payable upon the date fixed for redemption.

"Refunding Bonds" means all Bonds hereinafter issued in accordance with the procedures more fully described in the body of this Official Statement under the caption "SECURITY FOR THE SERIES 2013 BONDS – Additional Bonds" with respect to Bonds issued for Refunding purposes.

"Registrar" means any bank, national banking association or trust company appointed by an Authorized Officer under the Indenture and designated as registrar for the Bonds of any Series, and any successor or successors appointed pursuant to the Indenture. The Trustee is the Registrar for the Series 2013 Bonds.

"Remarketing Agent" means any placement or remarketing agent at the time serving as such in connection with any Series of the Bonds.

"Remarketing Agreement" means any agreement between the County and a Remarketing Agent pursuant to which the Remarketing Agent under certain circumstances will remarket any series of the Bonds.

"S&P" means Standard & Poor's Ratings Services, a division of McGraw Hill, Inc., its successors and their assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the County by notice to the Trustee.

"Second Supplemental Indenture" means the Second Supplemental Trust Indenture dated as of July l, 2013, by and between the County and the Trustee.

"Serial Bonds" means the Bonds of a Series which will be stated to mature in annual installments.

"Series" means all of the Bonds designated as a series and authenticated and delivered on original issuance in a simultaneous transaction and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds under the Indenture.

"Series 2013 Bonds" means the Sales Tax Revenue Bonds, Taxable Series 2013, of the County, issued pursuant to the Master Trust Indenture, as supplemented by the Second Supplemental Indenture.

"Series 2013 Costs of Issuance Account" means the account by that name created in the Indenture.

"Series 2013 Project" means, collectively, the construction, equipping, altering or repair of various County facilities, including administrative offices, hospitals and health care facilities, correctional facilities, courthouses, and fleet management facilities or for any other lawful project under the Master Indenture, which qualifies as a "Project" (as defined in the Master Indenture).

"Series 2013 Project Account" means the account by that name established under the Indenture.

"Series Debt Service Reserve Requirement" means the amount, if any, required to be on deposit in a Series Sub-Account in the Debt Service Reserve Fund specified in the Supplemental Indenture governing the issuance of and securing the related Series of Bonds.

"Sinking Fund Installment" means each principal amount of Bonds scheduled to be redeemed through sinking fund redemption provisions by the application of amounts on deposit in the Principal Sub-Account.

"SLG's" means United States Treasury Certificates of Indebtedness, Notes and Bonds - State and Local Government Series.

"State" means the State of Illinois.

"Supplemental Indenture" means any Supplemental Indenture of the County authorized pursuant to the Indenture, including the First Supplemental Indenture.

"Swap Provider" means any counterparty with whom the County enters into a Qualified Swap Agreement pursuant to the Indenture.

"Term Bonds" means the Bonds of a Series other than Serial Bonds, each of which shall be stated to mature on a specified date and which may have one or more Sinking Fund Installments on dates prior to maturity.

"Treasury" means the Treasury Department of the United States of America.

"*Treasury Rate*" means, with respect to any redemption date for a particular Series 2013 Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker. For the purposes of determining the Treasury Rate, the following definitions shall apply:

> "*Comparable Treasury Issue*" means, with respect to any redemption date for a particular Series 2013 Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has or have an actual or interpolated maturity comparable to the remaining life of the applicable Series 2013 Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the applicable Series 2013 Bonds to be redeemed.
>
> "*Comparable Treasury Price*" means, with respect to any redemption date for a particular Series 2013 Bond, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Designated Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.
>
> "*Designated Investment Banker*" means one of the Reference Treasury Dealers appointed by the County.
>
> "*Reference Treasury Dealer*" means three firms, specified by the County from time to time, that are primary U.S. Government securities dealers in the City of New York, New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the County shall substitute another Primary Treasury Dealer.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Series 2013 Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 2:30 p.m., Chicago time, on the third business day preceding such redemption date.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., and any successor or successors appointed under the Indenture.

"Trust Estate" means the Pledged Sales Tax Revenues and all other property pledged to the Trustee pursuant to the Indenture.

"Variable Rate Bonds" means any Bonds the interest rate on which is not established at the time of issuance thereof at a single numerical rate for the entire term thereof. Variable Rate Bonds: (i) may be issued bearing interest at a variable interest rate or rates, as more fully set forth in the related Supplemental Indenture, including but not limited to variable interest rates that are reset daily or weekly by the Remarketing Agent and variable interest rates commonly referred to as “flexible”, “adjustable” and “commercial paper” (including under circumstances in which specified Bonds of a Series bear interest at rates that differ from the rates borne by other Bonds of the Series and have different accrual, mandatory tender and purchase provisions and default and remedy provisions) (herein collectively referred to as “*Variable Rates*”); (ii) may be issued as “Mandatory Tender Bonds”; and (iii) may be issued under structures commonly referred to as “index rate bonds” in which a per annum rate of interest on the Bonds is calculated as the sum of (A) an “applicable spread” plus (B) the product of an “index” multiplied by an “applicable factor”, as more fully set forth in the related Supplemental Indenture.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture not summarized elsewhere in this Official Statement. Reference is made to the Indenture for a complete description thereof. The discussion herein is qualified by such reference.

Pledge of Trust Estate

In order to (i) secure the payment of the principal of, premium, if any, and interest on all Bonds issued under the Indenture, (ii) secure the payment of the principal of, premium, if any, and interest on any Junior Lien Obligations to the extent provided in the Indenture, and (iii) secure the performance and observance of each and every covenant and condition contained in the Indenture and in the Bonds, the County in the Indenture pledges and grants a lien upon the following Trust Estate to the Trustee, to the extent provided in the Indenture:

(a) The Pledged Sales Tax Revenues.

(b) All moneys and securities and earnings thereon in all Funds, Accounts and Sub-Accounts established pursuant to the Indenture.

(c) Any and all other moneys, securities and property furnished from time to time to the Trustee by the County or on behalf of the County or by any other Persons to be held by the Trustee under the terms of the Indenture.

General Provisions for Issuance of Bonds

The Bonds are payable solely from the Pledged Sales Tax Revenues and sources pledged for their payment in accordance with the Indenture. Bonds of each Series will be executed by the County and delivered to the Trustee and thereupon will be authenticated by the Trustee and delivered to the County or upon its order, but only upon the receipt by the Trustee, at or prior to such authentication, of:

(a) A Counsel's Opinion regarding the validity and enforceability of such Bonds and the federal income tax treatment of the interest on such Series of Bonds;

(b) A written order as to the delivery of such Series of Bonds signed by an Authorized Officer, which order shall direct, among other things, the application of the proceeds of such Bonds;

(c) A copy of the ordinance authorizing the issuance and sale of such Series of Bonds, certified by the County Clerk or any Deputy County Clerk of the County;

(d) In the case of the Series 2013 Bonds, executed or true counterparts of the Master Trust Indenture, the Second Supplemental Indenture and the Bond Purchase Contract. In the case of each other Series of Bonds, executed or true counterparts of the applicable Supplemental Indenture, any Bond Purchase Contract, any Credit Facility and any Remarketing Agreement relating to such Series of Bonds, which shall collectively specify:

(1) The authorized principal amount, designation and Series of such Bonds;

(2) The purposes for which such Series of Bonds is being issued;

(3) The date, and the maturity date or dates, of the Bonds of such Series;

(4) The interest rate or rates of the Bonds of such Series, or the manner of determining such rate or rates, and the Interest Payment Dates and Record Dates therefor;

(5) The Authorized Denominations and the manner of dating, numbering and lettering of the Bonds of such Series;

(6) The Registrar and the Paying Agent or Paying Agents for the Bonds of such Series;

(7) The Redemption Price or Prices, if any, and any redemption dates and terms for the Bonds of such Series not determined therein; and

(8) The amount and date of each Sinking Fund Installment, if any, for Term Bonds of like maturity of such Series, provided that the aggregate of such Sinking Fund Installments will equal the aggregate principal amount of all such Term Bonds less the principal amount scheduled to be retired at maturity;

(d) The amount of the Series Debt Service Reserve Requirement, if any, for such Series of Bonds required to be on deposit in the applicable Series Sub-Account in the Debt Service Reserve Fund; and

(e) Such further documents, moneys and securities as are required by the provisions of the Indenture or any Supplemental Indenture.

Other Obligations Payable From Pledged Sales Tax Revenues

Additional Bonds And Refunding Bonds. The County shall not issue any Bonds payable on a parity with the Series 2013 Bonds, except in accordance with the provisions of the Indenture. The Indenture authorizes the issuance of Additional Bonds and Refunding Bonds upon receipt by the Trustee of certain documents, securities and moneys required by the Indenture and upon satisfaction of certain conditions as described below.

One or more Series of Additional Bonds may be authorized and delivered upon original issuance for the purposes of paying the costs of any Project. The Additional Bonds of any such Series will be authenticated and delivered by the Trustee only upon receipt by it (in addition to other showings required by the Indenture) of a certificate of an Authorized Officer:

(a) setting forth the amount of the Adjusted Pledged Sales Tax Revenues for each of the most recent 18 months next preceding the date of issuance of such Additional Bonds for which the County has received Pledged Sales Tax Revenues;

(b) setting forth for the current Fiscal Year and each Fiscal Year thereafter, the Annual Debt Service Requirements on account of all the Bonds then Outstanding and the Additional Bonds then proposed to be issued;

(c) establishing that the aggregate amount for any consecutive 12-month period in subparagraph (a) above shall not be less than 250 percent of the Maximum Annual Debt Service Requirement on account of all Bonds then Outstanding and the Additional Bonds proposed to be issued; and

(d) stating that all required deposits to all Funds, Accounts and Sub-Accounts under the Indenture are current.

Bonds may be issued in one or more Series and each Bond will bear upon its face the designation determined for its Series. Any two or more Series may be consolidated for purposes of sale in such manner as may be provided in the Supplemental Indenture authorizing such Series.

Junior Lien Obligations. The County shall not issue any Junior Lien Obligations except in accordance with the provisions of the Indenture as described in this paragraph. The Indenture authorizes the County to issue Junior Lien Obligations from time to time pursuant to Supplemental Indentures for any of the purposes for which Additional Bonds or Refunding Bonds may be issued. The Junior Lien Obligations shall be payable out of the Pledged Sales Tax Revenues and may be secured by a pledge and assignment of such amounts in the Junior Lien Debt Service Fund and the Junior Lien Debt Service Reserve Fund as may from time to time be available for the purpose of payment thereof as described in the Indenture; provided, however, that any such pledge and assignment shall be, and shall be expressed to be, subordinate to the pledge of the Trust Estate as security for the Bonds as provided in the Indenture.

The Junior Lien Obligations will have such terms and provisions as are set forth in the Supplemental Indenture providing for the issuance thereof; provided, however, that no holder of a Junior Lien Obligation shall have the right to cause the acceleration of any Bonds or any Junior Lien Obligation in the event of a default thereunder.

Hedging Transactions. The County will not enter into any Qualified Swap Agreement except in accordance with the provisions of the Indenture as described in this paragraph. If the County enters into a Qualified Swap Agreement with a Swap Provider requiring the County to pay a fixed interest rate on a notional amount, requiring the County to pay a variable interest rate on a notional amount or placing a cap or collar on any interest rate to be paid by the County on Variable Rate Bonds, and the County has made a determination that such Qualified Swap Agreement was entered into for the purpose of providing substitute interest payments for Bonds of a particular maturity or maturities in a principal amount equal to the notional amount of the Qualified Swap Agreement or for limiting the County's exposure to fluctuations in interest rates on Variable Rate Bonds, then during the term of the Qualified Swap Agreement and so long as the Swap Provider under such Qualified Swap Agreement is not in default under such Qualified Swap Agreement:

(a) for purposes of any calculation of Interest Requirements, the interest rate on the Bonds of such maturity or maturities will be determined as if such Bonds bore interest at the fixed interest rate or the variable interest rate, as the case may be, payable by the County under such Qualified Swap Agreement;

(b) any net payments required to be made by the County to the Swap Provider pursuant to such Qualified Swap Agreement from Pledged Sales Tax Revenues shall be made from amounts on deposit to the credit of the Interest Sub-Account; and

(c) any net payments received by the County with respect to interest payments on a notional amount from the Swap Provider pursuant to such Qualified Swap Agreement shall be deposited to the credit of the Interest Sub-Account.

If the County enters into a swap agreement of the type generally described in the preceding paragraph that does not satisfy the requirements for qualification as a Qualified Swap Agreement, then:

(a) the interest rate adjustments or assumptions referred to in subparagraph (a) of the preceding paragraph shall not be made;

(b) any net payments required to be made by the County to the Swap Provider pursuant to such swap agreement from Pledged Sales Tax Revenues shall be made only from amounts available to the County in the Pledged Sales Tax Revenue Fund for lawful corporate purposes; and

(c) any net payments received by the County from the Swap Provider pursuant to such swap agreement may be treated as Pledged Sales Tax Revenues at the option of the County, and if so treated shall be deposited to the credit of the Pledged Sales Tax Revenue Fund.

Any payments made by the County pursuant to this section representing amounts other than with respect to interest payments on a notional amount shall be made only from amounts available to the County for lawful corporate purposes and any payments received by the County pursuant to this section representing amounts other than with respect to interest payments on a notional amount may be treated as Pledged Sales Tax Revenues at the option of the County, and if so treated, shall be deposited to the credit of the Pledged Sales Tax Revenue Fund.

Provisions Regarding Transfer and Exchange of Bonds

Each Bond shall be transferable only upon the registration books of the County, which shall be kept for that purpose by the Registrar, by the Owner in person or by its attorney duly authorized in writing, upon surrender thereof with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner or its duly authorized attorney. Upon the transfer of any such Bond, the County shall issue in the name of the transferee a new Bond or Bonds in Authorized Denominations of the same aggregate principal amount, Series and maturity as the surrendered Bond. Upon surrender at the designated office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner or its duly authorized attorney, any Bond may, at the option of the Owner and upon payment of any charges sufficient to reimburse the Trustee for any tax, fee or other governmental charge required to be paid, be exchanged for an equal aggregate principal amount of fully registered Bonds of the same Series, maturity and tenor of any other Authorized Denominations. The Registrar and the Trustee will not be required to make any registration, transfer or exchange of any Bond during the period between each Record Date and the next succeeding Interest Payment Date of such Bond, or after such Bond has been called for redemption or, in the case of any proposed redemption of Bonds, during the 15 days next preceding the date of first giving of notice of such redemption.

Application of Certain Pledged Sales Tax Revenues

Pledged Sales Tax Revenue Fund. All Pledged Sales Tax Revenues received by the County, unless otherwise directed by the Indenture, shall be deposited by the County as received, but in no event more than three Business Days after receipt thereof by the County, into the Pledged Sales Tax Revenue Fund.

On or before the twentieth (20th) day of each month or upon receipt of the Pledged Sales Tax Revenues (or on such earlier Deposit Day as may be required pursuant to a Supplemental Indenture), the County shall withdraw from the Pledged Sales Tax Revenue Fund and transfer to the Trustee the following amounts for application in the following order of priority (provided that if such Deposit Day shall not be a Business Day, then the Deposit Day shall be next Business Day):

(1) for deposit to the credit of the Interest Sub-Account, an amount equal to (a) 20 (twenty) per cent of the Interest Requirement, less (b) any amounts then on deposit to the credit of said Sub-Account to the extent such amounts have not been excluded from the determination of Interest Requirement as provided in the definition of such term set forth in the Indenture;

(2) for deposit to the credit of the Principal Sub-Account, an amount equal to (a) 10 (ten) percent of the Principal Requirement, less (b) any amounts then on deposit to the credit of the Principal Sub-Account to the extent such amounts have not been excluded from the determination of Principal Requirement;

(3) for deposit to the credit of the Rebate Fund to satisfy the requirements of any applicable tax regulatory certificate or agreement described in the Indenture.

(4) for deposit to the credit of each Series Sub-Account of the Debt Service Reserve Fund to the extent necessary to cause the amount on deposit therein to equal the applicable Series Debt Service Reserve Requirement; provided that in the event amounts available to be so deposited are insufficient to cause all applicable Series Debt Service Reserve Requirements to be satisfied, such amount shall be deposited pro-rata based on the ratio of (X) the amount of the Series Debt Service Reserve Requirement corresponding to each such Series Sub-Account of the Debt Service Reserve Fund to (Y) the total amount of Series Debt Service Reserve Requirements applicable to all Series Sub-Accounts of the Debt Service Reserve Fund that have been established;

(5) for deposit to the credit of the Junior Lien Debt Service Fund the amount, if any, as shall be required to be deposited therein in the then current month to pay principal or to meet sinking fund requirements of and interest on all Junior Lien Obligations outstanding, as required

by the terms of the Supplemental Indentures authorizing the issuance of such Junior Lien Obligations;

(6) for deposit to the credit of any Junior Lien Debt Service Reserve Fund the amount, if any, as shall be required to be deposited therein in the then current month to provide reserves for such Junior Lien Obligations as shall be secured thereby, as required by the terms of the Supplemental Indentures authorizing the issuance of such Junior Lien Obligations; and

(7) for deposit as directed by the County to be used for any lawful corporate purpose of the County free of the lien of the Indenture.

Any and all amounts remaining in the Pledged Sales Tax Revenue Fund following the transfer by the County to the Trustee, as required by the Indenture, may be used by the County for any lawful corporate purpose free of the lien of the Indenture, except to the extent of any and all amounts required to be and not yet transferred by the County to the Trustee, as required by the Indenture.

At any time and from time to time, the County may pay to the Trustee for deposit into the Debt Service Fund or the Debt Service Reserve Fund amounts received from the proceeds of Bonds or amounts received from sources other than Pledged Sales Tax Revenues.

Debt Service Fund. The Trustee shall pay to the respective Paying Agents in Current Funds (i) out of the Interest Sub-Account on or before each Interest Payment Date for any of the Outstanding Bonds, the amount required for the interest payable on such date; (ii) out of the Principal Sub-Account on or before each Principal Payment Date, an amount equal to the principal amount of the Outstanding Bonds, if any, which mature on such date; and (iii) out of the Principal Sub-Account on or before each Principal Payment Date occasioned by redemption of Outstanding Bonds from Sinking Fund Installments, the amount required for the payment of the Redemption Price of such Outstanding Bonds then to be redeemed. Such amounts shall be paid to the Owners of the Outstanding Bonds by the Paying Agents for the aforesaid purposes on the due dates thereof. The Trustee shall also pay out of the Interest Sub-Account the accrued interest included in the purchase price of Outstanding Bonds purchased for retirement. The Trustee shall also pay out of all of the Sub-Accounts of the Debt Service Fund to the County on the next scheduled Principal Payment Date on which a Sinking Fund Installment is due the lesser of (i) the applicable sinking fund Redemption Price of and accrued interest on Outstanding Bonds surrendered by the County for such date or (ii) the amounts remaining to the credit of all Sub-Accounts of the Debt Service Fund in excess of the amounts required to be on deposit to the credit thereof, which transfer will be made prior to the transfer described in the second succeeding paragraph.

Moneys held in the Sub-Accounts of the Debt Service Fund shall be invested as described in this APPENDIX E under the caption "DEPOSITARIES, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS – Investment of Certain Moneys." Investment income earned as a result of such investments will be retained in said Sub-Accounts.

On each Principal Payment Date, the Trustee shall determine the amount, if any, remaining in the Principal Sub-Account after all requirements for the payment of principal of the Bonds on such Principal Payment Date have been satisfied. Any such amount will be transferred promptly from the Principal Sub-Account to the County and deposited in the Pledged Sales Tax Revenue Fund and applied as provided in the Indenture; provided, however, that no amounts derived from the investment of moneys in the Principal Sub-Account shall be so transferred but shall be retained therein.

Project Fund. Moneys in the Project Fund will be invested at the direction of an Authorized Officer to the fullest extent practicable in Investment Securities maturing in such amounts and at such times as may be necessary to provide funds when needed to pay costs of Projects or such other costs as may be required to be paid from such moneys. The County may, and to the extent required for payments from the Project Fund shall, sell any such Investment Securities at any time, and the proceeds of such sale, and of all payments at maturity and upon redemption of such investments, shall be held in the applicable account in the Project Fund. Earnings received on moneys or securities in a separate account in the Project Fund shall be held as a part of such account and available for the purposes for which moneys in such account are otherwise held.

Subject to the right of the County to substitute any other lawful project or expenditures that will constitute a portion of any Project, the completion, substantial completion or abandonment of construction of any Project to be paid for from the Project Fund shall be evidenced by a Certificate of an Authorized Officer of the County, which certificates shall be filed promptly with the Trustee, stating the date of such completion, anticipated completion or abandonment and the amount, if any, required in the opinion of the signer of such certificate for the payment of any remaining part of the cost of such Project. Upon the filing of such certificates evidencing the completion, substantial completion or abandonment of construction of all Projects to be paid from any separate, segregated account established in the Project Fund, the balance in said account in excess of the amount, if any, stated in such certificates of the County will be deposited in the following order of priority: (1) in each Series Sub-Account of the Debt Service Reserve Fund to the extent necessary to cause the amount on deposit therein to equal the then-applicable Series Debt Service Reserve Requirement; provided that in the event amounts available to be so deposited are insufficient to cause all applicable Series Debt Service Reserve Requirements to be satisfied, such amount shall be deposited pro-rata based on the ratio of (X) the amount of the Series Debt Service Reserve Requirement corresponding to each such Series Sub-Account of the Debt Service Reserve Fund to (Y) the total amount of Series Debt Service Reserve Requirements applicable to all Series Sub-Accounts of the Debt Service Reserve Fund that have been established; (2) in the Debt Service Fund and applied as described in the body of this Official Statement under the caption "SECURITY FOR THE SERIES 2013 BONDS – Flow of Funds" to fund any deficiencies in any Funds, Accounts or Sub-Accounts described under such caption; and (3) with the remainder to be applied as described in the body of this Official Statement under the caption "SECURITY FOR THE SERIES 2013 BONDS – Flow of Funds – Seventh – General County Purposes."

Debt Service Reserve Fund. The County may satisfy the Debt Service Reserve Requirement as set forth below:

(a) In lieu of the required deposits into any Series Sub-Account of the Debt Service Reserve Fund, the County may cause to be deposited into such Series Sub-Account a surety bond, an insurance policy, a letter of credit or other credit facility (any such instrument referred to herein as a "Debt Reserve Credit Facility") which, in each case, shall be in an amount equal to the difference between the then-applicable Series Debt Service Reserve Requirement and the sums then on deposit to the credit of such Series Sub-Account Account. Any Debt Service Credit Facility shall be payable to the Trustee for the equal and ratable benefit of all of the Owners of the Outstanding Bonds of such Series on any date on which moneys will be required to be withdrawn from such Series Sub-Account and applied to the payment of the Principal of or interest on any such Series of Bonds which withdrawal cannot be met by any cash on deposit to the credit of such Series Sub-Account. The insurer providing such surety bond or insurance policy shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in either of the two highest rating categories by any of the Rating Agencies, or any insurer who holds either of the two highest policyholder ratings accorded insurers by A.M. Best & Co. (or any comparable service) at the time of deposit. The letter of credit issuer will be a bank or trust company and any other credit facility issuer shall be a company or other legal entity which is rated in either of the two highest rating categories by any of the Rating Agencies, and the letter of credit or other credit facility itself shall be rated in either of the two highest categories of each of such Rating Agencies. If a disbursement is made pursuant to any Debt Reserve Credit Facility as described in this paragraph (a), the County shall be obligated either (i) to reinstate the maximum limits of such Debt Reserve Credit Facility in accordance with the terms thereof or (ii) to deposit to the credit of such Series Sub-Account, funds in the amount of the disbursement made under such Debt Reserve Credit Facility, or a combination of such alternatives, as shall provide that the amount to the credit of such Debt Service Reserve Account equals the Debt Service Reserve Requirement within a time period not longer than would have been required to restore such Series Sub-Account by operation of the provisions described in the body of this Official Statement under the caption "SECURITY FOR THE SERIES 2013 BONDS – Flow of Funds."

(b) In the event that any Debt Reserve Credit Facility deposited with the Trustee as provided in paragraph (a) above is withdrawn by the issuer thereof or expires and is not renewed, the County will fund the resulting deficiency with respect to the Debt Service Reserve Requirement (i) by depositing in the applicable Series Sub-Account a new Debt Reserve Credit Facility meeting the requirements of paragraph (a) above or (ii) by funding the Series Debt Service Reserve Requirement from Pledged Sales Tax Revenues as provided in paragraph (a) above.

Junior Lien Debt Service Fund. In addition to the deposits described in the body of this Official Statement under the caption "SECURITY FOR THE SERIES 2013 BONDS – Flow of Funds – Fifth – Junior Lien Debt Service Fund," at any time and from time to time, the County may pay to the Trustee for deposit into the Junior Lien Debt Service Funds amounts received from the proceeds of Junior Lien Obligations or amounts received from sources other than Pledged Sales Tax Revenues.

Creation of Additional Accounts and Sub-Accounts. The Trustee shall, at the written request of the County, establish such additional Accounts within any of the Funds established under the Indenture, and Sub-Accounts within any of the Accounts established under the Indenture, as shall be specified in such written request, for the purpose of enabling the County to identify or account for more precisely the sources, timing and amounts of transfers or deposits into such Funds, Accounts and Sub-Accounts, the amounts on deposit in or credited to such Funds, Accounts or Sub-Accounts as of any date or dates of calculation, and the sources, timing and amounts of transfers, disbursements or withdrawals from such Funds, Accounts or Sub-Accounts; but the establishment of any such additional Accounts or Sub-Accounts will not alter or modify in any manner or to any extent any of the requirements of the Indenture with respect to the deposit or use of moneys in any Fund, Account or Sub-Account established thereunder.

Depositaries, Security for Deposits and Investments of Funds

Depositaries. All moneys held by the Trustee under the provisions of the Indenture shall be deposited with one or more Depositaries selected by an Authorized Officer in the name of and in trust for the Trustee. All moneys held by the County under the Indenture shall be deposited in one or more Depositaries (selected by an Authorized Officer) in the name of the County. All moneys deposited under the provisions of the Indenture with the Trustee, the County or any Depositary shall be held in trust and applied only in accordance with the provisions of the Indenture, and each of the Funds, Accounts and Sub-Accounts established by the Indenture shall be a trust fund.

Deposits. All moneys held by any Depositary under the Indenture may be placed on demand or time deposit, as directed by an Authorized Officer, provided that such deposits will permit the moneys so held to be available for use when needed. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit as if it were not a Fiduciary. All moneys held by a Fiduciary may be deposited in its banking department on demand or, if and to the extent directed by an Authorized Officer, on time deposit, provided that such moneys on deposit be available for use when needed. Such Fiduciary will allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size. All moneys on deposit to the credit of the Debt Service Fund and the Debt Service Reserve Fund not otherwise secured by deposit insurance will be continuously and fully secured by the Trustee for the benefit of the County and the Owners of the Bonds by lodging with the Trustee as collateral security, Government Obligations having a market value (exclusive of accrued interest) of not less than the amount of such moneys. All moneys on deposit to the credit of the Project Fund not otherwise secured by deposit insurance shall be continuously and fully secured by the appropriate Depositary for the benefit of the County and the Owners of the Bonds by lodging with the appropriate Depositary as collateral security, Government Obligations having a market value (exclusive of accrued interest) not less than the amount of such moneys. All other moneys held for the County under the Indenture shall be continuously and fully secured for the benefit of the County and the Owners of the Bonds in the same manner as provided by the County for similar funds of the County.

Investment of Certain Moneys. Moneys held in the Debt Service Fund and its Sub-Accounts and the Debt Service Reserve Fund shall be invested and reinvested by the Trustee at the written direction of an Authorized Officer to the fullest extent practicable in Government Obligations which mature no later than necessary to provide moneys when needed for payments to be made from such Accounts or Sub-Accounts, but no moneys in the Debt Service Reserve Fund shall be invested in any Government Obligations maturing more than 10 years from the date of such investment. Amounts in the Pledged Sales Tax Revenue Fund held by the County in a Depositary may be invested by the County at the written direction of an Authorized Officer in Investment Securities which mature within one year, but no later than necessary to provide moneys when needed for payments from such Fund and Accounts. Moneys held in any separate, segregated account of the Project Fund held by the County in a Depositary may be invested and reinvested by the County at the written direction of an Authorized Officer in Investment Securities which mature no later than necessary to provide moneys when needed for payments to be made from such Accounts.

Moneys held in two or more Funds, Accounts or Sub-Accounts may be jointly invested in one or more Investment Securities, provided that such investment complies with all the terms and conditions of the Indenture relating to the investment of moneys in such Funds, Accounts or Sub-Accounts, as the case may be, and the County maintains books and records as to the allocation of such investment as among such Funds, Accounts or Sub-Accounts. Investment income from investments held in the various Funds, Accounts and Sub-Accounts will remain in and be a part of the respective Funds, Accounts and Sub-Accounts in which such investments are held, except as otherwise provided in the Indenture.

Valuation and Sale of Investments. Investment Securities in any Fund, Account or Sub-Account created under the Indenture shall be deemed at all times to be part of such Fund, Account or Sub-Account and any profit realized from the liquidation of such investment will be credited to such Fund, Account or Sub-Account and any loss resulting from liquidation of such investment will be charged to such Fund, Account or Sub-Account. Valuations of Investment Securities held in the Funds, Accounts and Sub-Accounts established under the Indenture shall be made or caused to be made by the County as often as may be necessary to determine the amounts held therein, except that valuations of Government Obligations held in the Debt Service Fund and its Sub-Accounts and the Debt Service Reserve Fund shall be made at least once each year on such dates as will be determined by the County. In computing the amounts in such Funds, Accounts and Sub-Accounts, Investment Securities therein shall be valued as provided in the following paragraph.

The value of Investment Securities shall mean the fair market value thereof, provided, however, that all SLG's shall be valued at par and those obligations which are redeemable at the option of the holder will be valued at the price at which such obligations are then redeemable. Except as otherwise provided in the Indenture, the Trustee at the direction of an Authorized Officer shall sell at the best price obtainable, or present for redemption, any Investment Security held in any Fund, Account or Sub-Account held by the Trustee whenever it shall be necessary to provide moneys to meet any payment or transfer from such Fund, Account or Sub-Account as the case may be. The Trustee and the County shall not be liable or responsible for making any such investment in the manner provided above or for any loss resulting from any such investment.

Particular Covenants and Representations of the County

Payment of Bonds. The County will pay or cause payment to be made of the principal at maturity and Redemption Price, if any, of every Outstanding Bond, whether a Serial Bond or a Term Bond, and the interest thereon, at the places, on the dates and in the manner provided in the Indenture and in the Bonds. The County will make deposits to meet all Sinking Fund Installments for each Series of Bonds for which Sinking Fund Installments are established, in accordance with and subject to the provisions of the Indenture.

Extension of Payment of Bonds. If the maturity of any Bond or installment of interest shall be extended pursuant to the written consent of the Owner thereof, such Bond or installment of interest shall not be entitled, in case of any default under the Indenture, to the benefit of the Indenture or to payment out of Pledged Sales Tax Revenues or Funds, Accounts and Sub-Accounts established by the Indenture or moneys held by Fiduciaries or Depositaries (except moneys held in trust for the payment of such Bond or installment of interest) until the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not represented by such extended claims for interest. The provisions described in this paragraph shall not be deemed to limit the right of the County to issue Refunding Bonds and such issuance should not be deemed to constitute an extension of maturity of Bonds.

Offices for Servicing Bonds. The County shall at all times maintain one or more Paying Agents and Registrars in Chicago, Illinois or in New York, New York, where Bonds may be presented for payment and where Bonds may be presented for registration, transfer or exchange.

Further Assurance. At any and all times the County shall, as far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further indentures, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for better assuring, conveying, granting, pledging, assigning and confirming, all and singular, the rights, revenues and other moneys, securities and funds hereby pledged or assigned, or which the County may become bound to pledge or assign.

Power to Issue Bonds and Pledge Pledged Sales Tax Revenues and Other Funds. The County is duly authorized under all applicable laws and as an exercise of its home rule power to issue the Bonds and to execute and deliver the Indenture and to pledge the Pledged Sales Tax Revenues and other moneys, securities and funds pledged by the Indenture and to grant the lien granted by the Indenture thereon in the manner and to the extent provided in the Indenture. The Pledged Sales Tax Revenues and other moneys, securities and funds so pledged, and subject to such lien, are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created by the Indenture, and all action on the part of the County to that end has been and will be duly and validly taken. The Bonds and the provisions of the Indenture are and will be valid and legally enforceable obligations of the County in accordance with their terms and the terms of the Indenture, except to the extent enforceability may be limited by bankruptcy, insolvency and other laws affecting conditions, rights or remedies and the availability of equitable remedies generally. Upon the date of issuance of any of the Bonds, all conditions, acts and things required by the Constitution and laws of the State and the Indenture to exist, to have happened and to have been performed precedent to or in the issuance of such Bonds shall exist, have happened and have been performed. The County shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of and lien on the Pledged Sales Tax Revenues and other moneys, securities and funds pledged under the Indenture and all the rights of the Owners under the Indenture against all claims and demands.

Indebtedness and Liens. The County shall not issue any bonds or other evidences of indebtedness, other than the Bonds, Qualified Swap Agreements and Junior Lien Obligations, which are secured by a pledge of or lien on the Pledged Sales Tax Revenues or the moneys, securities or funds held or set aside by the County or by the Trustee under the Indenture, and shall not, except as expressly authorized in the Indenture, create or cause to be created any lien or charge on the Pledged Sales Tax Revenues or such moneys, securities or funds; provided, however, that nothing contained in the Indenture shall prevent the County from issuing evidences of indebtedness payable from moneys in the Project Fund as part of the cost of any Project, or payable from, or secured by the pledge of, Pledged Sales Tax Revenues to be derived on and after such date as the pledge of all of the Pledged Sales Tax Revenues provided in the Indenture shall be discharged and satisfied as provided below under the caption "DEFEASANCE."

Covenants Regarding Pledged Sales Tax Revenues. The County covenants in the Indenture that it will not (a) take any action legally available to it, including, without limitation, reducing the rate at which Home Rule Sales Taxes are imposed so as to cause its collections of Adjusted Pledged Sales Tax Revenues in any Fiscal Year to be less than one hundred thirty-five percent (135%) of the sum in such Fiscal Year of (i) the Annual Debt Service Requirement for such Fiscal Year on account of all Outstanding Bonds, (ii) the deposits to the Debt Service Reserve Fund for such Fiscal Year required by the provisions of the Indenture, (iii) the deposits to the Junior Lien Debt Service Fund for such Fiscal Year required by the provisions of the Indenture and (iv) the deposits to any Junior Lien Debt Service Reserve Fund for such Fiscal Year required by the provisions of the Indenture; or (b) in any way impair the rights and remedies of the Owners of the Outstanding Bonds until all such Outstanding Bonds are fully discharged.

Accounts and Reports. The County shall keep proper books of record and account in which complete and correct entries shall be made of its transactions relating to the Funds, Accounts and Sub-Accounts established by the Indenture, and which, together with all other books and financial records of the County, shall at all reasonable times be available for the inspection of the Trustee and the Owners of not less than 25 percent in principal amount of Outstanding Bonds or their representatives duly authorized in writing. The County will also keep an accurate record of the collection and application of all Pledged Sales Tax Revenues.

The County will cause any additional reports or audits relating to the Pledged Sales Tax Revenues to be made as required by law, and that, as often as may be reasonably requested, it will furnish to the Trustee such other information concerning the Pledged Sales Tax Revenues as may be reasonably requested.

With respect to a Series of Bonds for which Bond Insurance is obtained, the County will provide, or will cause the Trustee to provide, the Bond Insurer with the information required under the Supplemental Indenture for such Series of Bonds.

Arbitrage. The County shall not at any time permit any of the proceeds of the Bonds or any other funds of the County to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 148 of the Code.

Events of Defaults and Remedies

Events of Default. Each of the following events constitutes an Event of Default under the Indenture:

(a) if a default occurs in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same becomes due and payable, whether at maturity or by call for redemption or otherwise;

(b) if a default occurs in the due and punctual payment of interest on any Bond, when and as such interest becomes due and payable;

(c) if a default occurs in the performance or observance by the County of any other of the covenants, agreements or conditions in the Indenture or in the Bonds contained (other than as provided in clause (d) below), and such default continues for a period of 90 days after written notice thereof to the County by the Trustee or after written notice thereof to the County and to the Trustee by the Owners of not less than a majority in principal amount of the Outstanding Bonds;

(d) if a default occurs in the performance or observance by the County of the covenants described in the body of this Official Statement under the caption "SECURITY FOR THE SERIES 2013 BONDS – Covenants Regarding Pledged Sales Tax Revenues" and such default continues for a period of 30 days after written notice thereof to the County by the Trustee or after written notice thereof to the County and to the Trustee by the Owners of not less than a majority in principal amount of the Outstanding Bonds;

(e) if the County files a petition seeking reorganization or a composition of indebtedness under the federal bankruptcy laws or under any other applicable law or statute of the United States of America or of the State; or

(f) if an order or decree is entered, with the consent or acquiescence of the County, appointing a receiver or receivers for revenues of the County, or any part thereof; or if such order or decree entered without the consent or acquiescence of the County is not vacated or discharged or stayed within 90 days after the entry thereof;

provided, that in determining whether default shall have occurred under subparagraphs (a) and (b) of this caption, no effect will be given to payments made under the Bond Insurance Policy.

If an Event of Default happens and is not remedied, the books of record and account of the County and all other records relating to the Pledged Sales Tax Revenues will at all times be subject to the inspection and use of the Trustee and of its agents and attorneys, and the County, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Pledged Sales Tax Revenues and other moneys, securities and funds held by the County pursuant to the terms of the Indenture for such period as will be stated in such demand.

Application of Revenues and Other Moneys on Default. If an Event of Default specified in subparagraphs (a), (b) or (d) of the above caption "EVENTS OF DEFAULT" happens and is not remedied, the County, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, all moneys, securities and funds then held by the County in any Fund, Account or Sub-Account pursuant to the terms of the Indenture, and (ii) all Pledged Sales Tax Revenues as promptly as practicable after receipt thereof. During the continuance of an Event of Default, the Trustee shall apply such moneys, securities, funds and Pledged Sales Tax Revenues and the income therefrom as follows and in the following order:

(a) to the payment of the reasonable and proper charges and expenses of the Trustee, including the reasonable fees and expenses of counsel employed by it;

(b) to the payment of the principal of, Redemption Price and interest on the Bonds then due, as follows:

FIRST: to the payment to the persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments of interest maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

SECOND: to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and

(c) to the payment of principal, redemption price and interest then due on Junior Lien Obligations.

If and whenever all overdue installments of principal and Redemption Price of and interest on all Bonds, together with the reasonable and proper charges and expenses of the Trustee, and all other overdue sums payable by the County under the Indenture, including the overdue principal and Redemption Price of and accrued unpaid interest on all Bonds held by or for the account of the County, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Indenture or the Bonds are made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate is made therefor, the Trustee shall pay over to the County all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of the Indenture to be deposited or pledged, with the Trustee), and thereupon the County, the Trustee and the Owners shall be restored, respectively, to their former positions and rights under the Indenture. No such payment over to the County by the Trustee or such restoration of the County and the Trustee to their former positions and rights shall extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

Proceedings Brought by Trustee. If an Event of Default happens and is not remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon identical written request of the Owners of not less than a majority in principal amount of the Bonds Outstanding and upon being indemnified to its satisfaction shall proceed, to protect and enforce its rights and the rights of the Owners of the Bonds under the Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant contained in the Indenture, or in aid of the execution of any power granted in the Indenture, or for an accounting against the County as if the County were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, will deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture.

All rights of action under the Indenture may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding, and any such suit or other proceeding instituted by the Trustee will be brought in its name.

All actions against the County under the Indenture shall be brought in a state or federal court located in the State.

The Owners of not less than a majority, in principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the enforcement of any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Owners not parties to such direction.

Upon commencing any suit at law or in equity or upon commencement of other judicial proceedings by the Trustee to enforce any right under the Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

Regardless of the happening of an Event of Default, the Trustee will have power, but unless requested in writing by the Owners of a majority in principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall be under no obligation, to institute and maintain such suits and proceedings as may be necessary or expedient to prevent any impairment of the security under the Indenture and to preserve or protect its interests and the interest of the Owners.

Restriction on Owners' Action. No Owner of any Bond shall have any right to institute any suit or proceeding at law or in equity for the enforcement or violation of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture, unless such Owner has previously given to the Trustee written notice of the happening of an Event of Default, as provided in the Indenture, and the Owners of at least a majority in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity either to exercise the powers granted in the Indenture or by the laws of the State or to institute such suit or proceeding in its own name, and unless such Owners will have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused or failed to comply with such request within 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the pledge created by the Indenture or to enforce any right under the Indenture, except in the manner provided in the Indenture; and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds, subject only to the provision of the above caption "EXTENSION OF PAYMENT OF BONDS".

Nothing in the Indenture or in the Bonds contained shall affect or impair the obligation of the County, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Bonds to the respective Owners thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Owner to enforce such payment of its Bond from the sources provided in the Indenture.

No Remedy Exclusive. No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Owners is intended to be exclusive of any other remedy; but each remedy will be cumulative and shall be in addition to every other remedy given under the Indenture or existing at law or in equity or by statute on or after the date of the execution and delivery of the Indenture.

Waiver. No delay or omission of the Trustee or any Owner to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or be an acquiescence therein. The Owners of at least a majority in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized may on behalf of the Owners of all of the Bonds waive any past default under the Indenture and its consequences, except a default in the payment of interest on or principal or Redemption Price of any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

The Trustee will promptly mail written notice of the occurrence of any Event of Default to the Owners of the Bonds and to the Bond Insurer.

Rights of Credit Bank or Bond Insurer. Notwithstanding anything contained in the Indenture to the contrary, but subject to the provisions of any applicable Supplemental Indenture, any Credit Bank or any Bond Insurer shall be treated as the Owner of Bonds upon which such Credit Bank or Bond Insurer is obligated pursuant to a Credit Facility or Bond Insurance Policy, as applicable, for the purposes of calculating whether or not the Owners of the requisite percentage of Bonds then Outstanding have consented to any request, consent, directive, waiver or other action permitted to be taken by the Owners of the Bonds.

All rights of any Credit Bank or Bond Insurer under the Indenture (other than rights held as a registered owner of Bonds under the Indenture) shall cease and terminate if: (i) such Credit Bank or Bond Insurer has failed to make any payment under its Credit Facility or Bond Insurance Policy; (ii) such

Credit Facility or Bond Insurance Policy ceases to be valid and binding on such Credit Bank or Bond Insurer or is declared to be null and void, or the validity or enforceability of any provision thereof is being contested by such Credit Bank or Bond Insurer, or such Credit Bank or Bond Insurer is denying further liability or obligation under such Credit Facility or Bond Insurance Policy; (iii) a petition has been filed and is pending against such Credit Bank or Bond Insurer under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or rehabilitation law of any jurisdiction, and has not been dismissed within 30 days after such filing; (iv) such Credit Bank or Bond Insurer has filed a petition, which is still pending, in voluntary bankruptcy or is seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or rehabilitation law of any jurisdiction, or has consented to the filing of any petition against it under any such law; or (v) a receiver has been appointed for such Credit Bank or Bond Insurer under the banking or insurance laws of any jurisdiction.

Notwithstanding anything contained in the Indenture to the contrary, but subject to the provisions of any applicable Supplemental Indenture, until the County has reimbursed a Credit Bank for amounts paid under a Credit Facility to pay the interest on or the principal of any Bonds on any Interest or Principal Payment Date or to the extent any Bond Insurer has exercised its rights as subrogee for the particular Bonds of which it has insured payment, (a) such Bonds shall be deemed to be Outstanding and such Credit Bank or Bond Insurer shall succeed to the rights and interests of the Owners to the extent of the amounts paid under the Credit Facility or as specified in respect of the applicable Bond Insurance Policy until such amount has been reimbursed and (b) upon presentation to the Registrar, such Bonds will be registered in the name of the Credit Bank or its nominee or such Bond Insurer or its nominee, as appropriate.

Concerning the Fiduciaries

Responsibilities of Fiduciaries. The recitals of fact contained in the Indenture and in the Bonds shall be taken as the statements of the County and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Indenture or of any Bonds issued thereunder or as to the security afforded by the Indenture, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for any representation contained in its certificate on the Bonds. No Fiduciary will be under any responsibility or duty with respect to the application of any moneys paid to the County or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of the following paragraph, no Fiduciary will be liable in connection with the performance of its duties under the Indenture except for its own negligence or willful misconduct.

In case an Event of Default has occurred and has not been remedied, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and will use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. Any provision of the Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely will be subject to the provisions described under this caption.

The Trustee for the Bonds shall perform all non-discretionary actions (including, but not limited to, making payments to Owners and effecting redemptions of the Bonds) without seeking indemnification.

Resignation and Removal of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations imposed upon it by the Indenture by giving not less than 60 days' written notice to the County, all Owners of the Bonds, the Depositaries and the other Fiduciaries, and such resignation will take effect upon the day specified in such notice but only if a successor shall have been appointed by the County or the Owners as provided below, in which event such resignation will take effect immediately on the appointment of such successor whether or not the date specified for such resignation to take effect has arrived. If a successor Trustee has not been appointed within a period of 90 days following the giving of notice, then the Trustee is authorized to petition any court of competent jurisdiction to appoint a successor Trustee as described below. The Trustee may be removed at any time by an instrument in writing delivered to the Trustee and signed by the County; provided however, that if an Event of Default shall have occurred and be continuing, the Trustee may be so removed by the County only with the written concurrence of the Owners of a majority in principal amount of Bonds then Outstanding. The Trustee may be removed at any time by the Owners of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the County, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Owners or their attorneys-in-fact duly authorized, and delivered to the County. Copies of each such instrument shall be delivered by the County to each Fiduciary.

Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer or court takes charge or control of the Trustee, or of its property or affairs, the County shall appoint a successor Trustee. The County shall cause notice of any such appointment by it made to be mailed to all Owners of the Bonds.

If no appointment of a Trustee shall be made by the County pursuant to the foregoing paragraph, the Owner of any Outstanding Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any successor Trustee appointed under the provisions of the Indenture shall be a bank or trust company or national banking association, doing business and having a corporate trust office in the State, and having capital stock and surplus aggregating at least $20,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Indenture.

Supplemental Indentures

Supplemental Indentures Not Requiring Consent of Owners. The County and the Trustee may without the consent of, or notice to, any of the Owners, enter into a Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes:

(a) to authorize Additional Bonds and Refunding Bonds and to specify, determine or authorize any matters and things concerning any such Bonds which are not contrary to or inconsistent with the Indenture;

(b) to close the Indenture against, or impose additional limitations or restrictions on, the issuance of Bonds, or of other notes, bonds, obligations or evidences of indebtedness;

(c) to impose additional covenants or agreements to be observed by the County;

(d) to impose other limitations or restrictions upon the County;

(e) to surrender any right, power or privilege reserved to or conferred upon the County by the Indenture;

(f) to confirm, as further assurance, any pledge of or lien upon the Pledged Sales Tax Revenues or any other moneys, securities or funds; provided, however, that no Supplemental Indenture described in this paragraph (f) shall become effective until each Rating Agency shall have delivered written confirmation to the Trustee that the execution and delivery of such Supplemental Indenture will not in and of itself cause a reduction or a withdrawal of its rating for any Bonds then in effect;

(g) to amend the definition of Project for which Bonds may be issued;

(h) to accommodate the use of Bond Insurance of a Credit Facility for specific Bonds or a specific Series of Bonds;

(i) to authorize the issuance of Junior Lien Obligations and in connection therewith, specify and determine any matters and things relative thereto which are not contrary to or inconsistent with the Indenture as then in effect;

(j) to cure any ambiguity, omission or defect in the Indenture;

(k) to provide for the appointment of a successor securities depository in the event any Series of Bonds is held in book-entry only form;

(l) to provide for the appointment of any successor Fiduciary;

(m) to comply with the requirements of the Code as are necessary, in the Opinion of Co-Bond Counsel, to prevent the federal income taxation of the interest on any of the Bonds; and

(n) to make any other change which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Owners;

provided, that each such Supplemental Indenture be accompanied, when filed with the Trustee, by a Counsel's Opinion to the effect that such Supplemental Indenture has been authorized by the County in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture and, when executed and delivered, will be valid and binding upon the County, the Owners and the Trustee.

Supplemental Indentures Effective Upon Consent of Owners. Any Supplemental Indenture not effective in accordance with the foregoing provisions will take effect only if permitted and approved and in the manner described below under the caption "AMENDMENTS – Consent of Owners."

Amendments

General. Except for Supplemental Indentures not requiring consent of the Owners as described above, any modification or amendment of the Indenture and of the rights and obligations of the County and of the Owners of the Bonds, in any particular, may be made by a Supplemental Indenture with the written consent (i) of the Owners of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Bonds then outstanding are affected by the modification or amendment, of the Owners of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds for purposes set forth in this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds, or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Indenture if the same adversely affects or diminishes the rights of the Owners of Bonds of such Series. The Trustee may in its discretion determine whether or not the rights of the Owners of Bonds of any particular Series or maturity would be adversely affected or diminished by any such modification or amendment, and its determination shall be binding and conclusive on the County and all Owners of the Bonds.

Consent of Owners. The County may at any time authorize the execution and delivery of a Supplemental Indenture making a modification or amendment described in the preceding paragraph, to take effect when and as described in this paragraph. Upon the authorization of such Supplemental Indenture, a copy thereof will be delivered to and held by the Trustee for the inspection of the Owners. A copy of such Supplemental Indenture (or summary thereof or reference thereto in form approved by the Trustee) together with a request to Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed to the Owners, but failure to mail such copy and request shall not affect the validity of such Supplemental Indenture when consented to as described below. Such Supplemental Indenture shall not be effective unless and until, and shall take effect in accordance with its terms when (a) there shall have been filed with the Trustee (i) the written consents of the Owners of the required principal amount of Outstanding Bonds, and (ii) a Counsel's Opinion stating that the execution and delivery of such Supplemental Indenture has been duly authorized by the County in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture and, when effective, will be valid and binding upon the County, the Owners and the Trustee, and (b) the notice described below has been mailed. A certificate or certificates by the Trustee delivered to the County that consents have been given by the Owners of the Bonds described in such certificate or certificates of the Trustee shall be conclusive. Any such consent shall be binding upon the Owner of the Bonds giving such consent and upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor whether or not such subsequent Owner has notice thereof; provided, however, that any consent may be revoked by any Owner of such Bonds by filing with the Trustee, prior to the time when the Trustee's written statement described below is filed, a written revocation, with proof that such Bonds are held by the signer of such revocation. The fact that a consent has not been revoked may be proved by a certificate of the Trustee to the effect that no revocation thereof is on file with it. Any consent, or revocation thereof, may be delivered or filed prior to any mailing or publication required by this caption and shall not be deemed ineffective by reason of such prior delivery or filing. Within 30 days of any date on which the consents on file with the Trustee and not theretofore revoked shall be sufficient under this paragraph, the Trustee shall make and deliver to the County a written statement that the consents of the Owners of the required principal amount of Outstanding Bonds have been filed with the Trustee. Such written statement shall be conclusive that such consents have been so filed. Any time thereafter notice, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required principal amount of Outstanding Bonds and will be effective as provided in this paragraph, shall be given by mailing to the Owners (but failure to mail such notice or any defect therein shall not prevent such Supplemental Indenture from becoming effective and binding). The Trustee shall deliver to the County proof of the mailing of such notice. A record, consisting of the information required or permitted by this paragraph to be delivered by or to the Trustee, shall be proof of the matters therein stated.

Modification by Unanimous Action. The Indenture and the rights and obligations of the County and of the Owners of the Bonds thereunder may be modified or amended in any respect by a Supplemental Indenture effecting such modification or amendment and with the consents of the Owners of all the Bonds then Outstanding, each such consent to be accompanied by proof of the holding at the date of such consent of the Bonds with respect to which such consent is given. Such Supplemental Indenture will take effect upon the filing (a) with the Trustee of (i) a copy thereof, (ii) such consents and accompanying proofs and (iii) the Counsel's Opinion referred to in this APPENDIX E under the caption "AMENDMENTS – Consent of Owners," and (b) with the County of the Trustee's written statement that the consents of the Owners of all Outstanding Bonds have been filed with it. No mailing or publication of any Supplemental Indenture (or reference thereto or summary thereof) or of any request or notice shall be required. No such modification or amendment, however, will change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

Exclusion of Bonds. Bonds owned or held by or for the account of the County will not be deemed Outstanding and will be excluded for the purpose of any calculation described in this APPENDIX E under the caption "AMENDMENTS." At the time of any consent or other action taken under the Indenture, the County shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, identifying all Bonds so to be excluded.

Defeasance

If the County shall pay or causes to be paid or there shall otherwise paid to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of any Pledged Sales Tax Revenues and other moneys and securities pledged under the Indenture and all covenants, agreements and other obligations of the County to the Owners shall thereupon be discharged and satisfied. In such event, the Trustee, upon request of the County, shall provide an accounting of the assets managed by the Trustee to be prepared and filed with the County for any year or part thereof requested, and shall execute and deliver to the County all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the County all moneys and securities held by them pursuant to the Indenture which are not required for the payment of Bonds not previously surrendered for such payment or redemption. If the County shall pay or causes to be paid, or there is otherwise paid, to the Owners of all Outstanding Bonds of a particular Series, maturity within a Series or portion of any maturity within a Series (which portion shall be selected by lot by the Trustee in the manner provided in the Indenture for the selection of Bonds to be redeemed in part), the principal or Redemption Price, if applicable, thereof and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of the County to the Owners of such Bonds and to the Trustee shall thereupon be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and held in trust by an Escrow Agent at or prior to their maturity or redemption date shall be deemed to have been paid as described in the preceding paragraph if the County shall have delivered to or deposited with the Escrow Agent (a) irrevocable instructions to pay or redeem all of said Bonds in specified amounts no less than the respective amounts of, and on specified dates no later than the respective due dates of, their principal, (b) irrevocable instructions to publish or mail the required notice of redemption of any Bonds so to be redeemed pursuant to the Indenture, (c) either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, and (d) if any of said Bonds are not to be redeemed within the next succeeding 60 days, irrevocable instructions to mail to all Owners of said Bonds a notice that such deposit has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, of said Bonds. The Defeasance Obligations and moneys deposited with the Trustee as described under this caption shall be held in trust for the payment of the principal or Redemption Price, if applicable, and interest on said Bonds. No payments of principal of any such Defeasance Obligations or interest thereon shall be withdrawn or used for any purpose other than the payment of such principal or Redemption Price of, or interest on, said Bonds unless after such withdrawal the amount held by the Trustee and interest to accrue on Defeasance Obligations so held shall be sufficient to provide fully for the payment of the principal of or Redemption Price and interest on such Bonds, at maturity or upon redemption, as the case may be.

Amounts deposited with the Trustee for the payment of the Principal of and interest on any Bonds deemed to be paid as described under this caption, if so directed by the County, shall be applied by the

Trustee to the purchase of such Bonds as described in this paragraph. Bonds for which a redemption date has been established may be purchased on or prior to the forty-fifth (45th) day preceding the redemption date. The principal amount of Bonds to be redeemed shall be reduced by the principal amount of Bonds so purchased. Bonds which mature on a single future date may be purchased at any time prior to the maturity date. All such purchases shall be made at prices not exceeding the applicable principal amount or Redemption Price established as described in the preceding paragraph, plus accrued interest, and such purchases shall be made in such manner as the Trustee shall determine. No purchase shall be made by the Trustee as described in this paragraph if such purchase would result in the Trustee holding less than the moneys and Defeasance Obligations required to be held for the payment of all other Bonds deemed to be paid as described under this caption.

The County may purchase with any available funds any Bonds deemed to be paid as described under this caption in accordance with this paragraph. Bonds for which a redemption date has been established may be purchased by the County on or prior to the forty-fifth (45th) day preceding the redemption date. On or prior to the forty-fifth (45th) day preceding the redemption date the County shall give notice to the Trustee of its intention to surrender such Bonds on the redemption date. The Trustee shall proceed to call for redemption the remainder of the Bonds due on the redemption date and shall pay to the County on the redemption date the Redemption Price of and interest on such Bonds upon surrender of such Bonds to the Trustee. Bonds which mature on a single future date may be purchased at any time prior to the maturity date. The Trustee shall pay to the County the principal amount of and interest on such Bonds upon surrender of such Bonds on the maturity date.

Any time after any Bonds are deemed to be paid as described under this caption, the County shall not at any time permit any of the proceeds of the Bonds or any other funds of the County to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in the Code and Regulations.

Moneys Held for Particular Bonds

The amounts held by any Fiduciary for the payment of interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto.

Preservation and Inspection of Documents

All documents received by any Fiduciary under the provisions of the Indenture, shall be retained in its possession and shall be subject at all reasonable times to the inspection of the County, any other Fiduciary, and any Owner and their agents and their representatives, any of whom may make copies thereof.

Cancellation and Destruction of Bonds

All Bonds paid or redeemed, either at or before maturity, and all mutilated Bonds surrendered pursuant to the Indenture, shall be delivered to the Trustee when such payment or redemption is made or upon surrender, as the case may be, and such Bonds, together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled may at any time be destroyed by the Trustee, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be delivered to the County and the other retained by the Trustee.

No Recourse on the Bonds

No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on the Indenture against any past, present or future member, director, officer, employee or agent of the County, or any successor, public body or any person executing the Bonds, either directly or through the County, under any rule of law or equity, statute or constitution or otherwise, and all such liability of any such officers, directors, members, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of the Indenture and the issuance of the Bonds.

No officer, director, agent or employee of the County shall be individually or personally liable for the payment of the principal or Redemption Price of or interest on the Bonds; but nothing contained in the Indenture shall relieve any such officer, director, agent or employee from the performance of any official duty provided by law.

All covenants, stipulations, obligations and agreements of the County contained in the Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the County to the full extent authorized and permitted by the Constitution and laws of the State, and no covenants, stipulations, obligations or agreements contained in the Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, director, agent or employee of the County in his or her individual capacity, and no officer executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issue thereof. No officer, director, agent or employee of the County shall incur any personal liability in acting or proceeding or in not acting or not proceeding in accordance with the terms of the Indenture.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F
Form of Opinion of Bond Counsel

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

__________, 2013

The County of Cook, Illinois
Chicago, Illinois

Raymond James & Associates, Inc., as
Representative of the Underwriters named in the
Bond Purchase Agreement, dated July 11, 2013
Chicago, Illinois

The Bank of New York Mellon Trust Company,
N.A., as Trustee
Chicago, Illinois

Re: The County of Cook, Illinois Sales Tax Revenue Bonds, Taxable Series 2013
(Qualified Energy Conservation Bonds – Direct Payment)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by The County of Cook, Illinois (the "County") of its $24,945,000 aggregate principal amount of Sales Tax Revenue Bonds, Taxable Series 2013 (Qualified Energy Conservation Bonds – Direct Payment) (the "Series 2013 Bonds"). As bond counsel, we have examined a certified copy of the record of proceedings of the County, together with various accompanying certifications (collectively, the "Proceedings"), pertaining to the issuance by the County of the Series 2013 Bonds. The Proceedings include an ordinance adopted by the Board of Commissioners of the County (the "County Board") on June 19, 2013 (the "Bond Ordinance") and a Master Trust Indenture dated as of August 1, 2012 (the "Master Trust Indenture"), as supplemented and amended by a Second Supplemental Trust Indenture, dated as of July 1, 2013 (the "Second Supplemental Indenture"), between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Master Trust Indenture, as supplemented and amended by the Second Supplemental Indenture, is referred to herein as the "Indenture." The Series 2013 Bonds are issued pursuant to the authority of Article VII, Section 6(a) of the Illinois Constitution of 1970, the Bond Ordinance and the Indenture.

The Series 2013 Bonds are dated the date hereof and are due (subject to optional and mandatory redemption as described in the Second Supplemental Indenture) on November 15 of the years and in the amounts and bear interest payable on May 15 and November 15 of each year, commencing November 15, 2013, at the rates per annum as follows:

Year	Principal Amount	Interest Rate
2035	$24,945,000	5.354%

In our capacity as bond counsel, we have examined, among other things, the following:

(a) a certified copy of the proceedings of the County Board adopting the Bond Ordinance and authorizing, among other things, the execution and delivery of the Second Supplemental Indenture and the issuance of the Series 2013 Bonds;

(b) a certified copy of the Bond Ordinance;

(c) an executed or certified copy of the Indenture; and

(d) such other documents and showings and related matters of law as we have deemed necessary in order to render this opinion.

Based upon the foregoing, we are of the opinion under present law that:

1. The County is a home rule unit as defined by Article VII of the 1970 Constitution of the State of Illinois and is a body politic and corporate of the State of Illinois.

2. The County has full power and authority and has taken all necessary action to authorize the execution and delivery of the Second Supplemental Indenture.

3. The Indenture has been duly and lawfully executed and delivered by the County and, assuming the due authorization, execution and delivery thereof by the Trustee, the Indenture is valid and binding upon the County and enforceable in accordance with its terms.

4. The Indenture creates the valid pledge which it purports to create of the Trust Estate (as defined in the Indenture) held or set aside or pledged under the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture.

5. The Series 2013 Bonds are valid and binding special obligations of the County enforceable in accordance with their terms and terms of the Indenture.

6. The Series 2013 Bonds, and such Additional Bonds and Refunding Bonds (each as defined in the Indenture) as may be issued in the future under the terms of the Indenture on a parity with the Series 2013 Bonds, are payable solely from and secured by a pledge of and lien on (i) the Home Rule Sales Tax Revenues (as defined in the Indenture) (the "Pledged Sales Tax Revenues"); (ii) moneys and securities and earnings thereon in all Funds, Accounts and Sub-Accounts established by the Indenture and (iii) any and all other moneys, securities and property furnished from time to time to the Trustee by the County or on behalf of the County or by any other persons to be held by the Trustee under the terms of the Indenture.

7. The form of Series 2013 Bonds prescribed for said issue is in due form of law.

8. Under current law, the Series 2013 Bonds are “qualified energy conservation bonds” under Sections 54A and 54D of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Series 2013 Bonds will be included in the gross income of the owners thereof for Federal income tax purposes. The opinion set forth in the preceding sentence is both based on the assumptions and reliance set forth above and subject to the condition that there is compliance subsequent to the date hereof with all requirements of the Code that must be satisfied in order that the Series 2013 Bonds continue to be “qualified energy conservation bonds.” Failure by the County to comply with such requirements could cause the Series 2013 Bonds to cease to qualify as “qualified energy conservation bonds” retroactively to its date of issue. We express no opinion regarding other federal tax consequences of the ownership or receipt or accrual of interest or credits on the Series 2013 Bonds. In rendering this opinion, we have relied upon certifications of the County and certain other parties with respect to certain material facts solely within their knowledge relating to the projects to be financed or refinanced with the Series 2013 Bonds, the application of the proceeds of the Series 2013 Bonds and certain other matters pertinent to the

qualification of the Series 2013 Bonds as “qualified energy conservation bonds.” Interest on the Series 2013 Bonds is not exempt from income taxes imposed by the State of Illinois.

The rights of the owners of the Series 2013 Bonds and the enforceability of provisions of the Series 2013 Bonds and the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally. Enforcement of provisions of the Series 2013 Bonds and the Indenture by an equitable or similar remedy is subject to general principles of law or equity governing such a remedy, including the exercise of judicial discretion whether to grant any particular form of relief.

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.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G
Book-Entry System

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G

BOOK-ENTRY SYSTEM

The following information has been furnished by DTC for use in this Official Statement and neither the County nor the Underwriters take any responsibility for its accuracy or completeness.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2013 Bonds. The Series 2013 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 Series 2013 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, as amended (the "1934 Act"). 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 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 is the holding company for DTC, National Securities Clearing Corporation ("NSCC") and Fixed Income Clearing Corporation ("FICC"), 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. 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at www.dtcc.com.

Purchases of Series 2013 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2013 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2013 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 Series 2013 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 Series 2013 Bonds, except in the event that use of the book-entry system for the Series 2013 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2013 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 Series 2013 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2013 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2013 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 Series 2013 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2013 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2013 Bond documents. For example, Beneficial Owners of Series 2013 Bonds may wish to ascertain that the nominee holding the Series 2013 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 Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2013 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2013 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 Series 2013 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, principal and interest payments on the Series 2013 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 detail information from the County or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payment 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, the County or the Trustee, as applicable, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, 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.

DTC may discontinue providing its services as securities depository with respect to the Series 2013 Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities 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 transfers through DTC (or a successor securities depository). In that event, bond certificates are required to be printed and delivered.

The foregoing 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.

NEITHER THE COUNTY NOR THE UNDERWRITERS HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, CEDE & CO. OR ANY PARTICIPANT; THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2013 BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BENEFICIAL OWNERS UNDER THE INDENTURE; THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2013 BONDS; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

THE COUNTY OF COOK, ILLINOIS • SALES TAX REVENUE BONDS, TAXABLE SERIES 2013 (QUALIFIED ENERGY CONSERVATION BONDS – DIRECT PAYMENT)

SEAL OF COOK COUNTY • ILLINOIS •

JANUARY 1831

MIX
From responsible sources
FSC™ C017146
FSC www.fsc.org

Printed by: ImageMaster
www.ImageMaster.com