

# DEBT MANAGEMENT SUMMARY

## Introduction

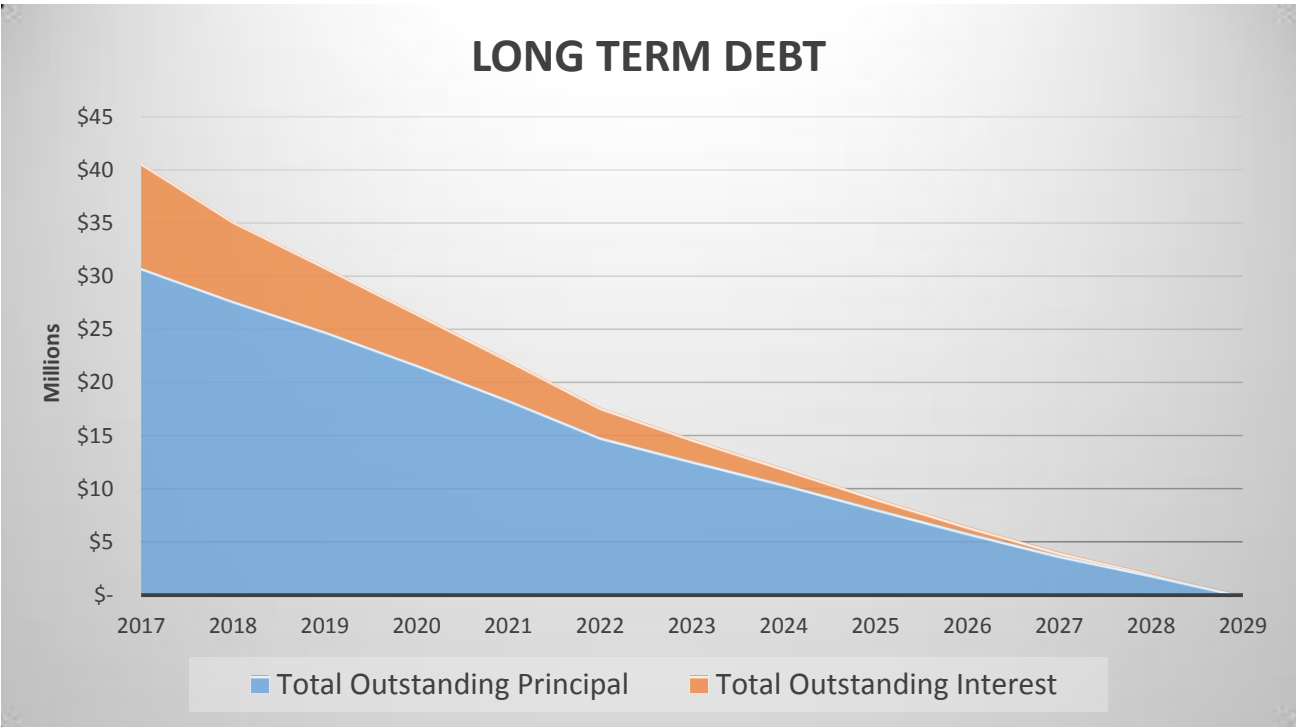
The County has issued debt over the last two decades primarily for the rebuilding of its facility infrastructure. Issuance of debt is managed in compliance with the County’s Debt Management Policy as documented in the Financial Policies section of the Budget document.

## Debt Rating

Moody’s Investor Services completed an updated rating on Champaign County in October 2014, and the County maintained the Aa2 bond rating it has since 2007.

## Recent Activity

In order to achieve more favorable interest rates generating savings to taxpayers, the County issued \$2.535 million in refunding of the 2006A Nursing Home Construction Bonds in November 2015 and \$9.795 million in refunding of the 2005 Public Safety Sales Tax Bonds in October 2014. The County Board authorized refunding of \$3.78 million for Bond Issue 2007A in August 2016; however, refunding was incomplete at the time of this writing. In December 2012, the County issued \$1.995 million in debt with Bond Issue 2010A for the construction of the 202 Art Bartell Facility, and in July 2011, issued \$4.2 million in refunding of the 2003 Nursing Home Bonds. In FY2016, the County made it last payment for the 2007B Highway Fleet Maintenance Facility construction project.



## **Outstanding Debt as of December 31, 2017**

- \$23.8 million in 1999, for the construction and remodeling of the Champaign County Court Facility and for the construction of the Juvenile Detention Center – The principal amount outstanding will be \$4,850,000.
  - \$18.44 million in 2005 refunding the 1999 bond issue – The principal amount outstanding will be \$950,000.
  - \$9.8 million in 2014 refunding the 2005 refunding of the 1999 bond issue – The principal amount outstanding will be \$9,795,000.
- \$19.9 million in 2003, for the construction of a new Champaign County Nursing Home – The principal amount outstanding will be \$0.
  - \$7.43 million in 2005 refunding the 2003 bond issue – The principal amount outstanding will be \$1,205,000.
  - \$4.2 million in 2011 refunding the 2003 bond issue – the principal amount outstanding will be \$4,255,000.
- \$4 million in 2006, for the additional cost required to complete the new Champaign County Nursing Home construction project – the principal amount outstanding will be \$0.
  - \$2.535 million in 2015 refunding the 2006 bond issue – The principal amount outstanding will be \$2,055,000.
- \$5.955 million in 2007, for the Courthouse Exterior Renovation and Clock and Bell Tower Restoration project – The principal amount outstanding will be \$3,430,000. This issue is being refunded in 2016.
- \$1.995 million issued in December 2011 for the 202 Art Bartell Facility housing the Coroner, Physical Plant, and County Clerk Election Storage – the principal amount outstanding will be \$1,130,000.

The County issued all of the above debt as general obligation bonds to achieve the lowest possible interest rates. However, with the exception of the Nursing Home \$19.9 million Bond and subsequent refunding of that Nursing Home bond issue, all of the debt is repaid with dedicated revenues rather than property taxes.

The bonds for the Courthouse and Juvenile Detention Center projects are repaid with the County's ¼% Public Safety Sales Tax. The \$4 million bond issue for additional costs to complete the Champaign County Nursing Home is obligated with the County's 1% county sales tax within the General Corporate Fund but is actually being repaid by the Nursing Home through an annual transfer from the Nursing Home Fund to the General Corporate Fund. The \$1.995 million 202 Art Bartell facility completed in 2011 is backed by the County's general sales tax revenues.

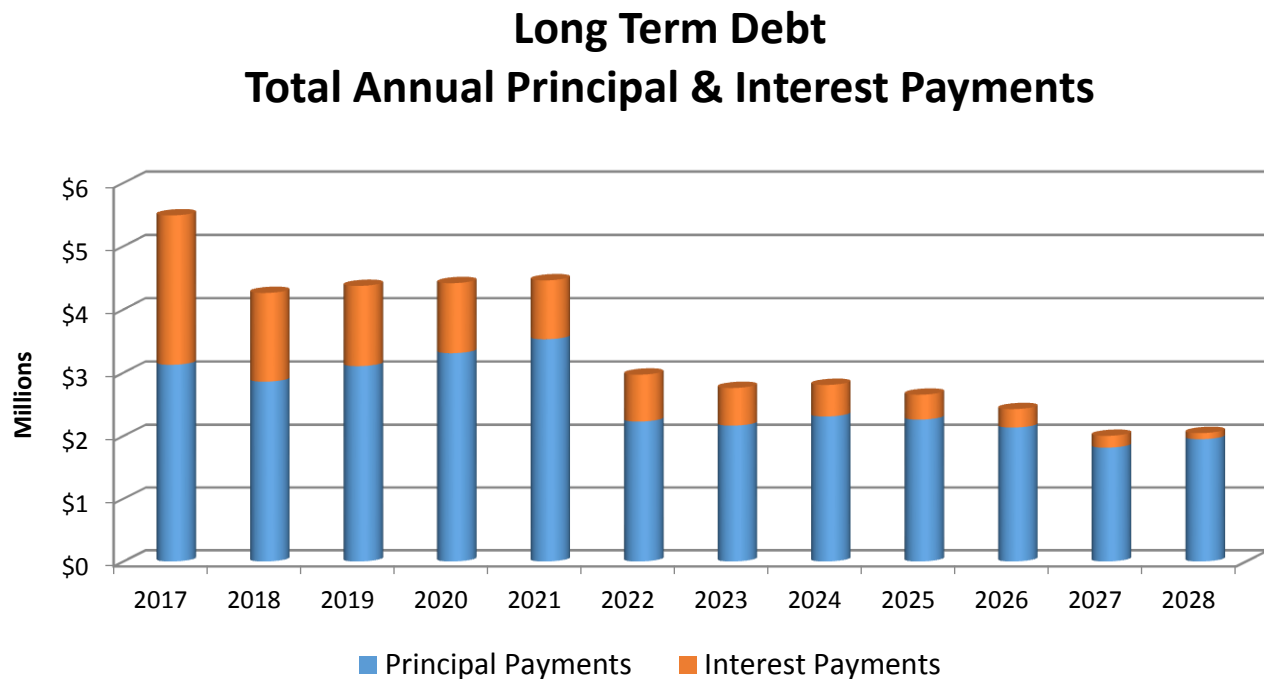
The \$19.9 million and subsequent refunding issue for the Champaign County Nursing Home is paid with property tax, pursuant to referendum approved by the voters of Champaign County in November 2002.

## **Debt Financing Plans**

At this time, the County does not have a documented plan for issuing additional debt. In FY2015 the County contracted with Bailey Edward to conduct a countywide Facility Condition Assessment. Following the assessment, the County Administrator and Facilities Director drafted a Facilities Action Plan which was approved by the Facilities Committee and forwarded to the County Board for approval in October 2016. The plan identified the deferred maintenance needs of the County in addition to developmental projects such as replacement of the County's Animal Control Facility, garage consolidation, relocation of the downtown Sheriff's Office and consolidation of its Correctional Facilities. If voters approve a November 2016 ballot question imposing a ¼% Facilities Sales Tax, the County may proceed with issuing debt for some of the developmental projects; however, that is not likely to occur until FY2018 since revenue disbursement would not ensue until September 2017.

In FY2017 the County will make its final payment on the Courthouse Facility Bond (Issue 2000B). Retiring this debt service, which is paid from the Public Safety Sales Tax revenue, will result in \$1.265 million of relief in FY2018.

The following graph shows the County's current outstanding debt through 2028, when the County's debt service payments are scheduled to end unless new debt is issued.



## **Intergovernmental Loans**

In FY2016, the County's General Corporate Fund made its final payment on a \$1.05 million loan made in 1995 from the Regional Planning Commission for the purpose of buying and remodeling the Brookens Administrative Building. The loan was repaid over 20 years at 0% interest from June 1996 through June 2016, with annual payments of \$52,500.

## **Capital Leases**

The County entered into a 48-month Capital Lease for replacement, software and maintenance of the County AS/400. The total lease including financing is \$141,728.00. The term of the lease is November 2016 – October 2020, and the monthly lease payments are \$3,065.17. Lease payments will be made from the following budgets: Probation (November 2016 - October 2017), IT Capital (November and December 2017), Public Safety Sales Tax (2018), Court Automation (2019 – October 2020).

### **Debt Limitations**

Pursuant to 55 ILCS 5/5-1012, the County's debt limit is 5.75% of Assessed Valuation. The real estate year 2016 gross equalized assessed valuation for Champaign County is estimated to be \$3,762,866,676. By the statutory definition, the County's debt limit is \$216,364,834. The expected County debt applicable to the debt limit at the beginning of FY2017 is:

<b>Debt</b>	<b>Amount</b>
General Obligation Bonds	\$30,796,707
Debt Certificate	\$1,265,000
Capital Leases	\$141,727
Intergovernmental Loans	\$0
<b>Total Debt</b>	<b>\$32,203,434</b>
<b>Total Subject to debt limit</b>	<b>\$32,061,707</b>

The legal debt margin is \$184,303,127 as of January 1, 2017.