

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 June 2017. The County has maintained its Aa2 bond rating since 2007; however, the county’s rating outlook was adjusted from “No Outlook” to a “Negative Outlook” in FY2017. Moody’s tied the change in outlook to the county’s Nursing Home and indicated that without material changes to operating revenues or expenditures it was anticipated there would be a further impact to the county’s fund balance reserves which would place downward pressure on the rating.

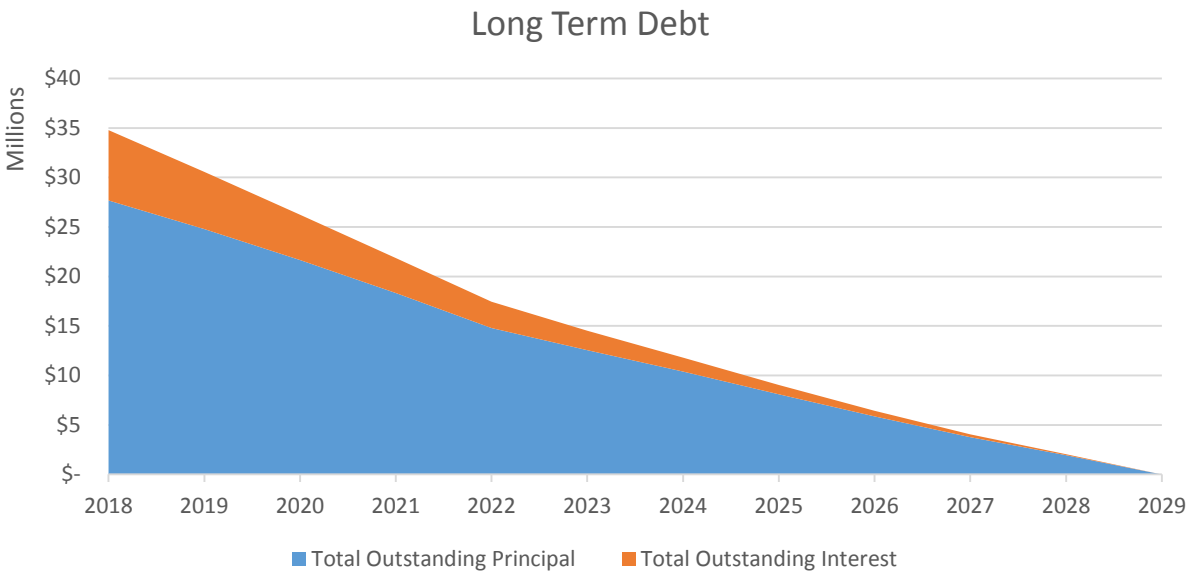
Recent Activity

In order to achieve more favorable interest rates generating savings to taxpayers, the County recently refunded the following issues:

- In October 2014, \$9.795 million in refunding the 2005 Public Safety Sales Tax Bonds, and
- In November 2015, \$2.535 million in refunding the 2006A Nursing Home Construction Bonds, and
- In November 2016, \$3.775 million in refunding the 2007A Courthouse Exterior Renovation and Clock Tower Restoration.

In FY2016, the County made its final payment for the 2007B Highway Fleet Maintenance Facility construction project.

In FY2017, the County made its final payment for the 2000B Courthouse Facility bonds.



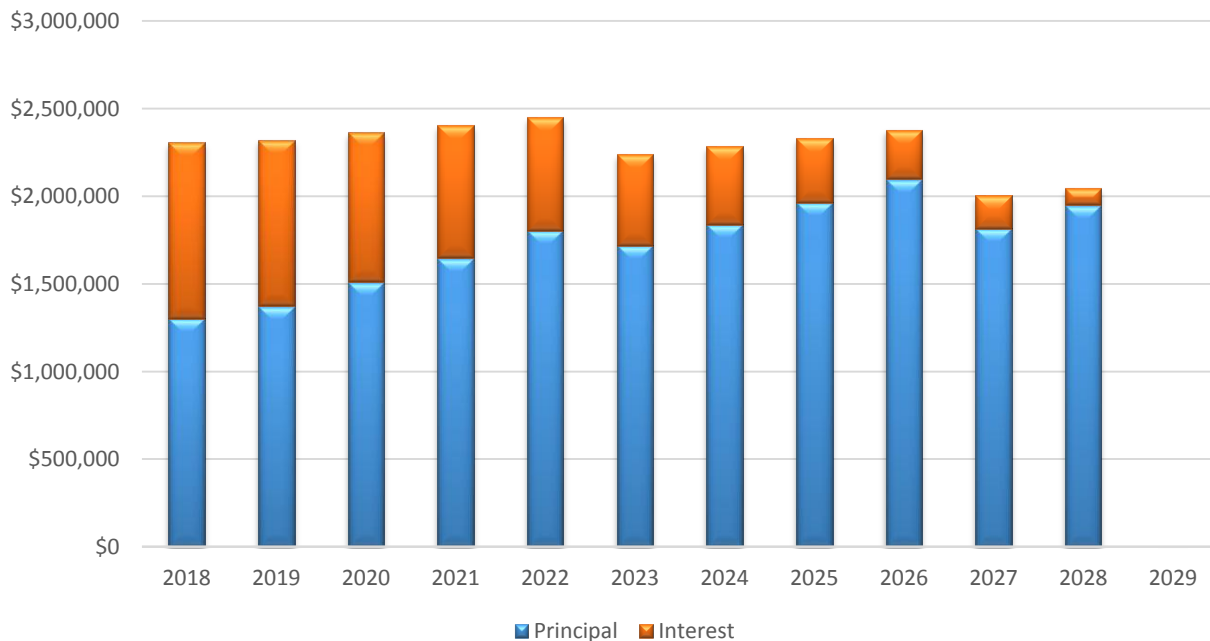
Outstanding Debt on December 31, 2018

Payable from Public Safety Sales Tax Alternate Revenue

- Issued in 1999 for the construction and remodeling of the Champaign County Court Facility and for the construction of the Juvenile Detention Center issued for \$23.8 million. Outstanding principal is \$4.85 million.
 - Refunded for \$18.44 million in 2005 for the 1999 issue. Outstanding principal is \$0.
 - Refunded for \$9.795 million in 2014 for the 2005 refunding of the 1999 bond issue. Outstanding principal is \$9.795 million.
- Issued in 2007 for the Courthouse Exterior Renovation and Clock and Bell Tower Restoration project for \$5.955 million. Outstanding principal is \$0.
 - Refunded for \$3.775 million in 2016 for the 2007 issue. Outstanding principal is \$3.085 million.

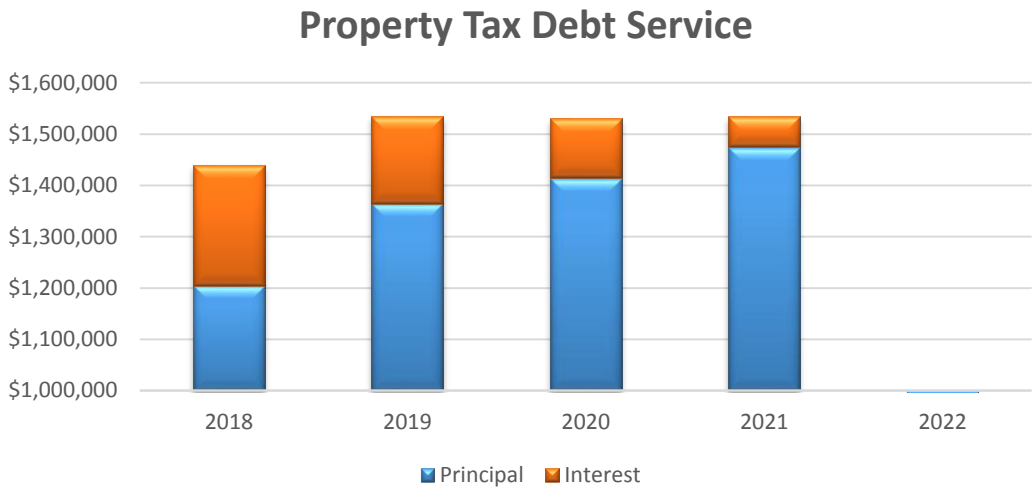
Issue – Public Safety Sales Tax	Amount of issue/refunding (in millions)	Outstanding Principal as of 12/31/2018 (in millions)
1999 Issue	\$23.8	\$4.85
2005 Refunded 1999 Issue	\$18.44	\$0
2014 Refunded 2005 Issue	\$9.795	\$9.795
2007 Issue	\$5.955	\$0
2016 Refunded 2007 Issue	\$3.775	\$3.085
Total Outstanding Principal		\$17.73

Public Safety Sales Tax Debt Service



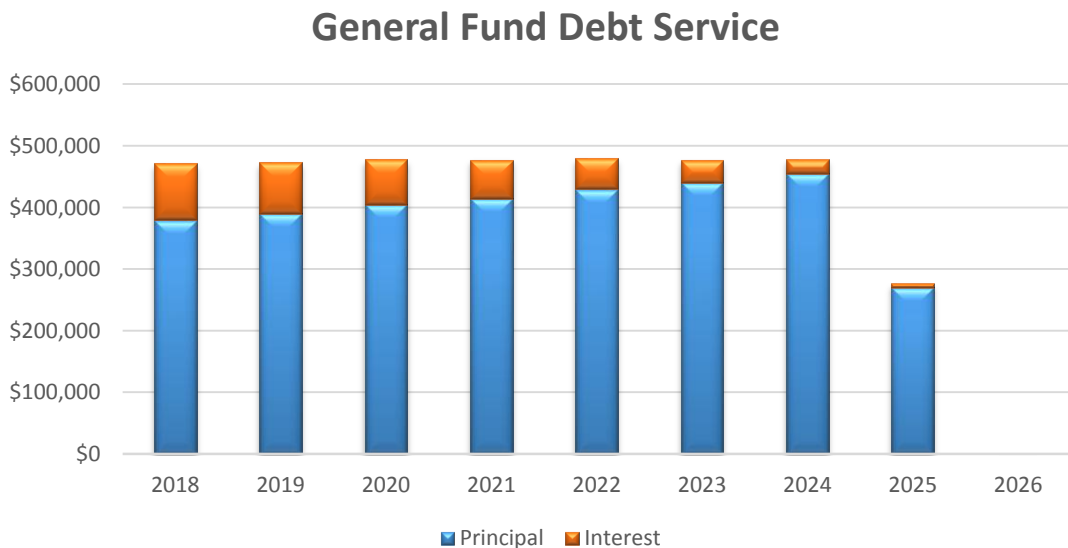
Payable from Property Tax

- Issued in 2003 for the construction of a new Champaign County Nursing Home for \$19.9 million. – The principal amount outstanding will be \$0.
 - Refunded for \$7.43 million in 2005 for the 2003 issue. Outstanding principal is \$0.
 - Refunded for \$4.255 million in 2011 for the 2003 issue. Outstanding principal is \$4.255 million.



Payable from General Sales Tax Alternate Revenue

- Issued in 2006 for the additional cost required to complete the new Champaign County Nursing construction project for \$4 million. Outstanding principal is \$0.
 - Refunded for \$2.535 million in 2015 for the 2006 bond issue. Outstanding principal is \$1.815 million.
- Issued in 2011 for the 202 Art Bartell Facility housing the Coroner, Physical Plant, and County Clerk Election Storage for \$1.995 million. – Outstanding principal is \$990,000.



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. The Nursing Home has repaid the debt through an annual transfer from the Nursing Home Fund to the General Corporate Fund; however, in FY2016 the home was unable to reimburse the county for the principal and second interest payments. The \$1.995 million 202 Art Bartell facility completed in 2011 is backed by the County’s general sales tax revenues.

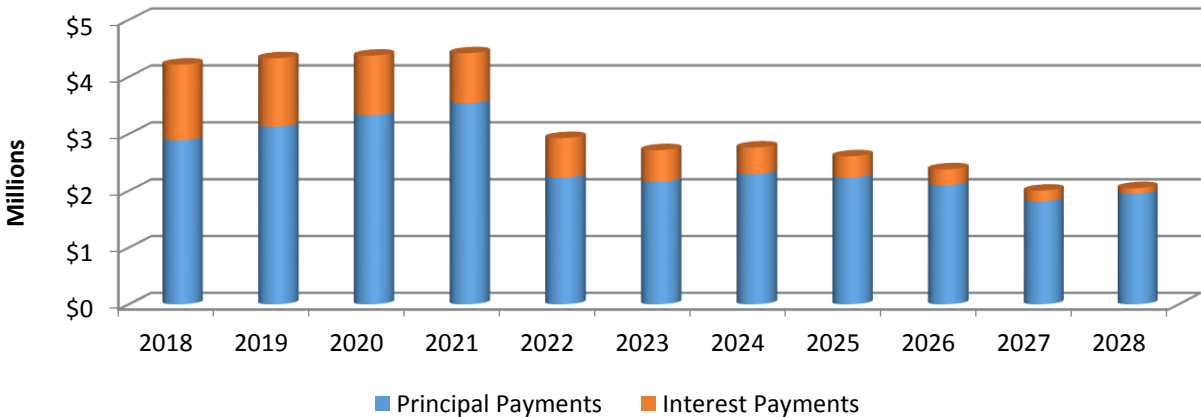
The \$19.9 million issue for the Champaign County Nursing Home, refunded in 2011, is paid with property tax pursuant to referendum approved by the voters of Champaign County in November 2002.

Debt Financing Plans

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. In November 2016 voters were asked to approve a ¼% Facilities Sales Tax in order to fund the County’s deferred maintenance issues; however, the referendum failed to gain approval by the voters.

In FY2017 the County will make its final payment on the Courthouse Facility Bond (Issue 2000B). Retiring the debt service, which is paid from the Public Safety Sales Tax revenue, will result in \$1.265 million of relief in FY2018 allowing the County to utilize this revenue to address some of its public safety technology and facility needs. The following graph shows the County’s current outstanding debt through 2028, and when the County’s debt service payments are scheduled to end unless new debt is issued.

**Long Term Debt
Total Annual Principal & Interest Payments**



The drop in debt service reflected in FY2022 is the result of the retirement of the 2003 Nursing Home construction bond issue that was refunded in 2011. The original construction bonds will be fully matured with the final payment due on January 1, 2022.

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), and Court Automation (2019 – October 2020).

FY2018 Debt Service Payments

Existing debt levels have contributed to the County's inability to address its backlog of deferred technology and facility maintenance issues. The following debt service payments are included in the FY2018 Budget:

Payable from Public Safety Sales Tax	Principal	Interest	Total
Series 1999	\$0	\$400,125	\$400,125
Series 2005B	\$950,000	\$49,875	\$999,875
Series 2014	\$0	\$489,750	\$489,750
Series 2016	\$355,000	\$63,210	\$418,210
<i>Total</i>	<i>\$1,305,000</i>	<i>\$1,002,960</i>	<i>\$2,307,960</i>
Payable from General Sales Tax Alternate Revenue	Principal	Interest	Total
Series 2015	\$240,000	\$40,198	\$280,198
Series 2010A	\$140,000	\$50,990	\$190,990
<i>Total</i>	<i>\$380,000</i>	<i>\$91,188</i>	<i>\$471,188</i>
Payable from Property Tax	Principal	Interest	Total
Series 2005A	\$1,205,000	\$63,263	\$1,268,263
Series 2011	\$0	\$170,200	\$170,200
<i>Total</i>	<i>\$1,205,000</i>	<i>\$233,463</i>	<i>\$1,438,463</i>

Debt Limitations

Pursuant to 55 ILCS 5/5-1012, the County's debt limit is 5.75% of Assessed Valuation. The real estate year 2017 gross equalized assessed valuation for Champaign County is estimated to be \$3,981,892,071. By the statutory definition, the County's debt limit is \$228,958,794. The expected County debt applicable to the debt limit at the beginning of FY2018 is:

Debt	Amount
General Obligation Bonds	\$27,680,000
Debt Certificate	\$1,130,000
Capital Leases	\$104,216
Intergovernmental Loans	\$0
Total Debt	\$28,914,216
Total Subject to debt limit	\$28,810,000

The legal debt margin is \$200,148,794 as of January 1, 2018.