NEW ISSUE – BOOK ENTRY ONLY

RATINGS:
Moody's: A1
Standard & Poor's: AA
Fitch: AA-
(See "RATINGS" herein)

Subject to compliance by the County with certain covenants, in the opinion of Co-Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion.

$130,590,000
THE COUNTY OF COOK, ILLINOIS
General Obligation Refunding Bonds, Series 2014A

Dated: Date of Issuance **Due: See Inside Cover**

The General Obligation Refunding Bonds, Series 2014A (the **"Bonds"**), are direct and general obligations of The County of Cook, Illinois (the **"County"**). The full faith and credit of the County is pledged to the punctual payment of principal of and interest on the Bonds. Direct annual ad valorem taxes have been levied on all taxable real property in the County in amounts sufficient to pay principal of and interest on the Bonds as those amounts come due. These taxes may be extended for collection without limitation as to rate or amount. Collections of such taxes are to be deposited directly by the County Treasurer, acting *ex officio* as the County Collector, with Seaway Bank and Trust Company, Chicago, Illinois, as trustee (the **"Trustee"**), for the purpose of paying principal of and interest on the Bonds. The Bonds are being offered for sale in book-entry only form and will be registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (**"DTC"**). DTC will act as securities depository for the Bonds.

The Bonds are being issued to (i) refund all or a portion of certain maturities of certain outstanding general obligation bonds of the County and (ii) pay certain costs of issuance of the Bonds.

The Bonds are issuable in denominations of $5,000 and any integral multiples thereof. Interest on the Bonds is payable on each May 15 and November 15, beginning May 15, 2014. The principal of the Bonds is payable at the principal office maintained for that purpose by the Trustee or its successor. Interest on the Bonds, together with the principal of the Bonds, will be paid by the Trustee directly to DTC so long as DTC or its nominee is the registered owner of the Bonds. The final disbursements of such payments to the Beneficial Owners (as defined herein) will be the responsibility of the DTC participants or indirect participants. See "THE BONDS – Book-Entry Only System" for more information.

The Bonds are not subject to redemption prior to maturity.

Maturities, Principal Amounts, Interest Rates, Prices and CUSIP Numbers are set forth on the inside cover page.

The Bonds are offered when, as and if issued and accepted by the Underwriters and subject to delivery of separate approving legal opinions by Chapman and Cutler LLP, Chicago, Illinois, and Charity & Associates, P.C., Chicago, Illinois, Co-Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Ice Miller LLP, Chicago, Illinois, and Pugh, Jones & Johnson, P.C., Chicago, Illinois, Co-Underwriters' Counsel. Ungaretti & Harris, Chicago, Illinois, will serve as Special Disclosure Counsel to the County with respect to pension disclosure matters. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about February 19, 2014.

Loop Capital Markets **BMO Capital Markets**

Barclays **George K. Baum & Company** **PNC Capital Markets LLC**

BAIRD **Wells Fargo Securities**

Dated: January 16, 2014

MATURITY SCHEDULE

$130,590,000 General Obligation Refunding Bonds, Series 2014A

Maturity (November 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2014	$ 15,590,000	1.00%	0.240%	100.560	213185 HU8
2015	$ 17,860,000	4.00%	0.520%	106.015	213185 HV6
2016	$ 12,350,000	5.00%	0.850%	111.210	213185 HW4
2017	$ 25,005,000	5.00%	1.250%	113.654	213185 HX2
2018	$ 15,725,000	5.00%	1.700%	114.961	213185 HY0
2019	$ 17,035,000	3.00%	2.230%	104.124	213185 HZ7
2020	$ 8,415,000	5.00%	2.680%	114.212	213185 JA0
2021	$ 9,040,000	5.00%	3.040%	113.421	213185 JB8
2022	$ 9,570,000	5.00%	3.340%	112.486	213185 JC6

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 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 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.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE 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 overallot or effect transactions which stabilize or maintain the market price of the 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 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

COUNTY COMPTROLLER

Lawrence Wilson, CPA

OVERVIEW

This Overview does not purport to be complete and is presented solely for the convenience of the reader. This Overview is for informational purposes only and is subject to the more complete discussion contained in the Official Statement. Capitalized terms used in this Overview are defined herein or in the Official Statement.

Issuer	In 2012 the United States Census Bureau estimated the population of The County of Cook, Illinois (the "**County**") as 5,231,351, making it the second largest county in the United States by population. The County performs three principal functions: the protection of persons and property, the provision of public health services and the provision of general government services including, among others, the assessment of property, levy, collection and distribution of property taxes and maintenance of certain highways. The County is a home rule unit of government under the 1970 Constitution of the State of Illinois (the "**State**"), whose powers are exercised through the President, as Chief Executive Officer, and a 17-member Board of Commissioners (the "**County Board**"). 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 terms of the present members of the County Board, including the President, expire in December, 2014. The President of the County Board and the members of the County Board have the responsibility for administration of the financial affairs of the County. For a more complete discussion of the County and its operations, see "THE COUNTY."
Authority	The Bonds are being issued pursuant to the County's home rule powers under the 1970 Constitution of the State of Illinois and an authorizing ordinance adopted by the County Board on July 27, 2011, as amended, and as supplemented by a 2014 Bond Order and Notification of Sale (the "**Bond Order**") delivered by the County. The ordinance and the Bond Order are referred to herein as the "**Bond Ordinance**."
The Bonds	$130,590,000 General Obligation Refunding Bonds, Series 2014A.
Ratings	Moody's Investors Service ("**Moody's**"), Standard & Poor's Ratings Services, a division of McGraw Hill Financial, Inc. ("**S&P**"), and Fitch Ratings ("**Fitch**") have assigned their long-term ratings of A1, AA and AA-, respectively, to the Bonds. See "RATINGS."
Plan of Finance	Proceeds of the Bonds will be used to (i) refund all or a portion of certain maturities of outstanding general obligation bonds of the County, and (ii) to pay certain costs of issuance of the Bonds. See "PLAN OF FINANCE."
Security for the Bonds	The full faith and credit of the County are irrevocably pledged to the punctual payment of the principal of and interest on the Bonds. The Bonds are direct and general obligations of the County and the County is obligated and covenants and agrees in the Bond Ordinance to levy ad valorem taxes upon all the taxable property in the County for the payment of the Bonds and the interest thereon, without limitation as to rate or amount (the "**Pledged Taxes**"). An account for the Bonds will be established with the Trustee as the "General Obligation Refunding Bonds, Series 2014A, Bond Fund" under the Bond Ordinance (the "**Bond Fund**"). All Pledged Taxes received by the County Collector shall be deposited daily, as far as practicable, with the Trustee and deposited by the Trustee into the account and applied to pay principal of and interest on the Bonds.

Interest or principal coming due at any time when there are insufficient funds on hand from the Pledged Taxes to pay the same will be paid promptly by the County when due from current funds on hand and when the Pledged Taxes have been collected, reimbursement will be made to said funds in the amount so advanced. See "SECURITY FOR THE BONDS." For a discussion of the levy and extension procedures for the ad valorem taxes levied by the County for the payment of the Bonds, see "REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES." For a discussion of the establishment and operation of the Bond Fund, see "APPENDIX F – Summary of Certain Provisions of the Bond Ordinance – Bond Fund."

Interest Payment Dates	Interest on the Bonds will be payable on each May 15 and November 15, beginning May 15, 2014, until maturity. Interest is computed on the basis of a 360-day year consisting of twelve 30-day months at the rates set forth on the inside cover of the Official Statement.
Redemption	The Bonds are not subject to redemption prior to maturity. See "THE BONDS – Redemption."
Trustee	Seaway Bank and Trust Company, Chicago, Illinois, will serve as Trustee and Paying Agent.
Book-Entry Form and Denominations	The Bonds will be issued in fully registered book-entry form in denominations of $5,000 or any integral multiple thereof.
Tax Matters	In the opinion of Chapman and Cutler LLP, Chicago, Illinois and Charity & Associates, P.C., Chicago, Illinois, Co-Bond Counsel, subject to compliance by the County with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest on the Bonds is not exempt from present State income taxes. See "TAX MATTERS."
Delivery	The Bonds are expected to be available for delivery through the facilities of DTC in New York, New York on or about February 19, 2014.
Legal Matters	Certain legal matters will be passed upon for the parties to the financing as set forth on the cover page to the Official Statement.
Additional Information	Additional information may be obtained upon request to the County's Chief Financial Officer, 118 North Clark Street, Room 1127, Chicago, Illinois 60602, telephone (312) 603-5287 or facsimile (312) 603-3681.

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OFFICIAL STATEMENT

$130,590,000
THE COUNTY OF COOK, ILLINOIS

General Obligation Refunding Bonds, Series 2014A

INTRODUCTION

General

This Official Statement is furnished by The County of Cook, Illinois (the "**County**"), to provide information about its $130,590,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2014A (the "**Bonds**"). The Bonds are being issued pursuant to the County's home rule powers under the 1970 Constitution of the State of Illinois (the "**Illinois Constitution**") and an authorizing ordinance adopted by the Board of Commissioners of the County (the "**County Board**") on July 27, 2011, as amended, and as supplemented by a 2014 Bond Order and Notification of Sale (the "**Bond Order**"). Said ordinance and the Bond Order are referred to in the Official Statement as the "**Bond Ordinance**".

The Bonds are direct and general obligations of the County. The full faith and credit of the County has been pledged to the punctual payment of the principal of and interest on the Bonds. The County has levied ad valorem real property taxes in an amount that will be sufficient to provide for the payment of the principal of and interest on the Bonds as those amounts come due. These taxes are required to be extended for collection against all taxable real property within the County, and may be levied without limitation as to rate or amount. Collections of the Pledged Taxes (as hereinafter defined) are to be deposited directly by the County Treasurer, acting *ex officio* as the County Collector, with Seaway Bank and Trust Company, Chicago, Illinois, as trustee (the "**Trustee**") for the Bonds, for the purpose of paying principal of and interest on the Bonds. See "SECURITY FOR THE BONDS."

The Bonds are being issued to (i) refund all or a portion of the principal of and/or interest on certain maturities of outstanding general obligation bonds of the County, and (ii) pay certain costs of issuance of the Bonds, all as more particularly described herein. See "PLAN OF FINANCE."

Additional Information

Certain factors concerning the 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 Bonds are further qualified by reference to the information with respect thereto contained in the Bond Ordinance.

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), Co-Bond Counsel, Co-Underwriters' Counsel, Special Disclosure Counsel, the Co-Financial Advisors (as defined under the heading "CO-FINANCIAL ADVISORS") 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, Co-Bond Counsel, Co-Underwriters' Counsel, Special Disclosure Counsel, the Co-Financial Advisors or the Trustee. The information contained herein is provided as of the date hereof and is subject to change.

The projections 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's management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management'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 the prospective financial information. Neither the County's independent auditors, nor any other independent auditors, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability and disclaim any association with, the prospective financial information. Neither the County's independent auditors, nor any other independent auditors, have been consulted in connection with the preparation of the prospective financial information set forth in this Official Statement, which is solely the product of the County, and the independent auditors assume no responsibility for its content.

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) 603-5287 or facsimile (312) 603-3681.

THE BONDS

General

The Bonds are dated their date of issuance (the "**Date of Issuance**") and bear interest at the rates per annum set forth on the inside cover page hereof and are issuable as fully registered Bonds. The Bonds will mature on November 15 of the years and in the principal amounts as set forth on the inside cover page hereof and are not subject to redemption prior to maturity. The Bonds will initially be registered through the Book-Entry Only System operated by DTC. Details of payments of the Bonds when in the book-entry only form and the Book-Entry Only system are described in APPENDIX D hereto.

Interest on the Bonds is payable on each May 15 and November 15, beginning May 15, 2014. The Bonds will be issued in denominations of $5,000 or integral multiples thereof.

Each Bond will bear interest from the later of the Date of Issuance or the most recent interest payment date to which interest has been paid or duly provided for. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve-30 day months.

Redemption

The Bonds are not subject to redemption prior to maturity.

Book-Entry Only System

DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each such maturity of the Bonds, and will be deposited with DTC. The Bonds will initially be available for purchase only in book-entry only form in authorized denominations.

In reading this Official Statement it should be understood that, while the Bonds are in the Book-Entry Only System, references in other sections of this Official Statement to registered owners should be read to include the Beneficial Owner, but (a) all rights of ownership must be exercised through DTC and the Book-Entry Only System and (b) notices that are to be given to registered owners by the County or the Trustee will be given only to DTC. Information about the Book-Entry Only System and DTC is set forth in APPENDIX D.

Provisions Applicable When Not in Book-Entry System

The following two paragraphs apply to the Bonds when not in the Book-Entry System:

The Trustee will be the registrar for the Bonds. Bonds may be transferred upon surrender of such Bonds at the principal office maintained for the purpose by the Trustee, together with an assignment satisfactory to the Trustee, duly executed by such holder or such holder's duly authorized attorney. The Bonds may be exchanged at the principal office maintained for the purpose by the Trustee for a like aggregate principal amount of Bonds in authorized denominations. The Trustee will charge to the owner for every such transfer and every exchange of a Bond sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such transfer or exchange. Notwithstanding the foregoing, when Bonds are held in the Book-Entry System, transfers of beneficial ownership for the Bonds will be made pursuant to rules and procedures established by the Securities Depository.

The principal of the Bonds is payable, upon surrender of such Bonds, at the principal office maintained for the purpose by the Trustee. Interest on the Bonds will be paid to the registered owner as of the close of business on the record date with respect to an interest payment date, by check or draft mailed on the applicable interest payment date. If and to the extent there shall be a default in the payment of the interest due with respect to any Bonds on such interest payment date, such defaulted interest shall be paid to the related Bondholders in whose names any such Bonds (or any Bond or Bonds issued upon registration of transfer or exchange thereof) are registered at the close of business on the business day next preceding the date of payment of such defaulted interest.

SECURITY FOR THE BONDS

The full faith and credit of the County are irrevocably pledged to the punctual payment of the principal of and interest on the Bonds. The Bonds are direct and general obligations of the County and the County is obligated and covenants and agrees in the Bond Ordinance to levy ad valorem taxes upon all the taxable property in the County for the payment of the Bonds and the interest thereon, without limitation as to rate or amount. The Bonds comprise a portion of the general obligation bonds authorized by the Bond Ordinance to be issued for various County financial management projects and refunding purposes.

For the purpose of providing the funds required to pay the principal of and interest on the Bonds promptly as the same become due, there is levied by the Bond Ordinance upon all taxable property in the County a direct annual tax (the "**Pledged Taxes**") which, together with the receipts, if any, of taxes levied and collected for the payment of the Refunded Bonds (as defined below) will be applied to pay principal of and interest on the Bonds. The County has pledged the Pledged Taxes to secure the Bonds. All receipts of the Pledged Taxes received by the County Treasurer, acting *ex officio* as the County Collector, shall be deposited daily, as far as practicable, with the Trustee. All other moneys appropriated or used by the County for the payment of the principal or redemption price of and interest on the Bonds shall be paid to the Trustee. Interest or principal coming due at any time when there are insufficient funds on hand from the Pledged Taxes to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the Pledged Taxes; and when the Pledged Taxes shall have been collected, reimbursement shall be made to said funds in the amount so advanced. All Pledged Taxes, and all such moneys, shall be deposited by the Trustee into the "General Obligation Refunding Bonds, Series 2014A, Bond Fund" created under the Bond Ordinance (the "**Bond Fund**") and shall be applied to pay principal of and interest on the Bonds. See "APPENDIX F – Summary of Certain Provisions of the Bond Ordinance – Bond Fund."

In the Bond Ordinance, the County covenants and agrees with the purchasers and registered owners of the Bonds that so long as any of the Bonds remain outstanding, the County will take no action or fail to take any action which in any way would adversely affect the ability of the County to levy and collect the Pledged Taxes. The County and its officers have covenanted to comply with all present and future applicable laws in order to assure that the Pledged Taxes will be levied, extended and collected as provided in the Bond Ordinance and deposited into the Bond Fund.

Whenever and only when other funds from any lawful source are made available for the purpose of paying any principal of and interest on the Bonds so as to enable the abatement of the Pledged Taxes levied by the Bond Ordinance for the payment thereof, the County Board shall, by proper proceedings, direct the deposit of such funds into the Bond Fund and further shall direct the abatement of the Pledged Taxes by the amount so deposited.

The Pledged Taxes and other moneys, securities and funds so pledged are required by the Bond Ordinance to 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 created by the Bond Ordinance. The County is required at all times, to the extent permitted by law, to defend, preserve and protect the pledge of the Pledged Taxes and other moneys, securities and funds pledged under the Bond Ordinance and all the rights thereto of the holders of the Bonds under the Bond Ordinance against all claims and demands of all persons whomsoever.

In the event of a failure to pay the principal of and interest on the Bonds when due, or the occurrence of any other "Event of Default" under the Bond Ordinance, the Trustee may, and upon the written request of the registered owners of twenty-five percent (25%) in principal amount of Bonds affected by the Event of Default and then outstanding, shall enforce the rights of the holders of the Bonds. See "APPENDIX F – Summary of Certain Provisions of the Bond Ordinance – Events of Default" and " – Remedies."

For a discussion of additional financings currently contemplated by the County, see "FUTURE FINANCINGS" herein.

PLAN OF FINANCE

A portion of the proceeds of the Bonds will be used to refund by either redemption or purchase and cancellation all or a portion of certain maturities of outstanding general obligation bonds of the County. The general obligation bonds being refunded by the Bonds are the County's outstanding General Obligation Refunding Bonds, Series 2004A which are collectively referred to herein as the "**Refunded Bonds**" and are described in the following table:

Outstanding Bonds Refunded

CUSIP	Maturity (November 15)	Call Date	Call Price	Coupon (%)	Principal Amount Refunded
2131835F9	2014	May 15, 2014	101.0	5.00%	$ 12,700,000
213185HD6	2015	May 15, 2014	101.0	5.00%	$ 16,855,000
213185HE4	2016	May 15, 2014	101.0	5.00%	$ 17,675,000
213185HF1	2017	May 15, 2014	101.0	5.00%	$ 25,195,000
213185HG9	2018	May 15, 2014	101.0	5.00%	$ 15,430,000
213185HH7	2019	May 15, 2014	101.0	5.00%	$ 16,195,000
213185HJ3	2020	May 15, 2014	101.0	5.00%	$ 7,730,000
213185HK0	2021	May 15, 2014	101.0	5.00%	$ 8,130,000
213185HL8	2022	May 15, 2014	101.0	5.00%	$ 8,545,000
213185HM6	2023	May 15, 2014	101.0	5.00%	$ 8,980,000
			Total Refunded		$ 137,435,000

To provide for the payment and retirement of the Refunded Bonds, a portion of the proceeds of the Bonds will be used to purchase securities constituting (a) direct obligations of, or obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by, the United States of America or (b) obligations issued or guaranteed by any of the following agencies, provided that such obligations are backed by the full faith and credit of the United States of America: Export-Import Bank of the United States direct obligations or fully guaranteed certificates of beneficial ownership; Federal Financing Bank; Farmers Home Administration certificates of beneficial ownership; Federal Housing Administration Debentures; Government National Mortgage Association guaranteed mortgage-backed bonds; General Services Administration participation certificates; United States Maritime Administration obligations guaranteed under Title XI; New Communities Debentures; United States Public Housing Notes and Bonds; and United States Department of Housing and Urban Development Project Notes and Local Authority Bonds, in each case not subject to redemption at the option of the County (collectively, the "**Defeasance Obligations**"). The principal of and interest on the Defeasance Obligations will be sufficient (i) to pay when due the interest on the Refunded Bonds to their respective maturity or redemption dates and (ii) to pay or redeem the Refunded Bonds on their respective maturity or redemption dates at their respective principal amounts or redemption prices.

The Defeasance Obligations purchased with the proceeds of the Bonds will be held in one or more escrow accounts (collectively, the "**Escrow Account**"). Neither the maturing principal of the Defeasance Obligations nor the interest to be earned thereon will serve as security or be available for the payment of the principal of or the interest on the Bonds.

SOURCES AND USES

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Bonds and the implementation of the Plan of Finance described above:

SOURCES OF FUNDS	
Par Amount of Bonds	$130,590,000.00
Original Issue Premium	12,619,449.75
Total Sources of Funds	$143,209,449.75
USES OF FUNDS	
Refunding of Refunded Bonds	$142,245,225.00
Costs of Issuance(1)	964,224.75
Total Uses of Funds	$143,209,449.75

(1) Includes estimated costs of issuance and Underwriters' Discount.

COOK COUNTY

General Description

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. In 2012 the United States Census Bureau estimated the population of the County was 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 ("**EAV**") 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 ("**County Board**"). The County Board is the County's legislative authority and 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 that of the State which was $43,721. The unemployment rate for the County for November, 2013 was 8.6% according to the Bureau of Labor Statistics. This compares with 8.7% for the State and 7.0% for the national average for the same period.

The County operates on a fiscal year ("**Fiscal Year**") basis ending each November 30.

Principal Functions of Cook 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 to underlying jurisdictions, 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).* The CCHHS operates a health care delivery system composed of the following elements: John H. Stroger, Jr. Hospital of Cook County ("**Stroger Hospital**"), Provident Hospital of Cook County ("**Provident Hospital**"), 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 U.S. operated by a unit of local government and is the largest provider of medical care to the uninsured and underinsured within the State.

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

In 2011, 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 no longer admits patients for long-term care. Instead, the facility is now used as 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 is both saving the County money and providing 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 largely from 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 receives 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.

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) with additional relationships being explored by CCHHS. 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. Approximately 56% of CCHHS patients were uninsured or underinsured during 2012. The Illinois Department of Healthcare and Family Services and CCHHS received a Section 1115 Medicaid waiver from the federal Center for Medicare and Medicaid Services ("**CMS**"). Under the terms and conditions of the waiver and an associated demonstration period, which is effective from October 26, 2012 through March 31, 2014, County residents with income up to 133% of the Federal Poverty Level 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. This population has been targeted under a County managed care initiative, commonly referred to as "**CountyCare**". As of January 5, 2014 the County directly or through Federally Qualified Health Center partners had initiated 131,015 applications for the CountyCare program, 99,287 of which had been submitted to the State Department of Healthcare and Family Services for approval, with the remainder pending submission to the State as of January 5, 2014. The State had approved 67,970 applications and denied 13,635 reflecting an approval rate of 83.3% with the remaining submitted applications pending review. Additional applications above and beyond the 131,015 will be initiated for services received between January 5, 2014 and March 31, 2014 when the demonstration period ends.

Under the waiver and expansion of Medicaid, the County receives a Per Member Per Month ("**PMPM**") reimbursement for each valid enrolled participant in the CountyCare program, with the PMPM based on an estimate of associated costs to serve the population in the program. During calendar year 2013 the PMPM of $314 was calculated based on a 50% federal reimbursement, with the County assuming the other 50% and no direct cost reimbursement from the State. Consistent with the Federal Patient Protection and Affordable Care Act (the "**Affordable Care Act**"), it was anticipated in the 2014 County Budget that the federal reimbursement rate would rise to 100% with a commensurate increase in the PMPM received by the County to $629 for patient care provided during calendar year 2014. In January of 2014 the County received approval of a PMPM rate of $632 for calendar year 2014. With the implementation of the Affordable Care Act, the eligible patient population will have additional managed care options under the expansion of Medicaid in the State, though patients may choose to remain with CountyCare beyond March 31, 2014. In the 2014 County Budget for CCHHS the County projects that a percentage of the 2013 pending applications for CountyCare will ultimately be approved, but that the patient population will experience attrition and will ultimately average 56,000 per month during calendar year 2014.

No assurances can be made with regards to the actual patient population that will remain within the CountyCare managed care initiative nor that the federal Affordable Care Act will be implemented as currently anticipated under the federal and State laws.

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 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 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.

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 to a four-year term ending December, 2014, 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 10 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	Elizabeth Ann Doody Gorman	Timothy O. Schneider
Earlean Collins	Gregg Goslin	Peter N. Silvestri
John P. Daley	Stanley Moore	Deborah Sims
John A. Fritchey	Joan P. Murphy	Robert L. Steele
Bridget Gainer	Edwin Reyes	Larry Suffredin
Jesus G. Garcia		Jeffrey R. Tobolski

Chairman, Committee on Finance. John P. Daley is the Chairman of the Committee on Finance of the County Board, which 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 property taxes.

Chief Financial Officer. Ivan Samstein was confirmed by the County Board 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 in both New York and Chicago. 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.

County Comptroller. Lawrence Wilson was appointed County Comptroller by the President of the County Board and approved by the County Board effective July 31, 2013. Mr. Wilson has over 25 years of diverse executive management experience, including Chief Executive Officer, Chief Financial Officer, Investment Banker, and Big-4 Public Accounting and over 10 years of government experience. His governmental experience includes serving the Forest Preserve District of Cook County as Chief Financial Officer and Comptroller and serving the City of Chicago as Deputy Comptroller of Accounting and Deputy Commissioner of Finance in the Department of Planning and Development. Mr. Wilson has a B.S. from Southern Illinois University, an M.B.A. in Finance from Cornell University, and a Professional Accounting Program Certificate from Kellogg School of Management, Northwestern University. He is also a Certified Public Accountant.

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, net of grant-funded positions, for all of its departments in each of the five most recent Fiscal Years:

YEAR	NUMBER
2014	23,130
2013	22,579
2012	22,995
2011	23,260
2010	24,834

Source: Cook County Annual Appropriation Bills

Approximately 17,000 employees of the County are covered by collective bargaining agreements, the majority of which expired on November 30, 2012. Negotiations for successor collective bargaining agreements have 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.

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 2014 through 2023, the County has a capital improvement plan in the approximate amount of $1.9 billion for County-wide physical plant, CCHHS and public safety improvements, certain of which have been financed with proceeds of earlier borrowings.

The 2014 Capital Improvement Program, in the amount of approximately $190 million, emphasizes the County's commitment to life safety and code compliance with improvements to security and fire and life safety systems as a continued priority. The County is also addressing new initiatives to reduce energy costs and increase operational efficiencies through implementation of energy conservation measures and through effective utilization of space at County facilities. In addition the County anticipates approximately $74.7 million in capital equipment projects in connection with the 2014 budget.

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 in conjunction with the Office of Management and Budget. Capital equipment projects are reviewed by the Office of Management and Budget, and in the case of technology projects reviewed jointly with the County's Chief Information Officer.

The Forest Preserve District of Cook County

While the Forest Preserve District of Cook County (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 four 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 ("**CAFR**") as a component unit. See "APPENDIX A – 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, the County is the economic and cultural hub of the State, and is central to one of the largest metropolitan areas in the nation after Los Angeles and New York. The County is the most populous county in the State and represents approximately 40.6% of the State's population in 2012 according to the U.S. Department of Commerce-Bureau of the Census.

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 according to the U.S. Bureau of Economic Analysis's data; 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 underway at both Chicago O'Hare International Airport and the Illinois Tollway. Leading service sector industries in the County include health care and related services. Fourteen Fortune 500 companies have their headquarters located in the County: Allstate Insurance Companies; Anixter, Inc.; The Boeing Company; Exelon Corporation; Hillshire Brands Company; Illinois Tool Works, Inc.; Ingredion Incorporated; Kraft Foods Group, Inc.; Motorola Solutions, Inc.; Old Republic International Corporation; R.R. Donnelley & Sons Company; Sears Holdings Corporation; TDS Telecommunications Corp.; and United Continental Holdings, Inc.

The County has significantly increased its engagement with the business community by working directly with business organizations and owners, meeting with municipalities throughout the County, actively working to identify potential sites for new business development and expansions, rolling back the County's home rule sales tax and developing tax incentive programs. These efforts help secure the financial stability of businesses within the County and have resulted in providing assistance to more than 50 companies which have in turn created an estimated 1,900 jobs, aided in the retention of approximately 600 jobs, and stimulated more than $150 million in private investment during Fiscal Year 2013. Due to its broad and diverse nature, the County believes that its economy will continue to grow but at a moderated pace for the next several years. See "APPENDIX D - Demographic and Economic Information."

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 became effective July 1, 2010.

On February 25, 2011, the County Board passed an ordinance amendment to roll back the County home rule sales tax rate from 1.25% to 0.75%. This ordinance took effect on two different dates. The first change reduced the rate by 0.25% on January 1, 2012 for consumers, and reduced County cash receipts starting on April 1, 2012. This 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 estimated net budgetary decline to $45.1 million. The second and final reduction of 0.25% 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 $95.7 million with an additional projected Fiscal Year 2014 budget basis impact of $25.1 million. No further reductions in the County sales tax rate are contemplated at this time. The County sales tax collections in each of the last nine years can be found in "DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION."

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 A – 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 published budget documents.

The County's 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.

COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND

The County Employees' and Officers' Annuity and Benefit Fund (the **"Retirement Fund"**) was established by the State, 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 eligible Cook County 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 had 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 personal property replacement tax fund; contributions made by active County employees; and investment income generated by the Retirement Fund's assets.

According to the 2012 Retirement Fund CAFR (as defined in APPENDIX B), the value of the Retirement Fund's assets on a fair value basis was approximately $8.1 billion; the Actuarial Value of Assets (as defined in APPENDIX B) was approximately $7.8 billion; and the actuarial accrued liability for pension benefits was $13.4 billion. 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 in 2011 to approximately $6.8 billion in 2012, 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 pays from the Retirement Fund. The funded ratio for pension benefits was 58.4% but decreased when factoring in the optional retiree health care benefit due to the fact that no assets of the Retirement Fund are allocated to the optional retiree health care benefits. 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 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 B.

Under the current Internal Revenue Code and Treasury Regulations[*], neither the County nor its employees are required to, nor do they, contribute to the Social Security system, so long as County employees participate in a qualified public retirement system (such as the Retirement Fund under its current structure). No assurances can be made that the County and its employees will, in the future, continue to be exempt from a requirement that they contribute to the Social Security system.

[*] 26 U.S.C. § 3121(b)(7)(F); 26 C.F.R. § 31.3121(b)(7)(1).

OTHER LOCAL GOVERNMENTAL UNITS

There are more than 800 governmental units (the "**Units**") located in whole or in part within the boundaries of the County, each of which (i) is separately incorporated and derives its power and authority under laws of the State, (ii) has an independent tax levy or revenue source, and (iii) maintains its own financial records and accounts; and most of which are authorized to issue debt obligations. Although the taxing units share tax bases to some extent, they are separate entities with separate financial circumstances.

In tax year 2012 (ended December 31, 2013), approximately 48.0% of the EAV of taxable property in the County is located within the City. The remainder is located in other municipalities and unincorporated areas.

Other major governments within the County include the Forest Preserve District, the City of Chicago, the Metropolitan Water Reclamation District of Greater Chicago, the Chicago Park District, the Chicago Board of Education and the Chicago City Colleges. The financial impact of these units of government is further described in the tables captioned "TAXATION OF REAL PROPERTY – STATISTICAL INFORMATION – Tax Rates Extended by City-Wide Local Governmental Units for Real Property in the City of Chicago" and "DEBT INFORMATION – Direct and Overlapping Debt."

A variety of special purpose entities have been created under State law to facilitate the operations and financing of municipal, park, educational, transportation, health, sports, convention and port facilities, highways, housing, industrial development and other activities, none of which are authorized to impose real property taxes. These include (1) the Public Building Commission of Chicago, which issues bonds to finance the acquisition, construction and improvement of public buildings and leases its facilities to certain governmental units; (2) the Regional Transportation Authority ("**RTA**"), which provides planning, funding, coordination and fiscal oversight of public mass transportation services in a six-county area of northeastern Illinois, including the County (the RTA Act provides for three service boards, including the Chicago Transit Authority ("**CTA**"), the suburban rail division ("**METRA**") and the suburban bus division ("**PACE**"); (3) the CTA, which owns, operates and maintains a transportation system (including both rail and bus transport) in the metropolitan area of the County and receives an annual $2,000,000 contribution from the County which is required by State law; (4) the Metropolitan Pier and Exposition Authority, which owns and operates the McCormick Place convention, exposition and related hotel facilities; and (5) the Illinois Sports Facilities Authority which has issued bonds to provide funds for the construction of U.S. Cellular Field and the reconstruction of Soldier Field and the provision of lakefront improvements, which bonds are primarily supported by hotel tax revenues.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Information under this caption describes the procedures in effect as of the date of this Official Statement for real property assessment, tax levy and tax collection in the County. There can be no assurance that the procedures described herein will not be changed. Illinois laws relating to real property taxation are contained in the Illinois Property Tax Code (the "**Property Tax Code**").

Assessment

The County Assessor, who is elected by the voters of the County, is responsible for the assessment of all taxable real property within the County, except for certain railroad property, low sulphur dioxide emission coal-fueled devices and pollution control equipment which are assessed directly by the State. A portion of the real property in the County is reassessed each year on a repeating triennial schedule established by the County Assessor statute. The suburbs in the southwestern and southern portions of the County were reassessed in 2011. The City was reassessed in 2012. The suburbs in the northern and northwestern portions of the County were reassessed in 2013.

Real property in the County is separated into classifications for assessment purposes. After the County Assessor establishes the fair market value of a parcel of property, that value is multiplied by the appropriate classification percentages to arrive at the assessed valuation (the "**Assessed Valuation**") for the parcel. The current classification percentages range from 10 to 25 percent depending on the type of property (e.g., residential, industrial, commercial) and whether it qualified for certain incentives for reduced rates.

The County Board has adopted various amendments to the County's Real Property Assessment Classification Ordinance (the "**Classification Ordinance**"), pursuant to which the Assessed Valuation of real property is established. Among other things, these amendments have reduced certain property classification percentages, lengthened certain renewal periods of classifications and created new property classifications.

Procedures have been established enabling taxpayers to contest their tentative Assessed Valuations. Once the County Assessor certifies the Assessed Valuations, a taxpayer can seek review of the assessment by the Cook County Board of Review (the "**Board of Review**") consisting of three commissioners elected by the voters of the County. The Board of Review has powers to review and adjust Assessed Valuations set by the Assessor.

Property taxpayers can appeal decisions of the Board of Review to the Illinois Property Tax Appeal Board (the "**PTAB**"), a State-wide administrative body. The PTAB has the power to determine the Assessed Valuation of real property based on equity and the weight of the evidence. Depending on the amount of the proposed change in Assessed Valuation, taxpayers may appeal decisions of the PTAB to either the Circuit Court of Cook County or the Illinois Appellate Court under the Illinois Administrative Review Law.

In a series of recent PTAB decisions, the PTAB reduced the Assessed Valuations of certain commercial and industrial property in the County based upon the application of median levels of assessment derived from Illinois Department of Revenue sales-ratio studies instead of utilizing the assessment percentages provided in the Classification Ordinance. On appeal, the Illinois Appellate Court determined that it was improper for the PTAB, on its own initiative, to use the sales-ratio studies when such studies were not even raised as an issue by the taxpayer before the Board of Review or in its appeal to the PTAB.

The Appellate Court decisions do not preclude a taxpayer in a properly presented case from introducing into evidence sales-ratio studies for the purpose of obtaining an assessment below that which would result from application of the Classification Ordinance. No prediction can be made whether any currently pending or future case would be successful. The County believes that the impact of any such case on the County would be minimal, as the County's ability to levy or collect real property taxes would be unaffected.

As an alternative to seeking review of Assessed Valuations by the PTAB, taxpayers who have first exhausted their remedies before the Board of Review may file an objection in the Circuit Court of Cook County. In addition, subject to certain time limits, in cases where the County Assessor agrees that an assessment error has been made after the assessment process is completed, the County Assessor can correct the Assessed Value, and thus reduce the amount of taxes due, by issuing a certificate of error.

All reviews of assessments, whether before the Board of Review, the PTAB or the courts, are decided on a case-by-case basis.

Equalization

After the Assessed Valuation for each parcel of real estate in a county has been determined for a given year (including any revisions made by the Board of Review), the Illinois Department of Revenue reviews the assessments and determines an equalization factor (the "**Equalization Factor**"), commonly called the "**multiplier**," for each county. The purpose of equalization is to bring the aggregate assessed value of all real estate in each county, except farmland and undeveloped coal, to the statutory requirement of 33-1/3 percent of estimated fair cash value. Adjustments in Assessed Valuation made by the PTAB or the courts are not reflected in the Equalization Factor. The Assessed Valuation of each parcel of real estate in the County is multiplied by the County's Equalization Factor to determine the parcel's EAV.

The EAV for each parcel is the final property valuation used for determination of tax liability. The aggregate EAV for all parcels in any taxing body's jurisdiction, after reduction for all applicable exemptions, plus the valuation of property assessed directly by the State, constitutes the total real estate tax base for the taxing body and is the amount used to calculate tax rates (the "**Assessment Base**").

The following table sets forth the Equalization Factors for years 2003 through 2012.

Tax Year	Equalization Factor
2012	2.8056
2011	2.9706
2010	3.3000
2009	3.3701
2008	2.9786
2007	2.8439
2006	2.7076
2005	2.7320
2004	2.5757
2003	2.4598

Tax bills in Cook County are based on the Assessment Base for the preceding year. Property taxes billed in 2013 (for the 2012 tax year) were based on the 2012 EAV.

Exemptions

The Illinois Constitution allows homestead exemptions for residential property. Pursuant to the Property Tax Code, property must be occupied by the owner as a principal residence on January 1 of the tax year for which the exemption will be claimed.

The annual general homestead exemption provides for the reduction of the EAV of certain property owned and used exclusively for residential purposes by the amount of the increase over the 1977 EAV, up to a maximum reduction of $7,000. There is an additional homestead exemption for senior citizens (individuals at least 65 years of age), for whom the Assessor is authorized to reduce the EAV by $5,000. An additional exemption is available for homes owned and exclusively used for residential purposes by disabled veterans or their spouses, for whom the Assessor is authorized to annually exempt up to $70,000 of the Assessed Valuation. An exemption is available for homestead improvements by an owner of a single family residence of up to $75,000 of the increase in the fair cash value of a home due to certain home improvements to an existing structure for at least four years from the date the improvement is completed and occupied. Senior citizens whose household income is $55,000 or less, and who are either the owner of record or have a legal or equitable interest in the property, qualify to have the EAV of their property frozen in the year in which they first qualify for the so-called "freeze" and each year thereafter in which the qualifying criteria are maintained.

In 2004, the Property Tax Code was amended to permit each county in the State, by enacting an ordinance within six months of the effective date of the law, to limit future increases in the taxable value of residential property in such a county to an annual increase of not more than 7% per year. This is known as the Alternative Homestead Exemption. Upon adoption of such an ordinance, homestead property will generally be entitled to an annual homestead exemption equal to the difference between the property's EAV and the property's "adjusted homestead value." The County adopted an ordinance electing to be governed by this law. The exemption provided for under this law cannot exceed $20,000 in any taxable year. The purpose of the law is to reduce the increase in the taxable value of residential property that otherwise occurs when home values rise rapidly.

In 2007, the Alternative Homestead Exemption law enacted in 2004 was allowed to sunset. Since that time, two Public Acts have been enacted, each of which extends the Alternative Homestead Exemption law for an additional three years, in each case, subject to certain provisions and adjustments to the prior law.

The first such Public Act was Public Act 95-0644, enacted in 2007, and pursuant to which the maximum exemption was $33,000 in EAV in the first year, decreasing to $26,000 in the second year, and $20,000 in EAV in the third or final year. In the County, this increased exemption was "phased in" over a three-year period: 2006 through 2008 in the City, 2007 through 2009 in the northern and northwestern portions of the County, and 2008 through 2010 in the western and southern portions of the County. In 2010, Public Act 096-1418 was enacted, pursuant to which the maximum exemption will be $20,000 for the first year, decreasing to $16,000 for the second year and $12,000 for the third and final year. Upon the expiration of the extension of the Alternative Homestead Exemption law authorized by Public Act 95-0644 and Public Act 096-1418, the above-described general homestead exemption will apply.

Aside from homestead exemptions, upon application, review and approval by the Board of Review, or upon an appeal to the Illinois Department of Revenue, there are exemptions generally available for properties of religious, charitable, and educational organizations, as well as units of federal, State and local governments.

Additionally, counties have been authorized to create special property tax exemptions in long-established residential areas or in areas of deteriorated, vacant or abandoned homes and properties. Under such an exemption, long-time, residential owner-occupants in eligible areas would be entitled to a deferral or exemption from that portion of property taxes resulting from an increase in market value because of refurbishment or renovation of other residences or construction of new residences in the area. In 2001, the County enacted the Longtime Homeowner Ordinance, which provides property tax relief from dramatic rises in property taxes directly or indirectly attributable to gentrification in the form of an exemption. This is generally applicable to homeowners; (i) who have resided in their homes for 10 consecutive years (or five consecutive years for homeowners who have received assistance in the acquisition of the property as part of a government or nonprofit housing program), (ii) whose annual household income for the year of the homeowner's triennial assessment does not exceed 115% of the Chicago Primary Metropolitan Statistical Area median income as defined by the U.S. Department of Housing and Urban Development, (iii) whose property has increased in assessed value to a level exceeding 150% of the current average assessed value for properties in the assessment district where the property is located, and (iv) who, for any triennial assessment cycle, did not cause a substantial improvement which resulted in an increase in the property's fair cash value in excess of the $45,000 allowance set forth in the Property Tax Code.

Tax Levy

In addition to the County, the major Units having taxing power over real property within the County include the Forest Preserve District, the Metropolitan Water Reclamation District, the City of Chicago, the Chicago Park District, the Chicago Board of Education and the Chicago City Colleges.

As part of the annual budgetary process of the Units, proceedings are adopted by the governing body for each Unit for each year in which it determines to levy real estate taxes. Such proceedings levy the Units' respective real estate taxes in terms of a dollar amount. Each Unit certifies its real estate tax levy, as established by the proceedings, to the County Clerk's Office. The remaining administration and collection of the real estate taxes is statutorily assigned to the County Clerk and the County Treasurer, who is ex-officio the County Collector.

After the Units file their annual tax levies, the County Clerk computes the annual tax rate for each Unit by dividing the levy of each Unit by the Assessment Base of the respective Unit. If any tax rate thus calculated or any component of such a tax rate (such as a levy for a particular fund) exceeds any applicable statutory rate limit, the County Clerk disregards the excessive rate and applies the maximum rate permitted by law.

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

The Illinois Truth in Taxation Law contained within the Property Tax Code imposes procedural limitations on a Unit's real estate taxing powers and requires that notice in the prescribed form must be published if the aggregate annual levy is estimated to exceed 105% of the levy of the preceding year, exclusive of levies for debt service, election costs and payments due under Public Building Commission leases. A public hearing must also be held, which may not be in conjunction with the budget hearing of the Unit on the adoption of the annual levy. No amount in excess of 105% of the preceding year's levy may be used as the basis for issuing tax bills to property owners unless the levy is accompanied by a certification of compliance with the foregoing procedures. This Law does not impose any limitations on the rate or the amount of the levy to pay principal of and interest on County general obligation bonds and notes.

Collection

Property taxes are collected by the County Collector, who distributes to each Unit its share of the collections. Property taxes levied in one year are extended and become payable during the following year in two installments, the first due on March 1 and the second on the later of August 1 or 30 days after the mailing of the tax bills. Historically, the first installment has been an estimated bill equal to one-half of the prior year's tax bill. Pursuant to the provisions of a 2009 amendment to the Property Tax Code, beginning with the first installment of property taxes payable in 2010, the first installment is now 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, Assessed Valuation and Equalization Factor and applicable tax rates, and reflects any changes from the prior year in those factors. Taxes on railroad real property used for transportation purposes are payable in one lump sum on the same date as the second installment.

The following table sets forth the second installment due date for the last ten years for which information is available; the first installment due date has been March 1 for all years. Penalties and interests consisting of 1.5% per month are charged to unpaid amounts after each due date.

Tax Year	Second Installment Due Date
2012	August 1, 2013
2011	August 1, 2012
2010	November 1, 2011
2009	December 13, 2010
2008	December 2, 2009
2007	November 3, 2008
2006	December 3, 2007
2005	September 1, 2006
2004	November 1, 2005
2003	November 15, 2004

During periods of peak collections, the County Collector, as recipient of property tax collections, distributes tax receipts to each Unit, including the County, on no less than a weekly basis. Upon receipt of property taxes from the County Collector, the County Treasurer, as holder of County funds, promptly credits the property taxes received to the funds for which they were levied. Amounts for debt service for certain bonds issued by the County in the past are deposited directly with escrow agents or trustees for those obligations. Property taxes collected to pay debt service on the Bonds will be deposited by the County Collector directly with the Trustee.

At the end of each collection year, the County Collector presents the Warrant Books to the Circuit Court and applies for a judgment for all unpaid taxes. The court order resulting from the application for judgment provides for an annual sale of all unpaid property taxes shown on that year's Warrant Books (the "**Annual Tax Sale**"). The Annual Tax Sale is a public sale, at which time successful tax buyers pay the unpaid property taxes plus penalties. Unpaid property taxes accrue penalties at the rate of 1.5% per month from their due date until the date of sale. Taxpayers can redeem their property by paying the amount paid at the sale, plus a maximum of 18% interest for each six-month period after the sale. If no redemption is made within the applicable period (ranging from six months to two and one-half years depending on the type and occupancy of the property) and the tax buyer files a petition in Circuit Court, notifying the necessary parties in accordance with applicable law, the tax buyer receives a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens and for civil actions to collect property taxes.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, and the property taxes remain unpaid, the property taxes are forfeited and eligible to be purchased at any time thereafter at an amount equal to all delinquent property taxes and penalties and interest to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

A scavenger sale (the "**Scavenger Sale**"), like the Annual Tax Sale, is a sale of unpaid property taxes. The Scavenger Sale is scheduled every two years on all property on which two or more years' taxes are delinquent. The sale price of the unpaid taxes is the amount bid (minimum bid of $250 is required) at the Scavenger Sale, which may be less than the amount of the delinquent taxes. Redemption periods vary from six months to two and one-half years, depending upon the type and occupancy of the property.

The Annual Appropriation Bill of the County has a provision for an allowance for uncollectible property taxes. The County reviews this provision annually and makes adjustments accordingly. The allowance for uncollected property taxes will not be more than 3% of the property taxes allocated to the General Fund and Health Enterprise Fund for Fiscal Year 2014. For financial reporting purposes, uncollected property taxes are written off by the County at the end of the Fiscal Year immediately following the year in which the property taxes become due, although property taxes remain liens against the properties taxed.

State and County Limitation Laws

Through a combination of strong financial controls and the adoption of the Cook County Tax Relief Ordinance (described below), the County has controlled the growth of property taxes that it imposes on its citizens. By virtue of its constitutional home rule powers, the enactment of any legislation by the State applying any statutory tax rate limit to the County would require a three-fifths vote of each house of the State General Assembly. No legislation is currently pending to impose a limit on the property tax rates which may be levied by home-rule units of government in the State, nor has any such legislation been proposed in the recent past, although the State has recently enacted, with the required three-fifths vote of each house, legislation which imposes limitations on the ability of home-rule units, such as the County, to increase real property transfer taxes. It is not possible to predict whether, or in what form, any property tax limitations applicable to the County would be enacted by the State General Assembly. The adoption by the State General Assembly of any such limits on the extension of real property taxes may, in future years, adversely affect the County's ability to levy property taxes to finance operations at current levels and the County's power to issue additional general obligation debt without the prior approval of voters. However, any property tax limits that might be imposed by the State General Assembly after the issuance of the Bonds would not affect the amount of taxes levied to pay the principal of and interest on the Bonds.

The State Limitation Law. As the result of certain legislation enacted by the State in 1991, and amended in 1995 (the "**State Limitation Law**"), the Property Tax Code limits (a) the amount of property taxes that can be extended for non-home rule units located in the County and counties contiguous to the County and (b) the ability of those taxing districts to issue unlimited tax general obligation bonds without voter approval (the "**State Tax Cap**"). Generally, the extension of property taxes for a taxing district subject to the State Tax Cap may increase in any year by 5% or the percent increase in the Consumer Price Index, whichever is less, or the amount approved by referendum. In 1995, the State Tax Cap was amended to authorize the issuance of "limited bonds" payable from the "debt service extension base" and to exclude from the State Tax Cap "double-barreled alternate bonds" issued pursuant to Section 15 of the Local Government Debt Reform Act of the State. Pursuant to an amendment to the Property Tax Code, commencing with the 2009 levy year, a taxing district's debt service extension base will increase each year by the lesser of five percent or the percentage increase in the Consumer Price Index during the twelve month calendar period preceding the levy year. The County, as a home rule unit, is not subject to the limitations created by the State Limitation Law.

The Cook County Tax Relief Ordinance. In 1994, the County Board approved Ordinance No. 94-O-15, known as the Cook County Property Tax Relief Ordinance (the "**County Ordinance**"), which was subsequently amended. Beginning with the real estate tax levies for the Corporate, Public Safety and Health Funds for 1995 for taxes paid in 1996 and thereafter, the County Board has resolved, with certain exceptions, not to increase the aggregate tax levy for such funds for any year over the prior year's aggregate levy by an amount greater than 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year, whichever is less. The County Board may adopt an aggregate levy for any year in excess of the foregoing limitations if approved by a two-thirds vote of the members of the County Board then in office. Tax levy increases for pensions, elections and debt service are excluded from the limit imposed by the County Ordinance. The County Ordinance can be repealed or amended by the County Board by a vote of a simple majority of the members of the County Board.

TAXATION OF REAL PROPERTY – STATISTICAL INFORMATION

The EAV and the estimated fair market value of real property in the County over recent years are set forth below. The figures shown for each year for estimated fair market value correspond to the EAV for the same year.

Estimated Fair Market Value

Tax Year	Chicago	Outside Chicago	Total Cook County
2012	N/A	N/A	N/A
2011	$222,856,063,501	$219,931,625,867	$442,787,689,369
2010	231,986,396,152	217,825,143,405	449,811,539,556
2009	280,288,729,779	269,846,639,510	550,135,369,289
2008	310,888,609,224	305,274,984,918	616,163,594,142
2007	320,503,503,311	335,971,241,010	656,474,744,321
2006	329,770,733,208	336,452,328,415	666,223,061,624
2005	283,137,884,228	298,233,410,485	581,371,294,713
2004	262,080,627,240	279,861,423,209	541,942,050,448
2003	223,572,427,499	248,399,241,436	471,971,668,935

Source: *Civic Federation*, Chicago, Illinois, based upon information from the Cook County Assessor's Office and the Illinois Department of Revenue. Excludes railroad property, pollution control property or that part of O'Hare International Airport in DuPage County.

Equalized Assessed Valuation

Tax Year	Chicago	Outside Chicago	Total Cook County
2012	$65,250,387,267	$70,925,637,060	$136,176,024,327
2011	75,122,913,910	76,946,137,806	152,069,051,716
2010	82,087,170,063	88,317,443,227	170,404,613,290
2009	84,586,807,689	93,483,786,583	178,070,594,272
2008	80,977,543,020	92,664,404,974	173,641,947,994
2007	73,645,316,037	85,621,597,612	159,266,913,649
2006	69,511,192,285	74,833,590,915	144,344,783,200
2005	59,304,530,189	74,067,183,541	133,371,713,730
2004	55,277,096,114	66,285,459,114	121,562,555,228
2003	53,168,632,414	59,332,812,042	112,501,444,456

Source: Cook County Clerk, Tax Extension Division.

Equalized Assessed Valuation (in thousands) by Property Type

Tax Year	Residential	Commercial	Industrial	Railroad	Farm	Totals[(1)]
2012	$88,133,582	$32,580,024	$15,159,549	$298,644	$4,226	$136,176,024
2011	101,103,265	34,168,805	16,506,122	286,642	4,218	152,069,052
2010	113,007,050	39,029,083	18,096,144	268,015	4,321	170,404,613
2009	116,989,727	41,984,691	18,870,757	220,408	5,013	178,070,596
2008	109,189,810	43,372,930	20,878,458	193,338	7,412	173,641,948
2007	99,210,511	40,296,203	19,574,172	179,073	6,954	159,266,913
2006	87,209,147	38,638,355	18,327,403	162,588	7,287	144,344,780
2005	77,653,159	37,824,888	17,731,155	154,599	7,913	133,371,714
2004	69,102,041	35,699,598	16,598,200	154,646	8,070	121,562,555
2003	61,930,532	34,580,261	15,830,733	150,989	8,928	112,501,443

Source: Cook County Clerk, Tax Extension Division.

(1) Totals do not match the Total Cook County EAV due to rounding in Property Type categories.

The following tables show (i) the rates at which taxes have been extended for collection in the City; (ii) the rates at which taxes have been extended for collection for the various County funds; (iii) the dollar amount of taxes extended for collection for each of the various County funds; and (iv) the dollar amount of taxes extended and collected for the County.

Tax Rates Extended by City-Wide Local Governmental Units for Real Property in the City of Chicago (Per $100 Equalized Assessed Valuation) (1)

Tax Year(2)	Cook County	Forest Preserve District	Metropolitan Water Reclamation District	City of Chicago	Chicago Park District	Chicago School Finance Authority	Chicago Board of Education	Chicago City Colleges	Total Rate
2012	.531	.063	.370	1.151	.395	.000	3.422	.190	6.122
2011	.462	.058	.320	.999	.346	.000	2.875	.165	5.225
2010	.423	.051	.274	.914	.319	.000	2.581	.151	4.713
2009	.394(3)	.049	.261	.887	.309	.000	2.366	.150	4.416
2008	.415	.051	.252	.928	.323	.117	2.472	.156	4.714
2007	.446	.053	.263	1.004	.355	.091	2.583	.159	4.954
2006	.500	.057	.284	1.012	.379	.118	2.697	.205	5.252
2005	.533(3)	.060	.315	1.243	.443	.127	3.026	.234	5.981
2004	.593	.060	.347	1.302	.455	.177	3.104	.242	6.280
2003	.630(3)	.059	.361	1.380	.464	.151	3.142	.246	6.433

Source: Cook County Clerk, Tax Extension Division
(1) After abatement.
(2) Based on taxes extended for collection in the succeeding year as a percentage of the EAV for the tax year.
(3) In addition, a tax of $.012 for 2009, $.014 for 2005 and $0.029 for 2003 was extended against all real property in the County outside the City for election costs for elections held in even numbered years.

County Tax Rates by Fund Tax Year(1)
(Per $100 Equalized Assessed Valuation)

Fund	2012	2011	2010	2009	2008	2007
Corporate	$0.010	$0.009	$0.007	$0.007	$0.007	$0.008
Health	0.060	0.078	0.082	0.084	0.086	0.093
Public Safety	0.181	0.161	0.113	0.114	0.123	0.167
Election(2)	0.030	0.000	0.026	0.000	0.025	0.012
Bond and Interest	0.140	0.123	0.112	0.117	0.105	0.116
Employees' Annuity and Benefits	0.110	0.091	0.083	0.071	0.069	0.062
TOTALS	$0.531	$0.462	$0.423	$0.393	$0.415	$0.458

Source: Cook County Clerk, Tax Extension Division
(1) Taxes for a tax year are extended for collection in the succeeding year.
(2) In addition, a tax of $0.012 for 2009 was extended against all real property in the County outside the City for election costs for elections held in even-numbered years.

County Tax Extensions by Fund Tax Year[1]

Fund	2012	2011	2010	2009	2008	2007
Corporate	$10,156,996	$12,912,708	$11,814,356	$12,546,222	$12,546,222	$12,546,222
Health	85,794,402	118,405,014	140,170,567	148,853,737	148,853,737	148,853,737
Public Safety	247,103,509	244,587,612	191,946,006	203,836,519	182,230,414	265,212,731
Election	37,326,944	19,000,000	43,950,596	19,000,000	44,000,000	10,000,000
Bond and Interest	193,532,419	187,080,716	190,760,412	209,147,064	212,729,169	184,941,441
Employees' Annuity and Benefits	147,969,272	138,497,492	141,841,605	127,100,000	120,124,000	98,929,411
TOTALS	$721,883,542	$720,483,542	$720,483,542	$720,483,542	$720,483,542	$720,483,542

Source: Cook County Clerk, Tax Extension Division
(1) Taxes for a tax year are extended for collection in the succeeding year.

County Tax Extensions and Collections by Tax Year

				First Calendar Year Collections of Net Extension			Total Cumulative Collections as of November 30, 2013		
Tax Year[1]	Gross Tax Extensions[2]	Allowance For Uncollected Taxes	Net Taxes Extensions	Amount Collected	Percent Gross	Percent Net	Amount Collected	Percent Gross	Percent Net
2012	$ 721,883,542	$ 8,727,160	$713,156,382	$ 693,604,179	96.08%	97.26%	$ 693,604,179	96.08%	97.60%
2011	720,483,542	3,661,344	716,822,198	692,684,421	96.14%	96.63%	708,714,475	98.37%	98.87%
2010	720,483,542	11,598,042	708,885,500	687,369,757	95.40%	96.96%	711,479,323	98.75%	100.37%
2009	720,483,542	11,527,095	708,956,447	617,635,836	85.73%	87.12%	716,535,014	99.45%	101.07%
2008	720,483,542	11,628,911	708,854,631	627,070,439	87.03%	88.46%	709,884,730	98.53%	100.15%
2007	720,483,542	13,096,381	707,387,161	686,769,823	95.32%	97.09%	712,769,970	98.93%	100.76%
2006	720,483,542	11,004,381	709,479,161	633,557,185	87.93%	89.30%	707,163,839	98.15%	99.67%
2005	720,483,544	11,013,957	709,469,587	697,087,879	96.75%	98.25%	712,822,485	98.94%	100.47%
2004	720,483,544	16,687,104	703,796,440	694,569,706	96.40%	98.69%	694,569,706	96.40%	98.69%
2003	725,149,925	16,685,946	708,463,979	659,259,628	90.91%	93.05%	727,475,627	100.32%	102.68%

Source: Cook County Treasurer. Beginning with second installment penalty date in year of extension. Collections for tax year 2013 are substantially complete. The anticipated Annual Tax Sale of tax-delinquent properties for tax year 2012 has not yet occurred.

(1) Taxes for a tax year are extended for collection in the succeeding year. For 2003, reflects net of adjustments by the County Clerk at extension.

(2) Amounts may not match the sums reflected in the County Tax Extensions by Funds Tax Year above due to rounding.

DEBT INFORMATION

The following tables describe the County's general obligation bonded debt as set forth below.

Direct and Overlapping Debt

The following table sets forth the direct and overlapping bonded debt of certain major governmental units applicable to the County as of December 20, 2013, taking into account the issuance of the Bonds and the refunding of the Refunded Bonds, of the County and the bonds refunded thereby (except as noted below).[1]

Direct Debt	
General Obligation Bonds	$3,578,905,000
Sales Tax Bonds	113,590,000
Plus: The Bonds	130,590,000
Less: The Refunded Bonds	137,435,000
Total Direct Debt	$3,685,650,000
Overlapping Debt	
City of Chicago	$7,657,142,728
Chicago Board of Education[(1) (2)]	6,486,940,661
Chicago Park District[(1) (2)]	826,190,000
City Colleges[(2)]	250,000,000
Metropolitan Water Reclamation District	2,481,971,593
Forest Preserve District	179,655,000
Total Overlapping Debt[(3)]	$17,881,899,983
Total Direct Debt and Overlapping Debt	$21,567,549,983
2012 Estimated Population[(4)]	5,231,351
2012 Equalized Assessed Valuation	$136,176,024,327
2011 Estimated Fair Market Value[(5)]	$442,787,689,369

	Per Capita[(7)]	% of Equalized Assessed Valuation	% of Estimated Fair Market Value
Direct Debt	$704.53	2.71%	0.83%
Direct and Overlapping Debt[(6)]	$4,122.75	15.84%	4.87%

(1) Includes responsibility for principal amounts of bonds issued by the Public Building Commission.
(2) Includes "alternate bonds" which are secured by a dedicated pledge of revenues and the general obligation taxing ability of the issuer.
(3) Does not include debt issued by other governmental units located within Cook County.
(4) Source: U.S. Census Estimate.
(5) Source: Civic Federation, Chicago, Illinois, based upon information from the Cook County Assessor's Office and the Illinois Department of Revenue. Excludes railroad property, pollution control property or that part of O'Hare International Airport in DuPage County.
(6) Does not include debt issued by other governmental units within Cook County.
(7) For illustrative purposes; estimated highest per capita debt is within the boundaries of the City of Chicago.

[1] There are numerous governmental units located within the boundaries of the County, including those units specifically listed below. Such other governmental units may have additional significant liabilities, such as unfunded pension obligations and other post-employment benefits that are not included within the table below.

The County of Cook, Illinois

General Obligation Debt Service as of January 16, 2014

(Taking into account the issuance of the Bonds and the refunding of the Refunded Bonds)

	Outstanding Debt			**Plus: The Bonds**		**Less: The Refunded Bonds**		**Total Debt Service**		
Fiscal Year	Principal	Interest (1),(2),(3),(4)	Total	Principal	Interest	Principal	Interest	Principal	Interest (1),(2),(3),(4)	Total Principal and Interest
2014	$ 102,335,000	$ 179,802,979	$ 282,137,979	$ 15,590,000	$ 3,980,099	$ (12,700,000)	$ (6,871,750)	$ 105,225,000	$ 176,911,328	$ 282,136,328
2015	103,920,000	180,724,223	284,644,223	17,860,000	5,230,700	(16,855,000)	(6,236,750)	104,925,000	179,718,173	284,643,173
2016	103,095,000	175,957,440	279,052,440	12,350,000	4,516,300	(17,675,000)	(5,394,000)	97,770,000	175,079,740	272,849,740
2017	119,100,000	171,195,114	290,295,114	25,005,000	3,898,800	(25,195,000)	(4,510,250)	118,910,000	170,583,664	289,493,664
2018	137,240,000	165,365,856	302,605,856	15,725,000	2,648,550	(15,430,000)	(3,250,500)	137,535,000	164,763,906	302,298,906
2019	150,625,000	159,096,207	309,721,207	17,035,000	1,862,300	(16,195,000)	(2,479,000)	151,465,000	158,479,507	309,944,507
2020	157,950,000	151,850,139	309,800,139	8,415,000	1,351,250	(7,730,000)	(1,669,250)	158,635,000	151,532,139	310,167,139
2021	165,830,000	143,988,830	309,818,830	9,040,000	930,500	(8,130,000)	(1,282,750)	166,740,000	143,636,580	310,376,580
2022	174,310,000	135,722,235	310,032,235	9,570,000	478,500	(8,545,000)	(876,250)	175,335,000	135,324,485	310,659,485
2023	194,885,000	126,820,784	321,705,784			(8,980,000)	(449,000)	185,905,000	126,371,784	312,276,784
2024	185,985,000	116,853,571	302,838,571					185,985,000	116,853,571	302,838,571
2025	191,355,000	107,141,806	298,496,806					191,355,000	107,141,806	298,496,806
2026	196,925,000	97,268,083	294,193,083					196,925,000	97,268,083	294,193,083
2027	202,685,000	87,203,995	289,888,995					202,685,000	87,203,995	289,888,995
2028	208,330,000	77,265,713	285,595,713					208,330,000	77,265,713	285,595,713
2029	213,695,000	66,905,654	280,600,654					213,695,000	66,905,654	280,600,654
2030	219,545,000	56,019,984	275,564,984					219,545,000	56,019,984	275,564,984
2031	225,885,000	44,465,489	270,350,489					225,885,000	44,465,489	270,350,489
2032	231,910,000	31,614,127	263,524,127					231,910,000	31,614,127	263,524,127
2033	153,730,000	17,554,514	171,284,514					153,730,000	17,554,514	171,284,514
2034	139,570,000	8,693,815	148,263,815					139,570,000	8,693,815	148,263,815
Total:	**$ 3,578,905,000**	**$ 2,301,510,559**	**$ 5,880,415,559**	**$ 130,590,000**	**$ 24,896,999**	**$ (137,435,000)**	**$ (33,019,500)**	**$ 3,572,060,000**	**$ 2,293,388,058**	**$ 5,865,448,058**

(1) Interest rate on variable rate bonds assumed to be 5.000% for the Series 2004D Bonds and the Series 2012B Bonds bearing interest at taxable rates and 4.500% for the Series 2002B Bonds and Series 2012A Bonds bearing interest at tax-exempt rates.
(2) Net of capitalized interest.
(3) No effect given to receipt of payments from the federal government in connection with "Build America Bonds."
(4) Totals may not add due to rounding.

Variable Rate Debt Bank Facility Expiration Timing

The County currently has four outstanding variable rate bond issues. These bonds have associated bank credit facilities that are subject to expiration between Fiscal Years 2015 and 2017. The table below summarizes the expiration timing for each facility and type of credit facility. A more detailed description of each bank credit facility and the respective provider are set forth in Note III(F)(1) to the County's CAFR. See "APPENDIX A – Audited Financial Statements For The Fiscal Year Ended November 30, 2012."

Bond Issue	Par Amount Outstanding	Type of Credit Facility	Expiration
2002B	$100,000,000	Stand-By Purchase Agreement	July, 2016
2004D	$130,000,000	Stand-By Purchase Agreement	August, 2015
2012A	$145,530,000	Direct Purchase	July, 2017
2012B	$107,800,000	Direct Purchase	August, 2016

FUTURE FINANCINGS

Pursuant to the Bond Ordinance the County is authorized to issue up to $295,000,000 in capital project bonds, subject to the approval of such specific capital projects by the County Board and $282,690,000 in refunding bonds (before the issuance of the Bonds).

ACCOUNTING AND FINANCIAL INFORMATION

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 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 A – 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 CAFRs for several prior years are available online at the County's website at www.buycookcountybonds.com. The CAFR, including Management's Discussion and Analysis, 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.

Cash Management

The cash records of all County funds are maintained by the County Treasurer and/or Comptroller. Except for cash escrowed and held by trustees for debt service, capital improvements, and other bond-related accounts, the County Treasurer deposits all cash into the County's master operating account. On no less than a weekly basis, scheduled payments are made to third parties, and funds from the master operating bank account are transferred to four disbursement accounts: Salary, Supply, Juror and Election. Cash temporarily idle during the year is invested in instruments authorized by State statute, including U.S.

Treasury Securities, tax-exempt municipal securities, certificates of deposit, mutual funds, time deposits and interest-bearing savings accounts. Investments are made on an aggregate basis, but the interest thereon is posted to the individual funds.

Investment Policy

The County Treasurer, who is responsible for the investment of certain County funds, has a written investment policy applicable to County funds held by the County Treasurer. Under the current policy, safety of principal is the primary investment objective, followed by liquidity and rate of return. All public moneys are deposited in banks that are required to collateralize deposited funds with approved securities equal to 102% of market value. The County Treasurer maintains a system to monitor the market value of such collateral securities. All collateral is held at third party safekeeping institutions acting as custodian. Securities approved for investment include (1) U.S. Treasury Bills, Notes and Bonds, (2) certificates of deposit or time deposits issued by national or state chartered banks within Cook County, and (3) certain other investments permitted by State law, including, (a) interest-bearing savings accounts constituting direct obligations of a bank, (b) shares or other securities issued by savings and loan associations, provided they are insured by the Federal Deposit Insurance Corporation, (c) securities guaranteed by the full faith and credit of the United States of America as to principal and interest, and (d) short-term discount obligations of Fannie Mae. This investment policy is subject to change by the County Treasurer in accordance with applicable law. In addition, the Treasurer is authorized to invest in the Illinois Treasurer's Investment Pool pursuant to an ordinance adopted by the County Board.

Funds held by the Trustee for the benefit of the Bonds may be invested at the discretion of the Chief Financial Officer of the County in the manner described in APPENDIX F under the caption "Investment of Funds." The referenced funds held by the Trustee are invested at the direction of the Chief Financial Officer. As outlined in the Fiscal Year 2014 Budget resolution of the County Board, it is the policy of the County to manage public funds in a manner that will ensure security of principal, meet cash flow needs, and maximize investment return while voluntarily complying with the Illinois Public Funds Investment Act (30 ILCS 235), though the County as a home rule unit of government is not bound by the Act.

Fiduciary Funds

County Employees' and Officer's Annuity and Benefit Fund. Information on the County Employees' and Officers' Annuity and Benefit Fund of Cook County is available under "COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND" herein.

Agency Funds. The Agency Funds consist of all funds received by the County as an agent. These funds will be expended or invested by the County in its agency capacity at a scheduled time in the future. Such Agency Funds account for the property tax as collected by the County Treasurer's Office as the fiscal agent for all taxing bodies within the County. The Treasurer's Office then disburses the allocated taxes to the 1,700 local governmental agencies and sub-agencies across the County. Similarly, the County Circuit Clerk's Office collects statutory and court ordered fines, fees, penalties, costs and assessments and then disburses to the County, State and other Units.

Special Revenue Funds

The Special Revenue Funds consist of funds of the County that are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally or, through regulation, restricted to expenditure for specific purposes and other funds considered restricted by management. Special Revenue Funds are comprised of budgeted funds included in the Annual Appropriation Bill (Budget) and nonbudgeted funds.

Pursuant to State statute, the County is responsible for certain election costs in the City in even-numbered years causing the allocation of the property tax levy for the Election Fund to be significantly lower in odd-numbered years.

Working Cash

The County's property taxes levied for its budget in a particular Fiscal Year are extended for collection in the calendar year following the end of the particular Fiscal Year. Thus, property taxes levied for operating expenses for the County's 2013 Fiscal Year ending November 30, 2013, will be extended for collection in calendar year 2014. To finance operations pending the collection of property taxes, the County maintains a Working Cash Fund, which is recorded in the County's financial statements not as a separate fund, but within several separate funds of the County. The money to establish and increase the Working Cash Fund was obtained from legally available County resources. Monies on deposit in the Working Cash Fund are invested, and the interest earnings are credited back to the applicable fund in which the balances are recorded. The monies in the Working Cash Fund, 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).

Financial Information (Budgetary Basis)

Financial information on the following pages pertaining to the Executive Budget Recommendation for FY 2014 (the "**Executive Budget Recommendation for FY 2014**") and the Final Adopted Budget for FY 2013 (the "**FY 2013 Budget**") is prepared on a legally prescribed budgetary basis of accounting that differs from GAAP. Such financial information as presented herein was prepared based on records maintained by the County Comptroller and the County Office of Management and Budget, and this presentation has not been examined by the County's external auditors. The FY 2013 Budget was approved by the County Board on November 9, 2012.

The Executive Budget Recommendation for FY 2014 was introduced on October 10, 2013. On November 8, 2013 the County Board approved the Executive Budget Recommendation for FY2014 by a vote of 17-0, with certain amendments. In total, 19 amendments to the FY2014 Executive Budget Recommendation were reviewed by the Cook County Finance Committee. Of the 19 amendments, 10 were approved. The amendments that were approved were either technical in nature, or resulted in moving expenditures from one account to a different account within the budget, with the exception of two amendments that in aggregate resulted in $922,247 of increased revenue due to a change in the probation funding formula approved by the Supreme Court of Illinois - Administrative Office of the Illinois Courts. The $922,247 subsidy increase, along with other cost allocations, was offset by a like dollar amount of expenditures due to the funding of 13 new adult probation officers, two supervisors for general caseload management and one Forensic Psychiatrist for the Chief Judge.

The significant differences in accounting practices between the operating statements presented under GAAP and the budgetary operating statements are as follows:

i) Property tax levies and personal property replacement taxes ("PPRT") are recognized as revenue in the budgetary statements in the year levied or the year replacement personal property taxes would have been levied. The fund operating statements prepared under GAAP recognize property tax levies as revenue in the subsequent year when they become available; PPRT are recognized when collected by the County.

ii) 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 fund 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.

iii) Encumbrances are combined with expenditures in the budgetary statements but are excluded in the GAAP fund operating statements.

iv) Incurred obligations (i.e., accounts payable and accrued salaries) are recognized as expenditures when paid in the budgetary statements, while the GAAP fund operating statements recognize these items when the related liability is incurred.

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

Reconciliation of the differences between the GAAP and audited budgetary operating statements for the year ended November 30, 2012 is set forth in "APPENDIX A – Audited Basic Financial Statements For The Fiscal Year Ended November 30, 2012 – Notes to Financial Statements – Note 2."

DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

Discussion of Financial Operations (Budgetary Basis)

This discussion is based on the FY 2014 Budget and the FY 2013 Budget, which are prepared on the budgetary basis of accounting. The budgetary basis of accounting is different in several respects from GAAP. The financial information presented herein was prepared based on records maintained by the County Comptroller and the County Office of Management and Budget. The County's largest tax revenue sources continue to be the property tax levy and home rule sales tax, however the implementation of several additional revenue sources over the last two decades, in addition to the substantial fee revenues have diversified funding for the operating funds. Certain revenue sources, such as the property tax, patient fees and court fees, are required to be expended in the respective funds. The sales tax, however, may be allocated to any of the operating funds. From year to year the County may change that allocation.

Principal Sources of Revenues and Expenditures

	FY2013 Total Appropriations	FY2014 Recommended Appropriations[1]
Corporate Fund	4.9%	5.0%
Health Fund	32.7%	35.1%
Public Safety Fund	40.3%	37.9%
Election Funds	0.7%	1.3%
Special Purpose Funds:		
Special Purpose Departments	4.0%	3.8%
Annuity and Benefits	6.6%	6.1%
Bond and Interest	6.4%	5.8%
Grants	4.6%	5.1%

	FY2013 Total Revenue	FY2014 Recommended Revenue[2]
Fees		
Fees (excludes Hospital Fee Revenue)	9.2%	8.6%
Patient Fees (Medicare, Medicaid, Private)	7.8%	6.3%
Patient Fees (Medicaid Plan BIPA IGT)	4.5%	4.1%
Fed State Med. Program Funding	5.1%	4.5%
Medicaid Expansion	6.7%	14.6%
Property Taxes		
Allocated to General & Health Fund	12.1%	10.9%
Bond and Interest	6.4%	5.8%
Annuity and Benefits	5.1%	4.3%
Election Fund Revenue	0.67%	1.3%
Annuity and Benefits (PPRT)	1.4%	1.7%
Home Rule Taxes	26.8%	23.8%
Intergovernmental Revenues	4.6%	4.3%
Other Revenue	1.2%	0.9%
Special Purpose Fund	4.0%	3.8%
Grants	4.6%	5.1%

(1) Source: FY2013 and FY2014 Executive Recommendation - Proposed Expenditure Section.
(2) Source: FY2013 and FY2014 Executive Recommendation - Revenue Estimates Section.

General Fund Balances

The General Fund is the primary operating fund of the County for governmental purposes; the County also maintains a separate Health Enterprise Fund to record financial operations of CCHHS. The table below illustrates the year-end closing balances of the County's General Fund from fiscal years 2008 to 2012.

	2008	2009(1)	2010	2011(2)	2012
Reserved for Encumbrances	$ 46,371,212	$45,541,335	$33,760,754	$ -	$ -
Unreserved	$103,565,761	$51,335,834	$30,798,552	$ -	$ -
Assigned	$ -	$ -	$ -	$ 37,722,373	$ 29,361,149
Unassigned	$ -	$ -	$ -	$159,382,015	$165,330,818
	$149,936,973	$96,877,169	$64,559,306	$197,104,388	$194,691,967

Sources: County CAFRs for Fiscal Years 2008, 2010, 2011 and 2012.
(1) 2009 numbers as restated.
(2) New fund balance categories used starting in FY 2011 due to the implementation of GASB 54.

Home Rule Taxes

Home Rule Taxes ("**HRT**") are taxes imposed by the County under the home rule authority granted by the 1970 Illinois Constitution or related statutes. HRT revenues comprise a significant percentage of the County's total revenues. The largest component of the HRT is the sales tax. Listed below are the County's total HRT collections in each of the last 10 years, with detail of the sales tax component in each given year (stated in millions).

Fiscal Year	**County Sales Tax**	**Other Home Rule Taxes**	**Total Home Rule Taxes**
2004	$286.1	$363.1	$649.2
2005	$297.2	$396.4	$693.6
2006	$312.7	$439.7	$752.4
2007	$320.2	$429.5	$749.7
2008	$386.6	$394.8	$781.4
2009	$658.8	$349.8	$1,008.6
2010	$654.2	$346.9	$1,001.2
2011	$505.8	$343.1	$848.9
2012	$436.8	$406.5	$843.3

Source Documents: 2011 Executive Budget Information and 2014 Executive Budget Information.

Sales Tax Base

The County sales tax base is comprised of approximately 300,000 retailers. The table below illustrates the various sectors that comprise the sales tax base and their relative share of the total as of May 2013.

Sales Tax Mix by Sector

Sector	Percent of Total
Agriculture	10.4%
Manufacturers	2.3%
General Merchandise	11.9%
Food	6.7%
Drinking and Eating Places	23.8%
Apparel	7.6%
Furniture and Fixtures	6.6%
Lumber, Building and Hardware	6.3%
Automotive & Filling Stations	10.6%
Drugs & Misc. Retail	13.8%

Source: Cook County based on Illinois Business Tax filings as of September 2013.

Self-Insurance

The County self-insures all risks, including medical malpractice, workers' compensation, general, automobile and other liability. The County is a defendant in lawsuits alleging medical malpractice, work-related injuries, highway cases and other claims in which it is involved. Cases related to these areas are in various stages of the legal process.

The County engages an external actuary to provide an actuarial estimate of its liabilities for self-insured expenses. The liability recorded reflects a 3.5% discount factor. If the discounted estimate were not used, the ultimate liability for the self-insured programs would be approximately $32.7 million higher than the amount recorded in the audited financial statements at November 30, 2012.

Beginning in fiscal year 2001, the County purchased excess liability insurance coverage related to medical malpractice and other claims. The medical malpractice policy is on a claims made basis. The liability recorded as of November 30, 2012 (audited) reflects the net liability of the County.

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. While it is difficult to estimate the timing or amount of expenditures, management of the County believes that the self-insurance liabilities recorded at November 30, 2012 (audited) are adequate to provide for potential losses resulting from medical malpractice, workers' compensation and other 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 (audited), amounts charged by the self-insurance fund to other County funds for worker's compensation are reported as revenues to the self-insurance fund and expenditure/expenses of the fund charged.

The following table describes the activity during fiscal years 2011 and 2012 for the primary classifications of liabilities (in millions):

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)	$ 53.8	$ 294.8

Source: Cook County Department of Risk Management.

BUDGETARY PROCEDURES AND INFORMATION

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 and adopted the Annual Appropriation Bill for Fiscal Year 2014 on November 8, 2013.

The development of the annual budget begins with a Preliminary Forecast released by the County Office of Management and Budget by June 30 of each Fiscal Year. The Preliminary Forecast identifies both the status of the County Budget during the current Fiscal Year, as well as an estimate for the ensuing Fiscal Year. Following release of the Preliminary Forecast, each department submits a detailed request for appropriation. Meetings are then held by the Budget Director 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 and the Budget Director.

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 are then 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 A – Audited Basic Financial Statements For the Fiscal Year Ended November 30, 2012 – Notes to Basic Financial Statements."

Summary of Appropriations and Expenditures for Fiscal Year 2013 and Comparative Appropriations and Expenditures for Fiscal Year 2014 – Budgetary Basis

The table below sets forth the funds appropriated in the Annual Appropriation Bill for Fiscal Year 2013 and the Executive Budget Recommendation for Fiscal Year 2014. The County Board adopted the Executive Budget Recommendation for Fiscal Year 2014 on November 10, 2013, with 10 amendments.

Funds	Executive Budget Recommendation for FY 2014	2013 Appropriations
Corporate	$161,054,801	$145,088,233
Public Safety	1,214,554,445	1,186,952,011
Health and Hospitals System	1,125,717,196	963,658,515
Election	40,227,484	19,712,485
Bond and Interest	187,384,752	187,384,752
Employee's Annuity and Benefit	194,668,229	192,969,505
Animal Control	3,452,832	3,411,065
Law Library	6,003,918	6,846,942
Clerk of the Circuit Court Automation	10,617,929	9,336,276
Clerk of the Circuit Court Document Storage	9,842,419	9,409,841
Clerk of the Circuit Court Dispute Resolution	225,000	280,000
Clerk of the Circuit Court Administrative Fund	730,369	631,571
Recorder's Document Storage	4,771,195	3,231,719
Recorder's GIS Fee Fund	3,599,488	2,638,445
Recorder's Rental Housing Support Fee	576,867	346,506
County Clerk Automation	1,573,300	1,398,057
Intergovernmental Agreement/E.T.S.B	1,141,335	3,141,002
Suburban Cook County Tuberculosis Sanitarium	6,546,902	5,666,826
Adult Probation/Probation Services Fee	4,324,052	5,887,346
Social Services/Probation and Court Fee	2,944,994	3,190,049
Juvenile Probation - Supplementary Officer's	3,240,516	4,484,285
Clerk of the Circuit Court Electronic Citation	450,000	450,000
Sheriff's Youthful Offender Alcohol/Drug Education	2,400	2,400
Treasurer Tax Sales Automation	9,605,533	9,749,966
Motor Fuel Tax Illinois First (Ist)	22,748,938	21,960,729
CC Lead Poisoning Prevention	1,227,008	1,872,298
Geographical Information Systems (GIS)	15,461,850	13,272,632
State's Attorney Narcotics Forfeiture	4,227,001	4,117,230
State's Attorney Bad Check Diversion Program	67,000	200,000
Chief Judge Children's Waiting Room	3,085,407	1,934,515
Sheriff Women's Justice Services Fund	65,000	55,000
Chief Judge Mental Health Special Revenue Fund	1,035,000	1,175,000
Chief Judge Peer Court Special Revenue Fund	1,095,000	1,130,000
Chief Judge Drug Court Special Revenue Fund	510,000	650,000
Assessor Special Revenue Fund	750,000	750,000
Public Defender Records Automation Fund	158,000	100,000
States Attorney's Records Automation Fund	158,000	100,000
Vehicle Purchase Fund	0	200,000
Cook County Land Bank Authority	1,000,000	0
Federal, State and Private Grants	161,945,816	134,433,126
SUBTOTALS	$3,206,789,976	$2,947,818,327
Capital Improvements Program (1)	329,438,894	372,020,827
TOTALS	$3,536,228,870	$3,319,839,154

Source: 2013 Annual Appropriation Bill and Executive Budget Recommendation for FY 2014.

The County of Cook, Illinois
Summary of Budgeted Revenues by Major Purposes for Fiscal Year 2014

Funds	Property Tax Levy (1)	Home Rule Taxes (2)	Fees (3)	Inter-Governmental(4)	Other Revenues (5)	Total
2014 Corporate Revenue	$ 11,901,908	$ 1,174,800	$133,860,750	$ 3,000,000	$11,117,343	$ 161,054,801
2014 Public Safety Revenue	299,229,310	627,009,965	140,255,330	134,923,222	13,136,618	1,214,554,445
2014 Health & Hospitals Revenue	38,924,897	136,075,235	945,603,980		5,113,084	1,125,717,196
2014 Election Revenue	40,227,484					40,227,484
Bond and Interest	187,384,752					187,384,752
Employee's Annuity and Benefit	139,297,367			55,370,862		194,668,229
Animal Control			3,452,832			3,452,832
Law Library			6,003,918			6,003,918
Clerk of the Circuit Court Automation			10,617,929			10,617,929
Clerk of the Circuit Court Document Storage			9,842,419			9,842,419
Clerk of the Circuit Court Dispute Resolution			225,000			225,000
Clerk of the Circuit Court Administrative Fund			730,369			730,369
Recorder's Document Storage			4,771,195			4,771,195
Recorder's GIS Fee Fund			3,599,488			3,599,488
Recorder's Rental Housing Support Fee			576,867			576,867
County Clerk Automation			1,573,300			1,573,300
Intergovernmental Agreement/E.T.S.B				1,141,335		1,141,335
Suburban Cook County Tuberculosis Sanitarium				6,546,902		6,546,902
Adult Probation/Probation Services Fee			4,324,052			4,324,052
Social Services/Probation and Court Fee			2,944,994			2,944,994
Juvenile Probation - Supplementary Officer's				3,240,516		3,240,516
Clerk of the Circuit Court Electronic Citation			450,000			450,000
Sheriff's Youthful Offender Alcohol/Drug Education				2,400		2,400
Treasurer Tax Sales Automation			9,605,533			9,605,533
Motor Fuel Tax Illinois First (Ist)				22,748,938		22,748,938
CC Lead Poisoning Prevention				1,227,008		1,227,008
Geographical Information Systems (GIS)			15,461,850			15,461,850
State's Attorney Narcotics Forfeiture				4,227,001		4,227,001
State's Attorney Bad Check Diversion Program				67,000		67,000
Chief Judge Children's Waiting Room			3,085,407			3,085,407
Sheriff Women's Justice Services Fund			65,000			65,000
Chief Judge Mental Health Special Revenue Fund			1,035,000			1,035,000
Chief Judge Peer Court Special Revenue Fund			1,095,000			1,095,000
Chief Judge Drug Court Special Revenue Fund			510,000			510,000
Assessor Special Revenue Fund			750,000			750,000
Public Defender Records Automation Fund			158,000			158,000
States Attorney's Records Automation Fund			158,000			158,000
Cook County Land Bank Authority					1,000,000	1,000,000
Federal, State and Private Grants				161,945,816		161,945,816
Capital Improvements					329,438,894	329,438,894
PROJECTED - TOTAL	$716,965,718	$764,260,000	$1,300,756,213	$394,441,000	$359,805,939	$3,536,228,870

Source: Executive Budget Recommendation for FY 2014.

(1) Property Tax Levy Includes Expiring TIF/Incentives & New Property Value Capture and excludes Allowance for Uncollected Taxes.
(2) Includes, among other taxes, the County's Home Rule Sales Tax, Amusement Tax, County Parking Lot Garage and Operations Tax.
(3) Fees Includes Fees from County Offices, Patient Fees, IGT, DSH & Cable Television Franchise Tax.
(4) Intergovernmental Includes Motor Fuel Tax, Off-Track Betting Commissions, Personal Property Replacement Tax, Retailers' and Services Occupation Tax, State Income Derivative Share Grants and Reimbursements from Other Governments.
(5) Other Includes Bond Proceeds (Capital Improvement) and Miscellaneous Revenues. `

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 "DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION – Self Insurance." 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 Bonds or in any way contesting the validity or enforceability of the 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.

RATINGS

Moody's Investors Service ("**Moody's**"), Standard & Poor's Ratings Services, a division of McGraw Hill Financial, Inc. ("**S&P**") and Fitch Ratings ("**Fitch**") have assigned their long-term ratings of A1, AA and AA-, respectively to the Bonds. Moody's and Fitch currently view the outlook on their respective ratings as "Negative." S&P currently views the outlook on its rating as "Stable."

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 respective rating agencies at the following addresses: Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; S&P, 55 Water Street, New York, New York 10041 or Fitch, One State Street Plaza, New York, New York 10004.

The County has furnished to the rating agencies certain information and materials relating to the 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 Bonds will continue for any given period of time, or that any rating of the Bonds will not be revised downward or withdrawn entirely by any such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Bonds.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The County has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the County's compliance with the above-referenced covenants, under present law, in the opinion of Co-Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but Co-Bond Counsel express no opinion as to whether interest on the Bonds is taken into account in computing adjusted current earnings, which are used in determining the federal alternative minimum tax for certain corporations.

In rendering their opinions, Co-Bond Counsel will rely upon certifications of the County with respect to certain material facts within the County's knowledge. Co-Bond Counsels' opinions represent their legal judgments based upon their review of the law and the facts that they deem relevant to render such opinions and are not guarantees of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "**Issue Price**") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the 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 Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the "**OID Bonds**") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the County complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but owners of OID Bonds should consult their own tax advisors as to whether such original issue discount is taken into account in computing adjusted current earnings, which are used in determining the alternative minimum tax for certain corporations; and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the "**Revised Issue Price**"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Co-Bond Counsel express no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "**Service**") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the County as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, obligations including tax-exempt obligations such as the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest on the Bonds from gross income for federal tax purposes.

State and Local Considerations

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

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the separate approving legal opinions of Chapman and Cutler LLP, Chicago, Illinois, and Charity & Associates, P.C., Chicago, Illinois, Co-Bond Counsel ("**Co-Bond Counsel**"), who have been retained by, and act as, Co-Bond Counsel to the County. The form of such legal opinions is attached hereto as APPENDIX C. Co-Bond Counsel have not been retained or consulted on disclosure matters and have not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assume no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in their respective capacities as Co-Bond Counsel, Chapman and Cutler LLP and Charity & Associates, P.C. have, at the request of the County, reviewed only those portions of this Official Statement involving the description of the Bonds, the security for the 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 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 Underwriters by Ice Miller LLP, Chicago, Illinois, and Pugh, Jones & Johnson, P.C., Chicago, Illinois, Co-Underwriters' Counsel. The law firms representing the Underwriters were selected by the County. Ungaretti & Harris, Chicago, Illinois, will provide special advice to the County with respect to various pension disclosure matters.

FINANCIAL STATEMENTS

The financial statements of the County for the fiscal year ended November 30, 2012 are included as APPENDIX A to this Official Statement. These financial statements have been audited by McGladrey LLP, independent auditors, whose report contained an unqualified opinion thereon. 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.

CO-FINANCIAL ADVISORS

The County has engaged A.C. Advisory, Inc., Chicago, Illinois, and Columbia Capital Management LLC, Chicago, Illinois, as Co-Financial Advisors in connection with respect to this transaction. The President and owner of A.C. Advisory, Inc. currently serves on the board of directors for BMO Financial Corp, the U.S. holding company for BMO Capital Markets GKST Inc.

The Co-Financial Advisors are not obligated to undertake and have not undertaken either to make an independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the Appendices hereto. The Co-Financial Advisors are independent firms and are not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

UNDERWRITING

The Underwriters set forth on the cover page of this Official Statement have agreed to purchase the Bonds at the price of $142,691,663.95 (representing the principal amount of $130,590,000.00 less an Underwriters' discount of $517,785.80 plus original issue premium of $12,619,449.75). The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public. The obligations of the Underwriters to accept delivery of the Bonds are subject to various conditions of the Bond Purchase Agreement with respect to the Bonds, but the Underwriters are obligated to purchase all of the Bonds if they purchase any of the Bonds.

Loop Capital Markets LLC ("LCM"), one of the Underwriters of the Bonds, has entered into distribution agreements with each of UBS Financial Services Inc. ("UBSFS") and Deutsche Bank Securities Inc. ("DBS") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each such distribution agreement (if applicable to this transaction), each of UBSFS and DBS will purchase Bonds from LCM at the original issue prices less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

BMO Capital Markets is the trade name for certain capital markets and investment banking services of Bank of Montreal and its subsidiaries, including BMO Capital Markets GKST Inc. which is a direct, wholly-owned subsidiary of BMO Financial Corp. which is itself a wholly-owned subsidiary of Bank of Montreal.

George K. Baum & Company and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, have a distribution agreement enabling Pershing LLC to obtain and distribute certain municipal securities underwritten by or allocated to George K. Baum & Company. Under the distribution agreement, George K. Baum & Company will allocate a portion of received takedowns, fees or commissions to Pershing for bonds sold under the agreement.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association ("WFBNA"), one of the Underwriters of the Bonds, has entered into a distribution agreement with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to that distribution agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters' 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. 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.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the County.

SECONDARY MARKET DISCLOSURE

The County will enter into a Continuing Disclosure Undertaking (the "**Undertaking**") for the benefit of the beneficial owners of the 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 system for municipal securities disclosure or through another electronic format or system ("**EMMA**") 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 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 information generally consistent with that contained under the captions "TAXATION OF REAL PROPERTY – STATISTICAL INFORMATION" and "DEBT INFORMATION" and Tables 1-8 in APPENDIX B under the caption "COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND" (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 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 Bonds, if material;
h) bond calls, if material, and tender offers (other than scheduled mandatory redemptions);
i) defeasances;
j) release, substitution or sale of property securing repayment of the 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 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 Bonds or the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the County to comply with the Undertaking shall be an action to compel performance.

Amendment; 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 Bonds, as determined by a party unaffiliated with the County (such as Co-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 Bonds under the Bond Ordinance. 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. Additional financial information related to the County is also available on the Cook County Investor Relations Homepage at http://www.buycookcountybonds.com.

CONCLUSION

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 Bonds, the security for the payment or purchase of the 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 Bonds.

CERTIFICATION AS TO OFFICIAL STATEMENT

At the time of delivery of the 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 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

APPENDIX A

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

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

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FINANCIAL SECTION

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

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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.

Fund Financial Statements

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)

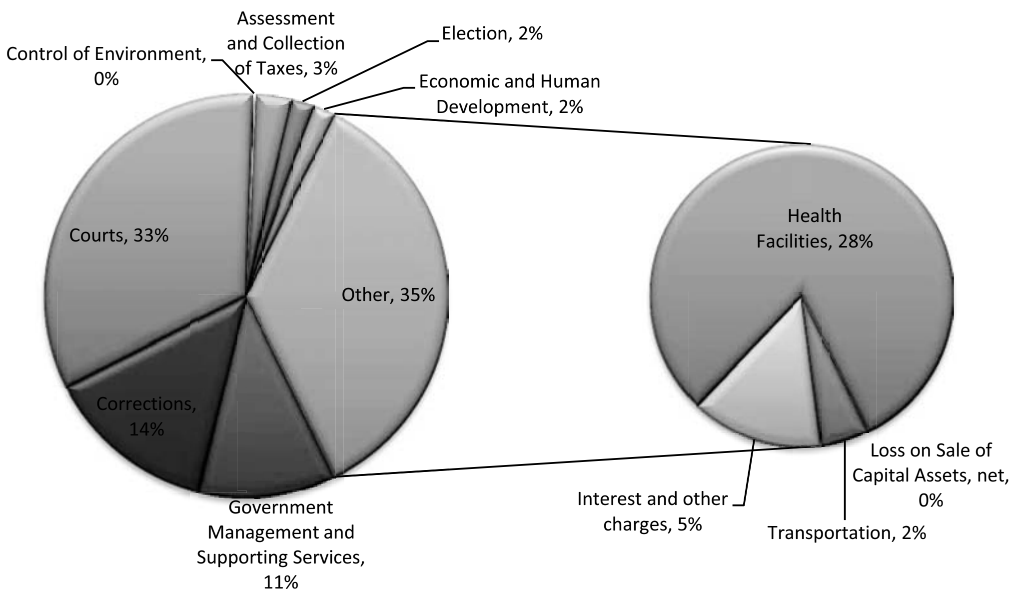
Unrestricted net position shows a $4,104.5 million deficit at the end of the fiscal year. It should be noted that the deficit in unrestricted net position does not mean that the County does not have the resources available to pay its bills or other short-term liabilities.

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

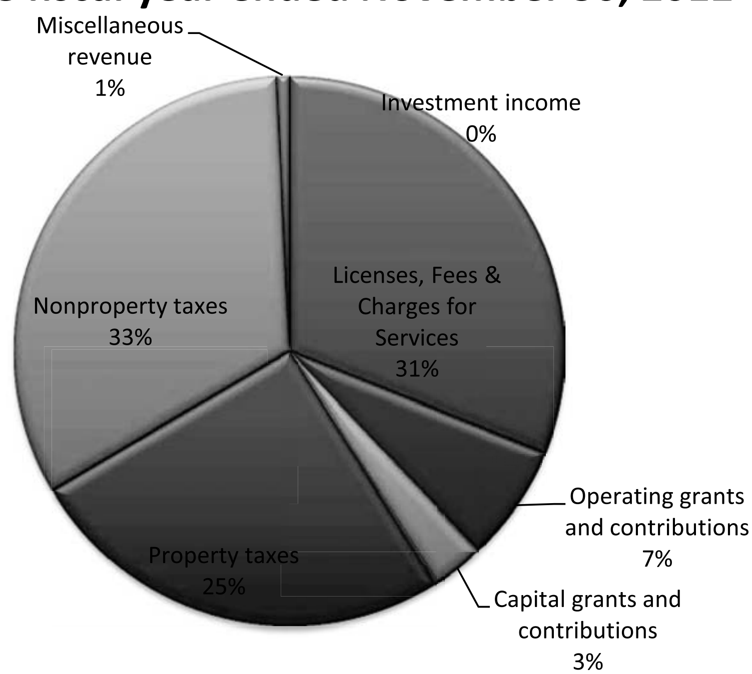
Cook County, Illinois
Revenues, Expenses and Changes in Net Position
For the fiscal year ending November 30
(in millions)

	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



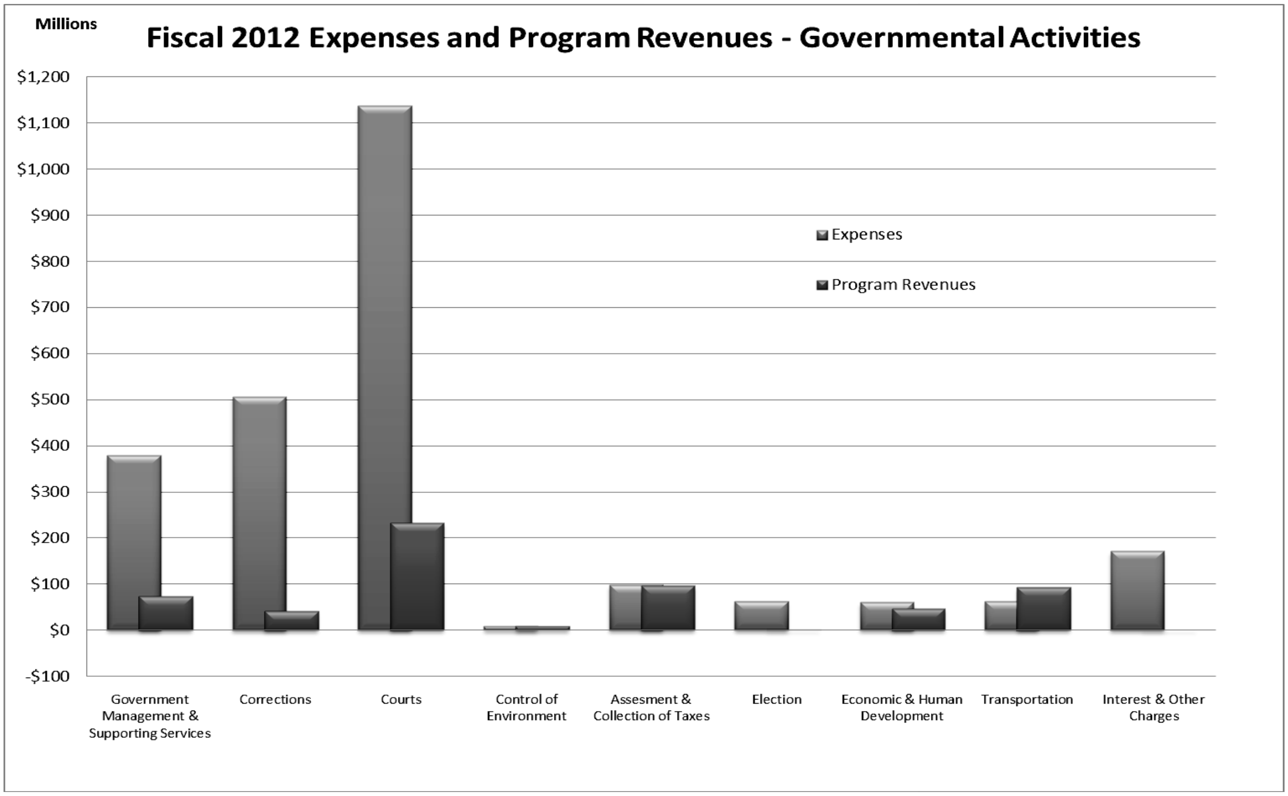
Revenues by Source - All Activities
For the fiscal year ended November 30, 2012



Governmental Activities

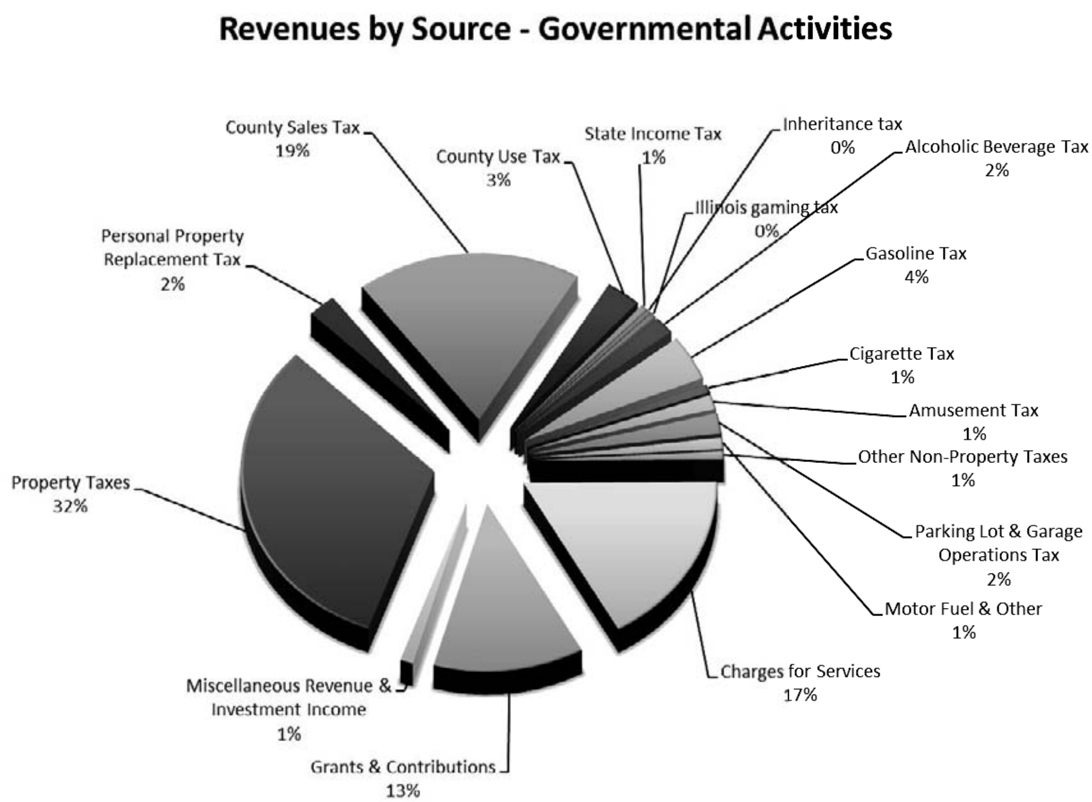
The net position of governmental activities was a negative $3,010.7 million at the beginning of the 2012 fiscal year. Net position of governmental activities decreased $544.9 million (18.1 %) in fiscal year 2012 to a negative $3,555.6 million.

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:

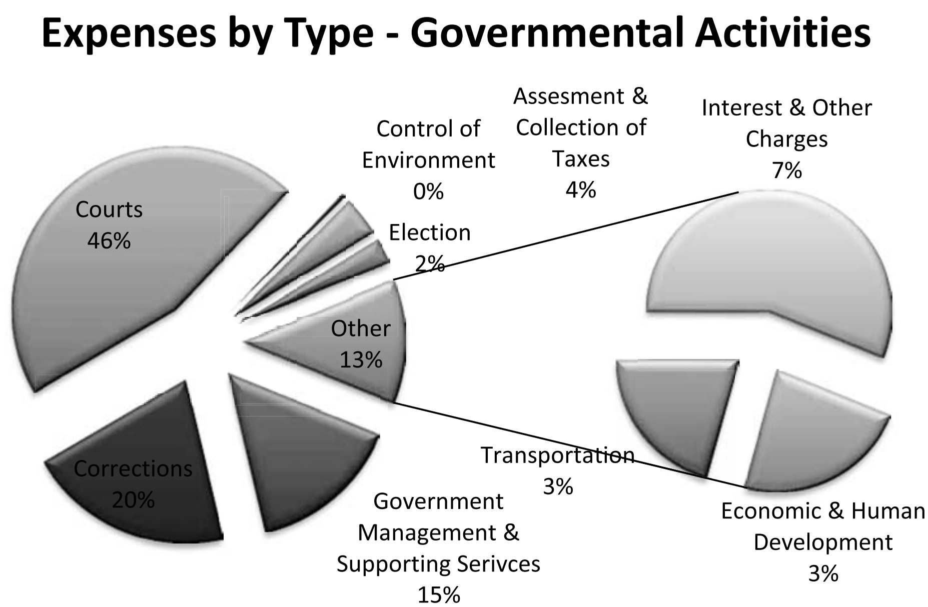


Property taxes, the County's largest general revenue source, were $17.8 million (2.9%) higher than the previous fiscal year. The County's property tax rate for fiscal year 2011 was 0.423 per $100 of equalized assessed valuation. The net property tax levy has been held constant at $720.5 million since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

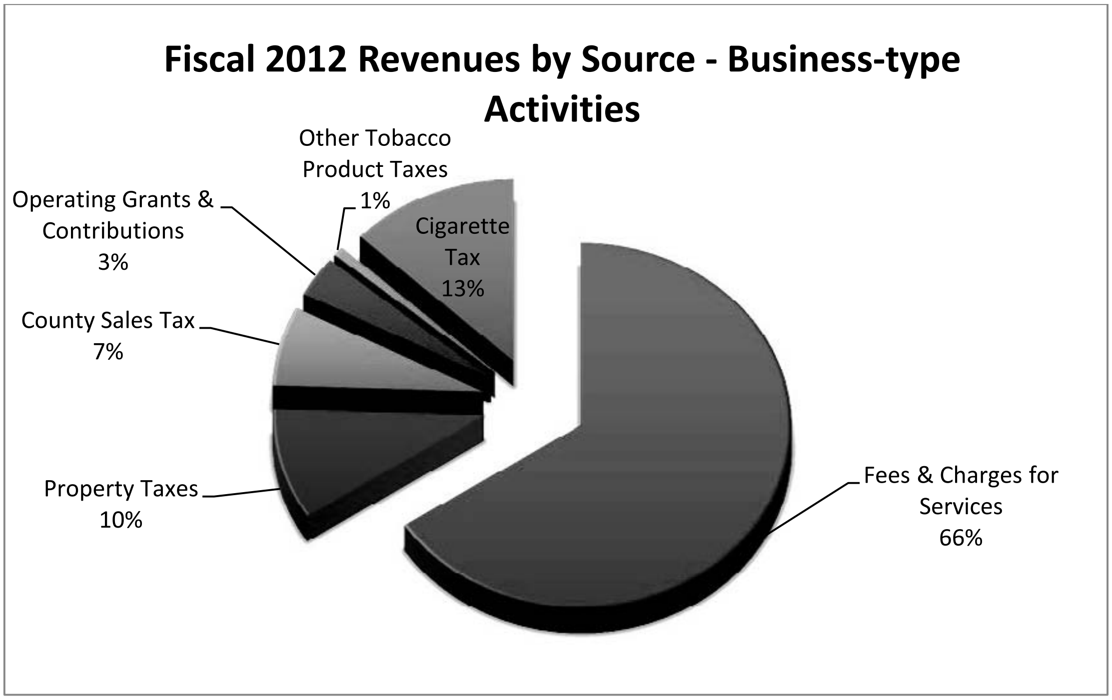
Capital contributions increased $0.3 million to $17.0 million in fiscal year 2012 from $16.7 million in fiscal year 2011. Capital contributions represent the amount the County has contributed toward the construction and acquisition of significant capital assets for the operations of the Cook County Health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

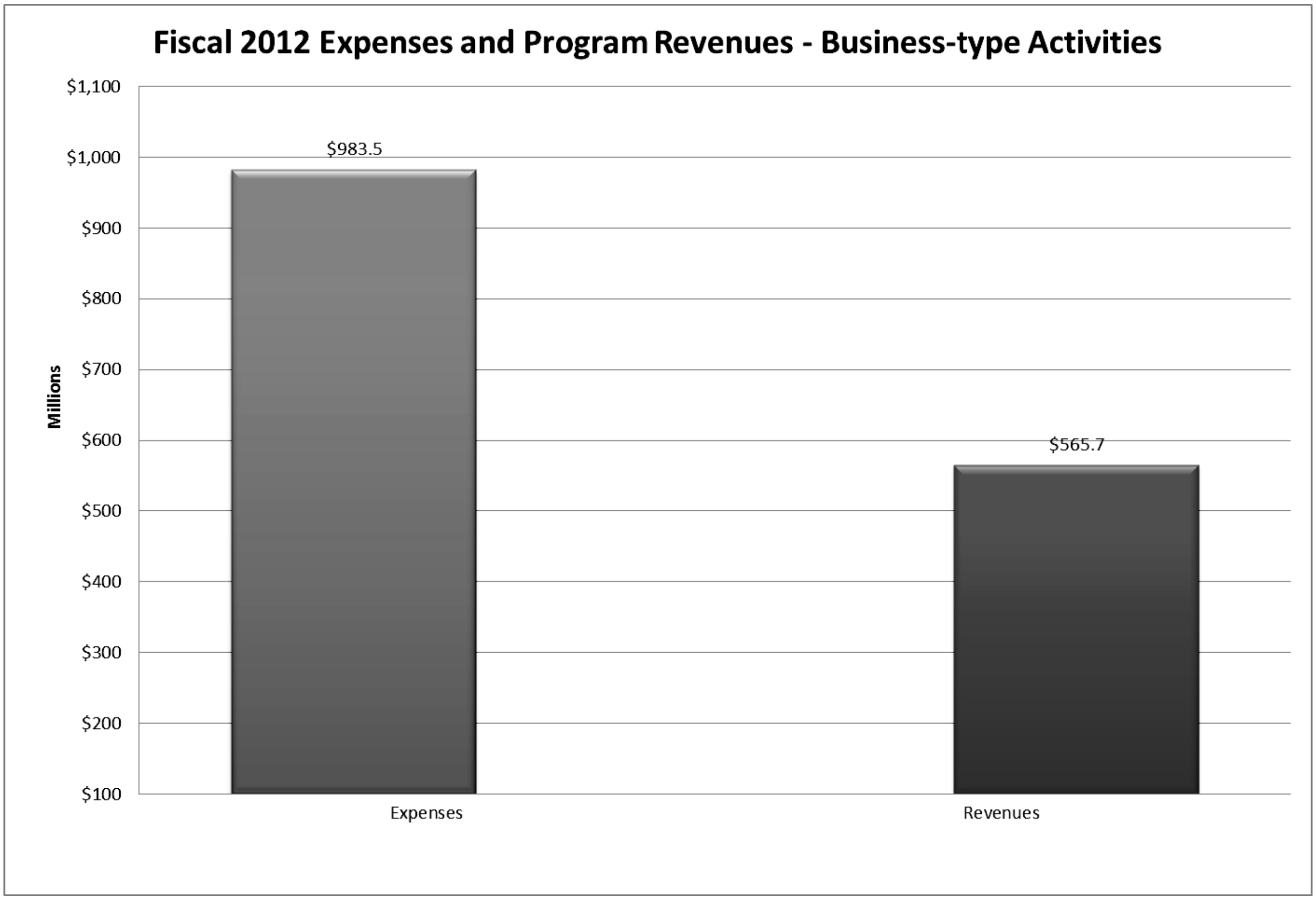
The above activity is more fully described in Footnote I.C. & Footnote VII.

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.

Governmental Activities	Business-type Activities	Total	Total Component Units	Functions/Programs
				Net (Expense) Revenue and Changes in Net Position — Primary Government (first three columns)
				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

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

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

	Total Pension Trust	Total Agency Funds
ASSETS:		
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:

<u>General Fund</u> – 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.

<u>Motor Fuel Tax Fund</u> – 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 B
County Employees' and Officers' Annuity and Benefit Fund of Cook County

COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND

The County Employees' and Officers' Annuity and Benefit Fund (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 B 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 "membership 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 various public pension systems in the State 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. The referenced changes impacted new members beginning January 1, 2011. Public Act 98-0599, signed into law on December 5, 2013 and effective June 1, 2014, further overhauls the Pension Code as it affects various public pension systems in the State. The provisions of Public Act 98-0599, however, are not expected to have an appreciable impact on the benefits of the Retirement Fund's members (as described below in *"Most Recent Legislative Changes"*). Public Act 98-0599 is currently facing several court challenges as to its constitutionality or validity, and no assurance can be given that this act will be upheld or that its implementation will not be delayed while such challenges are pending.

This APPENDIX B 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 B 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.

According to the Retirement Fund's reports, and due to a variety of factors, some of which are described below, the combined 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. This actuarial liability was calculated to include both the pension obligations and the optional OPEB, as defined below. The funded ratio for pension benefits only was 58.4% due to the fact that no assets of the Retirement Fund are allocated to the optional retiree health benefits. Based 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, 2012 (the **"2012 Retirement Fund CAFR"**), the nine-member board of trustees that governs the Retirement Fund (the "Retirement Fund Board") and the Retirement Fund's staff continue to allocate resources in an effort 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 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 $1,845,609,132 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.

Under the current Internal Revenue Code and Treasury Regulations, neither the County nor its employees are required to, nor do they, contribute to the Social Security system, so long as County employees participate in a qualified public retirement system (such as the Retirement Fund). No assurances can be made that the County and its employees will, in the future, continue to be exempt from a requirement that they contribute to the Social Security System. [1]

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, the 2012 Retirement Fund CAFR 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, 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, 2012 (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 are 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

[1] 26 U.S.C. § 3121(b)(7)(F) and 26 C.F.R. § 31.312(b)(7)-2(e)(1).

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 are the Comptroller and Treasurer of the County or their respective appointees. 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 (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 pension benefits and the employer and employee pension 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.

The Retirement Fund has adopted a formal investment policy in accordance with the Pension Code. Such policy and an asset allocation strategy adopted by the Board in 2011 are further described in the 2012 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 eight 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.

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]

YEAR	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	12.50

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 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.

Within the limits of the maximum contribution established by the Contribution Limitation, and in tandem with the funds generated by the Pension Levy, the County contributes to the Retirement Fund a portion of the Illinois Personal Property Replacement Tax ("PPRT") funds received from the State, 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 $48.2 million.

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"*)[2] 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.

[2] 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.

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.

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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, the 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 real-estate 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.

For at least the past 11 years, the County budgeted a contribution to the Retirement Fund for the maximum amount permitted by statute, as requested by the Retirement Fund Board. Some variances in the actual amounts contributed in those years compared to the amount requested by the Retirement Fund (as shown in Table 3 below) are attributable to discrepancies between budgeted and actual PPRT receipts from the State. However, as evidenced by the Actuarial Valuations, the amount contributed by the County and the active employees has often been lower than the Actuarially Required Contribution.

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.

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TABLE 3
INFORMATION REGARDING CONTRIBUTIONS
($ 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 Retirement Fund CAFR, 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.

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 an optional 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 Financial Statements and the Actuarial Valuations, summarize the current financial condition and the funding progress of the Retirement Fund.

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)[4]	$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[3]									17,403	10,191
Total Additions	$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	$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) 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.

(4) 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, 2003-2012 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 2006-2012 and the Actuarial Valuations of the Retirement Fund as of December 31, of the years 2006-2012. 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]	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED AAL (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS % OF COVERED PAYROLL
	(a)	(b)	(b-a)	(a/b)	(c)	(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 Retirement Fund CAFR.

(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. According to the 2012 Retirement Fund CAFR, the assumed interest rate of return for postretirement health benefits is 4.5% compared to the 7.5% assumed rate of return for pension benefits and combined pension and postretirement health benefits.

The 2012 Actuarial Valuation also includes information on the Retirement Fund's **"Net Pension Obligation,"** which GASB Statement No. 27 describes as the cumulative difference, since the adoption by the Retirement Fund of the GASB standards, between the annual pension cost and the employer's contribution, determined pursuant to the methodology described in GASB Statement No. 27. As discussed above, the Pension Code requires that the County contribute the Pension Levy according to a statutory formula as opposed to making contributions on an actuarial basis and, as such, the County's contribution differs from the amount identified by the Retirement Fund's Actuary as the Actuarially Required Contribution. According to the 2012 Retirement Fund CAFR, the Retirement Fund's Net Pension Obligation as of December 31, 2011 was $1,830,261,882, and the Net Pension Obligation as of December 31, 2012 was $2,210,856,633. See also *"New GASB Standards"* below.

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. The effect of these and other factors on the Retirement Fund's Unfunded Liability from the 2003 through the 2012 fiscal year is demonstrated in Table 8 below.

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 **"2011 Pension Reform Act"**) into law. The 2011 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 2011 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 2011 salary on which a pension could then be calculated at $106,800 (subject to annual adjustments for inflation at an a ½ of the Consumer Price Index, referred to as "CPI-U", on a simple basis).

The 2011 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 2011 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 2011 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.

On December 5, 2013, the Governor of the State signed Public Act 98-0599 (the **"2013 Pension Reform Act"**) into law. Although the 2013 Pension Reform Act is applicable to several public pension systems in the State, its estimated effect on the Retirement Fund is not expected to be appreciable. Under the Act, with respect to Retirement Fund members who become County employees on or after June 1, 2014, unused sick and vacation time will not be included in the member's service period in computing the amount of the member's annuity upon retirement. The 2013 Pension Reform Act contains no other provisions affecting the Retirement Fund, its funding, or its members' benefits. The 2013 Pension Reform Act is currently facing challenge in the courts, and no assurance is given that it will be upheld or that its implementation will not be delayed while judicial challenges are pending.

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.

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 through 2042, based on certain assumptions including a 5% salary increase and 7.5% rate of return on investments.

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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 on behalf of 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 certain employees with 20 or more years of service who became members on or after January 1, 2011 and whose disability credit expired before such age; 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 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.

To the extent that state pension-reform legislation is enacted that requires the County to contribute to the Retirement Fund in amounts that exceed the current statutorily established maximum real-estate tax Pension Levy allowed under State law, investment risks to bondholders may increase.

No assurance can be given that any proposal altering relevant provisions of the Pension Code will be enacted and withstand a potential constitutional challenge in the Illinois courts, 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 with any degree of accuracy.

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 A. 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 B 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 B 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.

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APPENDIX C
Form of Opinion of Co-Bond Counsel

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PROPOSED FORM OF OPINION OF CO-BOND COUNSEL

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the *"Proceedings"*) of the Board of Commissioners of The County of Cook, Illinois (the "*County"*), passed preliminary to the issue by the County of its fully registered General Obligation Refunding Bonds, Series 2014A (the *"Bonds"*), in the aggregate principal amount of $130,590,000 dated the date hereof, of the denominations of $5,000 or an integral multiple thereof, due on November 15 of the years, in the amounts, and bearing interest at the rates per cent per annum as follows:

MATURITY (NOVEMBER 15)	AMOUNT ($)	INTEREST RATE (%)
2014	15,590,000	1.00
2015	17,860,000	4.00
2016	12,350,000	5.00
2017	25,005,000	5.00
2018	15,725,000	5.00
2019	17,035,000	3.00
2020	8,415,000	5.00
2021	9,040,000	5.00
2022	9,570,000	5.00

From such examination, we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the County and is payable from unlimited ad valorem taxes levied on all of the taxable property in the County without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is also our opinion that, subject to the County's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but we express no opinion as to whether interest on the Bonds is taken into account in computing adjusted current earnings, which is used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such County covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

In rendering this opinion, we have relied upon certifications of the County with respect to certain material facts within the County's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

APPENDIX D
Book-Entry Only System

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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 Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.6 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 and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. 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. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds 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 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal or redemption price and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, 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, 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 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 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 BONDS; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.

APPENDIX E
Demographic and Economic Information

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APPENDIX E
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

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

(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.

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

	2013[2]	2012	2011	2010	2009	2008
Chicago, IL	3,795.1	3,709.2	3,647.7	3,607.1	3,644.1	3,845.0
New York, NY	8,905.3	8,472.0	5,218.6	5,128.8	5,114.9	5,274.4
Los Angeles, CA	3,897.0	3,843.7	3,794.1	3,773.1	3,824.1	4,070.7
Philadelphia, PA	2,738.4	2,713.8	1,873.3	1,862.9	1,862.8	1,922.4
Detroit, MI	710.8	713.1	699.5	693.1	697.9	756.7
Dallas, TX	2,204.2	2,092.0	2,058.9	2,017.2	2,015.0	2,097.2
Houston, TX	2,781.3	2,660.2	2,593.1	2,528.1	2,532.9	2,601.5
San Francisco, CA	1,023.5	979.3	948.2	931.9	944.1	996.7
Cleveland, OH	1,015.3	1,003.1	992.7	991.1	1,000.8	1,058.5
Pittsburgh, PA	1,168.8	1,151.0	1,148.6	1,125.3	1,120.7	1,148.9

Source: U.S. Department of Labor, Bureau of Labor Statistics.

(1) Number of persons, in thousands, not seasonally adjusted.

(2) As of August, 2013.

Unemployment Rates in Metropolitan Statistical Areas and Metropolitan Divisions(1)

	2013(2)	2012	2011	2010	2009	2008
Chicago, IL(m)	9.1%	9.0%	9.9%	10.4%	10.1%	6.2%
New York, NY(t)	7.9	8.8	8.5	9.0	8.6	5.3
Los Angeles, CA(t)	9.2	10.4	11.4	11.8	10.9	6.9
Philadelphia, PA(t)	8.4	8.5	8.3	8.5	7.8	5.4
Detroit, MI(m)	9.8	10.4	11.5	13.9	15.0	8.7
San Francisco, CA(t)	6.5	8.6	9.4	10.3	9.6	5.7
Dallas, TX(t)	6.0	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)	7.2	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

Source: U.S. Department of Labor, Bureau of Labor Statistics.
(1) Not seasonally adjusted.
(2) As of August, 2013.
(t) Reflects revised inputs, re-estimation, and new statewide controls through 2011.
(m) Reflects revised population controls and model re estimation through 2011.

Unemployment Rates for the Civilian Labor Force

	2013(1)	2012(2)	2011	2010	2009	2008
United States	7.0%	8.1%	8.9%	9.6%	9.3%	5.8%
State of Illinois(m)	8.7	8.6	9.8	10.3	10.0	6.2
Cook County, IL(t)	8.6	8.9	10.4	10.5	10.3	6.5
Chicago-MD(t)	8.1	8.9	9.9	10.1	10.0	6.2

Source: U.S. Department of Labor, Bureau of Labor Statistics and Illinois Department of Employment Security.
(1) As of November, 2013.
(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.

Employment Concentration by Major Occupational Group

The Chicago MSA employment base is categorized into twenty-two major occupational groups by the Bureau of Labor Statistics. The table below summarizes the Chicago MSA (Chicago-Joliet-Naperville Metropolitan Division) employment by major occupational group as of May 2012.

Industry	Employment Distribution
Management	6.10%
Business and Financial Operations	5.40%
Computer and Mathematical	2.80%
Architecture and Engineering	1.40%
Life, Physical, and Social Science	0.60%
Community and Social Services	1.20%
Legal	0.90%
Education, Training, and Library	7.30%
Arts, Design, Entertainment, Sports, and Media	1.30%
Healthcare Practitioner and Technical	5.60%
Healthcare Support	2.90%
Protective Service	2.60%
Food Preparation and Serving Related	7.80%
Building and Grounds Cleaning and Maintenance	3.40%
Personal Care and Service	2.70%
Sales and Related	11.10%
Office and Administrative Support	15.50%
Farming, Fishing, and Forestry	0.10%
Construction and Extraction	3.30%
Installation, Maintenance, and Repair	3.10%
Production	7.20%
Transportation and Material Moving	7.60%

Housing Market

As an indicator of the housing market of the County, S&P Case-Shiller Home Price Indices have been used to analyze home price growth since October 2012. The S&P/Case-Shiller Home Price Indices are designed to be a reliable and consistent benchmark of housing prices in the U.S. Their purpose is to measure the average change in home prices in a particular geographic market. They are calculated monthly and cover 20 major metropolitan areas (Metropolitan Statistical Areas or MSAs), which are also aggregated to form two composites – one comprising 10 of the metro areas, the other comprising all 20. The S&P/Case-Shiller U.S. National Home Price Index ("the U.S. national index") tracks the value of single-family housing within the U.S. The index is a composite of single-family home price indices for the nine U.S. Census divisions and is calculated quarterly. (Source: S&P Dow Jones Indices).

As shown in the table below, home prices in the Chicago MSA have increased by approximately 10.9% during the twelve months ended October 2013, according to S&P Case-Shiller. Comparatively, the S&P Case-Shiller 20-City Composite Index increased 13.6% during the same period. The S&P Case-Shiller U.S. National Home Price Index, which is compiled quarterly, increased 11.2% during the twelve months ended September 2013.

Effective Date	S&P/Case-Shiller U.S. National Index	S&P/Case-Shiller 20-City Composite Index	S&P/Case-Shiller IL-Chicago Index
Oct-12	-	146.03	114.88
Nov-12	-	145.81	113.36
Dec-12	135.11	146.08	112.61
Jan-13	-	146.15	111.65
Feb-13	-	146.51	110.70
Mar-13	136.53	148.44	110.73
Apr-13	-	152.24	113.83
May-13	-	156.06	117.92
Jun-13	146.29	159.45	121.74
Jul-13	-	162.38	125.69
Aug-13	-	164.49	127.70
Sep-13	150.92	165.61	128.03
Oct-13	-	165.91	127.42

Source: S&P Dow Jones Indices. The Bonds are not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices or its affiliates. S&P Dow Jones Indices and its affiliates do not make any representations regarding the above-referenced indices or the advisability of investing in the Bonds.

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.

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APPENDIX F
Summary of Certain Provisions of the Bond Ordinance

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Summary of Certain Provisions of the Bond Ordinance

The Bond Ordinance authorizes the issuance by the County of general obligation bonds and notes (the *"***Authorized Bonds***"*). The Bonds when issued will be the eleventh series of bonds or notes issued under the Bond Ordinance. The following is a summary of certain provisions of the Bond Ordinance and does not purport to be complete. Reference is made to the Bond Ordinance for the complete provisions thereof.

Bond Fund

The Bond Ordinance establishes a Bond Fund, which shall be the fund for the payment of principal of and interest on the Bonds. The Bond Fund shall be held and maintained as a separate and segregated account by the Trustee and the Trustee shall establish a separate account within the Bond Fund for each Series of Bonds issued under the Bond Ordinance. Accrued interest and premium, if any, received upon delivery of the Bonds shall be deposited into the Bond Fund and applied to pay first interest coming due on the Bonds.

The Pledged Taxes shall be deposited into the Bond Fund and used solely and only for paying the principal of and interest on the Bonds or be used to reimburse a fund or account from which advances to the Bond Fund may have been made to pay principal of or interest on the Bonds prior to receipt of Pledged Taxes. Interest income or investment profit earned in the Bond Fund shall be retained in the Bond Fund for payment of the principal of and interest on the Bonds on the interest payment date next after such interest or profit is received or, to the extent lawful and as determined by the Chief Financial Officer, transferred to such other funds as may be determined. The County pledges, as equal and ratable security for the Bonds, all present and future proceeds of the Pledged Taxes on deposit in the Bond Fund for the sole benefit of the registered owners of the Bonds, subject to the reserved right of the County to transfer certain interest income or investment profit earned in the Bond Fund to other funds of the County, as described in the preceding sentence.

Investment of Funds

The moneys on deposit in the Bond Fund may be invested from time to time by the Trustee at the written direction of the Chief Financial Officer in any investment of proceeds of Bonds as may be permitted under the investment policy of the County and as defined in the Bond Order. Any such investments may be sold from time to time by the Trustee without further direction from the County as moneys may be needed for the purposes for which the Bond Fund has been created. The moneys on deposit in any Project Fund shall be invested from time to time by the Trustee at the written direction of the Chief Financial Officer in any lawful investment of County Funds. In addition, the Chief Financial Officer shall direct the Trustee to sell such investments when necessary to remedy any deficiency in the Bond Fund, any Project Fund or any accounts created therein. All other investment earnings shall be attributed to the account for which the investment was made.

Tax Covenants

The Bond Ordinance provides that the County will not take any action, or omit to take any action or permit the taking or omission of any action within its control (including, without limitation making or permitting any use of proceeds of the Authorized Bonds), which action, omission or permitting would cause any Authorized Bond that has the status of the interest paid and received thereon as excludable from the gross income of the owners thereof under the Code for federal income tax purposes, except to the extent that such interest is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations ("**Tax-Exempt**") to be a private activity bond within the meaning of the Code or would otherwise cause interest on the Tax-Exempt Bonds to be includable in the gross income of the recipients thereof for federal income taxes. The County also agrees in the Bond Ordinance to comply with all provisions of the Code which, if not complied with by the County, would cause the Tax-Exempt Bonds not to be Tax-Exempt.

The Bond Ordinance further provides that moneys on deposit in any fund or account in connection with the Tax-Exempt Bonds, whether or not such moneys were derived from the proceeds of the sale of the Tax-Exempt Bonds or from any other source will not be used in a manner which will cause the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and any lawful regulations promulgated thereunder, as the same presently exist or may from time to time be amended, supplemented or revised. The County also makes certain covenants in the Bond Ordinance with respect to compliance with the requirements of Section 148(f) of the Code, relating to the rebate of "excess arbitrage profits."

Payment and Discharge

The Authorized Bonds may be discharged, payment provided for, and the County's liability terminated as follows:

(a) Discharge of Indebtedness. If (i) the County shall pay or cause to be paid to the registered owners of Authorized Bonds the principal, premium, if any, and interest to become due thereon at the times and in the manner stipulated in such Authorized Bonds and the Bond Ordinance, (ii) all fees and expenses of the Trustee shall have been paid, and (iii) the County shall keep, perform and observe all and singular the covenants and promises in such Authorized Bonds and in the Bond Ordinance expressed as to be kept, performed and observed by it or on its part, then the rights granted by the Bonds and the Bond Ordinance shall cease, determine and be void. If the County shall pay or cause to be paid to the registered owners of a particular series of Authorized Bonds, or of a particular maturity thereof, the principal, premium, if any, and interest to become due thereon at the times and in the manner stipulated in such Authorized Bonds and the Bond Ordinance, such Authorized Bonds shall cease to be entitled to any lien, benefit or security under the Bond Ordinance, and all covenants, agreements and obligations of the County to the holders of such Authorized Bonds shall thereupon cease, terminate and become void and discharged and satisfied.

(b) Provision for Payment. Authorized Bonds for the payment or redemption or prepayment of which sufficient monies or sufficient Defeasance Obligations shall have been deposited with the Trustee or an escrow agent having fiduciary capacity (whether upon or prior to the maturity or the redemption date of such Authorized Bonds), and for Tax Advantaged Bonds (as defined in the Bond Ordinance) authorized pursuant to the Code and as designated pursuant to the Bond Ordinance, the interest on which, but for provisions of the Code or one or more regulations of the United Stated Treasury, would be excludable from gross income of the owners thereof under the Code for federal income tax purposes, accompanied by an opinion of Co-Bond Counsel as to compliance with the covenants with respect to such Authorized Bonds, and accompanied by an express declaration of defeasance of such Authorized Bonds by the County Board, shall be deemed to be paid within the meaning of the Bond Ordinance and no longer outstanding under the Bond Ordinance; provided, however, that if such Authorized Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given as provided in the Bond Ordinance or arrangements satisfactory to the Trustee shall have been made for the giving thereof. Defeasance Obligations shall be considered sufficient only if said investments mature and bear interest in such amounts and at such times as will assure sufficient cash to pay currently maturing interest or principal and redemption premiums if any when due on such Authorized Bonds without rendering the interest on any such Bonds taxable under the Code.

(c) Termination of County's Liability. Upon the discharge of indebtedness under paragraph (a) above, or upon the deposit with the Trustee of sufficient money and Defeasance Obligations (such sufficiency being determined as provided in paragraph (b) above) for the retirement of any particular Authorized Bond or Bonds, all liability of the County in respect of such Bond or Bonds shall cease, determine and be completely discharged and the holders thereof shall thereafter be entitled only to

payment out of the money and the proceeds of the Defeasance Obligations deposited with aforesaid for their payment.

Events of Default

Each of the following events constitutes an "Event of Default" under the Bond Ordinance:

(A) If default shall be made in the payment of the principal of or redemption premium, if any, either at maturity or by proceedings for redemption or otherwise; or

(B) If default shall be made in the payment of any installment of interest on any Outstanding Bond when and as such installment of interest shall become due and payable; or

(C) If the County shall (1) commence a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, (2) make an assignment for the benefit of its creditors, (3) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (4) be adjudicated a bankrupt or any petition for relief is filed in respect of an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law and such order continue in effect for a period of sixty (60) days without stay or vacation; or

(D) If a court of competent jurisdiction shall enter an order, judgment or decree appointing a receiver of the County, or of the whole or any substantial part of its property, or approving a petition seeking reorganization of the County under the federal bankruptcy laws or any other applicable federal or state law or statute and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof; or

(E) If under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the County or of the whole or any substantial part of its property, and such custody or control shall not be terminated or stayed within sixty (60) days from the date of assumption of such custody or control.

Enforcement

Upon the happening and continuance of any Event of Default, the Trustee may, and upon the written request of the registered owners of twenty-five percent (25%) in principal amount of the Authorized Bonds affected by the Event of Default and then outstanding under the Bond Ordinance proceed to protect and enforce its rights and the rights of the holders of the Authorized Bonds by a suit, action or special proceeding in equity or at law, by mandamus or otherwise, either for the specific performance of any covenant or agreement contained in the Bond Ordinance or in aid or execution of any power granted in the Bond Ordinance or for any enforcement of any proper legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce the rights aforesaid.

During the continuance of an Event of Default, all Pledged Taxes received by the Trustee under the Bond Ordinance from the County shall be applied by the Trustee in accordance with the terms of the Bond Ordinance described in this APPENDIX F under "Application of Monies After Default."

Notices of Default Under Ordinance

Promptly after the occurrence of an Event of Default or the occurrence of an event which, with the passage of time or the giving of notice or both, would constitute an Event of Default, the Trustee shall mail to the Bondholders at the address shown on the applicable Bond Register and also directly to any beneficial owner of $500,000 or more in aggregate principal amount of the applicable Authorized Bonds then outstanding at such address as the Trustee shall obtain from DTC, or its successor or a successor depository qualified to clear securities under applicable state and federal law, notice of all Events of

Default or such events known to the Trustee unless such defaults or prospective defaults shall have been cured before the giving of such notice.

Termination of Proceedings By Trustee

In case any proceedings taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the County, the Trustee, and the applicable Authorized Bondholders shall be restored to their former positions and rights under the Bond Ordinance, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Right of Holders to Control Proceedings

Anything in the Bond Ordinance to the contrary notwithstanding, the registered owners of a majority in principal amount of the applicable Authorized Bonds then outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Bond Ordinance in respect of the applicable Authorized Bonds, respectively; *provided* that such direction shall not be otherwise than in accordance with law and the Trustee shall be indemnified to its satisfaction against the costs, expenses and liabilities to be incurred therein or thereby.

Right of Holders to Institute Suit

No holder of any of the applicable Authorized Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Bond Ordinance, or for any other remedy under the Bond Ordinance or on the applicable Authorized Bonds unless such holder previously shall have given to the Trustee written notice of an Event of Default as provided in the Bond Ordinance, and unless also the registered owners of twenty-five percent (25%) in principal amount of the Authorized Bonds then outstanding shall have made written request of the Trustee after the right to exercise such powers, or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Bond Ordinance, or to institute such action, suit, or proceeding in its name; and unless, also, there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Bond Ordinance or for any other remedy under the Bond Ordinance; it being understood and intended that no one or more holders of the applicable Authorized Bonds shall have any right in any manner whatever by his, her or their action to affect, disturb or prejudice the security of the Bond Ordinance, or to enforce any right under the Bond Ordinance, except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Bond Ordinance and for the equal benefit of all holders of the outstanding applicable Authorized Bonds.

Nothing contained in the Bond Ordinance shall, however, affect or impair the right of each Bondholder, which is absolute and unconditional, to enforce the payment of the principal of and redemption premium, if any, and interest on his or her Authorized Bonds, out of the Bond Fund or the obligation of the County to pay the same, at the time and place expressed in the applicable Authorized Bonds.

Suits By Trustee

All rights of action under the Bond Ordinance, or under any of the Authorized Bonds enforceable by the Trustee, may be enforced by it without the possession of any of the Authorized Bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, or proceeding, instituted by the Trustee shall be brought in its name for the ratable benefit of the holders of the Authorized Bonds affected by such suit or proceeding, subject to the provisions of the Bond Ordinance.

Remedies Cumulative

No remedy under the Bond Ordinance conferred upon or reserved to the Trustee or the owners of the applicable Authorized Bonds, is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Bond Ordinance or now or hereafter existing at law or in equity or by statute.

Waiver of Default

No delay or omission of the Trustee or of any owner of Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given to the Trustee and the owners of Authorized Bonds, respectively, may be exercised from time to time, and as often as may be deemed expedient. In the event any Event of Default shall be waived by the owners of Authorized Bonds or the Trustee, acting at the direction, or with the consent of, the owners of such Authorized Bonds, such waiver shall be limited to the particular Event of Default so waived and shall not be deemed to waive any other Event of Default under the Bond Ordinance.

Application of Monies After Default

The County covenants that if an Event of Default shall happen and shall not have been remedied, the Trustee shall apply all monies, securities and funds received by the Trustee pursuant to any right given or action taken as follows:

(1) First, to the payment of all reasonable costs and expenses of collection, fees, and other amounts due to the Trustee under the Bond Ordinance; and thereafter

(2) Second, to the payment of amounts, if any, payable to the United States Treasury pursuant to the tax agreement executed and delivered by the County with respect to the Bonds;

(3) All such remaining monies shall be applied as follows:

(A) first, to the payment to the persons entitled thereto of all installments of interest on outstanding Authorized Bonds then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

(B) second, to the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the outstanding Authorized Bonds which shall have become due (other than Authorized Bonds matured or called for redemption for the payment of which monies are held pursuant to the provisions of the Bond Ordinance), in the order of their due dates, with interest upon such Authorized Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full outstanding Authorized Bonds due on any particular date, together with such premium, then to the payment ratably according to the amount of such principal and premium due on such date, and then to the payment of such principal ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

(C) third, to the payment of Swap Payments (as defined in the Bond Ordinance).

Whenever monies are to be applied by the Trustee pursuant to the provisions described above, such monies shall be applied by the Trustee at such times, and from time to time, as the Trustee shall determine upon consultation with the County, having due regard to the amount of such monies available for application and the likelihood of additional monies becoming available for such application in the future. The deposit of such monies with the paying agents, or otherwise setting aside such monies, in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the County, to any Bondholder or to any other person for any delay in applying any such funds, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Bond Ordinance as may be applicable at the time of application by the Trustee. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date and of the endorsement to be entered on each Authorized Bond on which payment shall be made, and shall not be required to make payment to the holder of any unpaid Authorized Bond until such Authorized Bond shall be presented to the Trustee for appropriate endorsement, or some other procedure deemed satisfactory by the Trustee.

Supplemental Ordinances

Supplemental ordinances may be passed as follows:

(d) Supplemental Ordinances Not Requiring Consent of the Owners of Authorized Bonds. The County, by the County Board, and the Trustee from time to time and at any time, subject to the conditions and restrictions in the Bond Ordinance, may pass and accept an ordinance or ordinances supplemental to the Bond Ordinance, which ordinance or ordinances thereafter shall form a part of the Bond Ordinance, for any one or more of the following purposes:

(i) To add to the covenants and agreements of the County in the Bond Ordinance, other covenants and agreements thereafter to be observed or to surrender, restrict or limit any right or power reserved in the Bond Ordinance to or conferred upon the County;

(ii) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Bond Ordinance, or in regard to matters or questions arising under the Bond Ordinance, as the County may deem necessary or desirable and not inconsistent with the Bond Ordinance and which in the opinion of the Trustee shall not adversely affect the interests of the registered owners of the Authorized Bonds, as evidenced by an opinion of counsel delivered to the Trustee;

(iii) To designate one or more tender or similar agents of the Trustee, bond registrars or paying agents;

(iv) To comply with the provisions of the Bond Ordinance relating to payment and discharge when money and the Defeasance Obligations designated therein sufficient to provide for the retirement of Authorized Bonds shall have been deposited with the Trustee; and

(v) as to Authorized Bonds which are authorized but unissued under the Bond Ordinance to change in any way the terms upon which such Authorized Bonds may be issued or secured.

Any supplemental ordinance authorized by the above-described provisions may be passed by the County and accepted by the Trustee without the consent of or notice to the registered owners of any of the Authorized Bonds at the time outstanding, notwithstanding any of the provisions of paragraph (b) below, but the Trustee shall not be obligated to accept any such supplemental ordinance which affects the Trustee's own rights, duties or immunities under the Bond Ordinance or otherwise.

Supplemental Ordinances Requiring Consent of the Owners of Authorized Bonds. With the consent of the registered owners of not less than a majority in aggregate principal amount of the Bonds at the time outstanding, the County, by the County Board, may pass, and the Trustee may accept from time to time and at any time an ordinance or ordinances supplemental to the Bond Ordinance for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Bond Ordinance or of any supplemental ordinance; *provided* that no such modification or amendment shall extend the maturity or reduce the interest rate on or permit the creation of a preference or priority of any outstanding Authorized Bond or outstanding Authorized Bonds over any other outstanding Authorized Bond or outstanding Authorized Bonds, or otherwise alter or impair the obligation of the County to pay the principal, interest or redemption premium, if any, at the time and place and at the rate and in the currency provided therein of any Authorized Bond, without the express consent of the registered owner of such Bond or permit the creation of a preference or priority of any Authorized Bond or Authorized Bonds over any other Authorized Bond or Authorized Bonds, or reduce the percentage of Authorized Bonds, respectively, required for the affirmative vote or written consent to an amendment or modification, or deprive the registered owners of the Authorized Bonds (except as aforesaid) of the right to payment of the Authorized Bonds from the Pledged Taxes or alter or impair the obligations of the County with respect to tax exempt status, the registration, transfer or exchange or notice of redemption of Authorized Bonds without the consent of the registered owners of all the outstanding Authorized Bonds affected; nor shall any such modification or amendment reduce the percentage of the registered owners of outstanding Authorized Bonds required for the written consent of such modification or amendment without the consent of the owners of all of the outstanding Authorized Bonds. Upon receipt by the Trustee of a certified copy of such ordinance and upon the filing with the Trustee of evidence of the consent of the owners of Authorized Bonds as aforesaid, the Trustee shall accept unless such supplemental ordinance affects the Trustee's own rights, duties or immunities under the Bond Ordinance or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, accept such supplemental ordinance.

Promptly after the passage by the County and the acceptance by the Trustee of any supplemental ordinance pertaining to the Authorized Bonds pursuant to the provisions described in paragraph (b) above, the County shall publish a notice, setting forth in general terms the substance of such supplemental ordinance, at least once in a financial newspaper or journal printed in the English language, customarily published on each business day and of general circulation among dealers in municipal securities in the City of New York, New York. If, because of temporary or permanent suspension of the publication or general circulation of any financial newspaper or journal or for any other reason it is impossible or impractical to publish such notice of supplemental ordinance in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute sufficient publication of notice. Any failure of the County to given such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental ordinance.

Eligibility of Trustee

The Bond Ordinance shall always have a Trustee that is a commercial bank with trust powers or a trust company organized and doing business under the laws of the United States of America or any state or the District of Columbia, is authorized under such laws and the laws of the State to exercise corporate trust powers and is subject to supervision or examination by United States of America or State authority. If at any time the Trustee ceases to be eligible in accordance with this paragraph, the Trustee shall resign immediately as set forth in the Bond Ordinance.

Replacement of Trustee

The Trustee may resign with thirty (30) days' written notice to the County, effective upon the execution, acknowledgment and delivery by a successor Trustee to the County of appropriate instruments of succession. Provided that no Event of Default shall have occurred and be continuing, the County may remove the Trustee and appoint a successor Trustee at any time by an instrument or concurrent instruments in writing delivered to the Trustee; *provided, however,* that the holders of a majority in aggregate principal amount of the Authorized Bonds outstanding at the time may at any time remove the Trustee and appoint a successor Trustee by an instrument or concurrent instrument in writing signed by such owners of Authorized Bonds, and further provided that any conflict between the County and such holders regarding such removal and appointment shall be resolved in favor of such holders. Such successor Trustee shall be a corporation authorized under applicable laws to exercise corporate trust powers and may be incorporated under the laws of the United States of America or of the State. Such successor Trustee shall in all respects meet the requirements set forth in the preceding paragraph.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the County shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the County. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee; the resignation or removal of the retiring Trustee shall then (but only then) become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under the Bond Ordinance.

If a successor Trustee does not take office within sixty (60) days after the retiring Trustee resigns or is removed, the retiring Trustee, the County or the registered owners a majority in principal amount of the Bonds then outstanding may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust assets) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

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