

DEBT MANAGEMENT SUMMARY

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

The County has maintained its Aa2 bond rating since 2007. Moody’s Investor Service affirmed the Aa2 rating in May 2019.

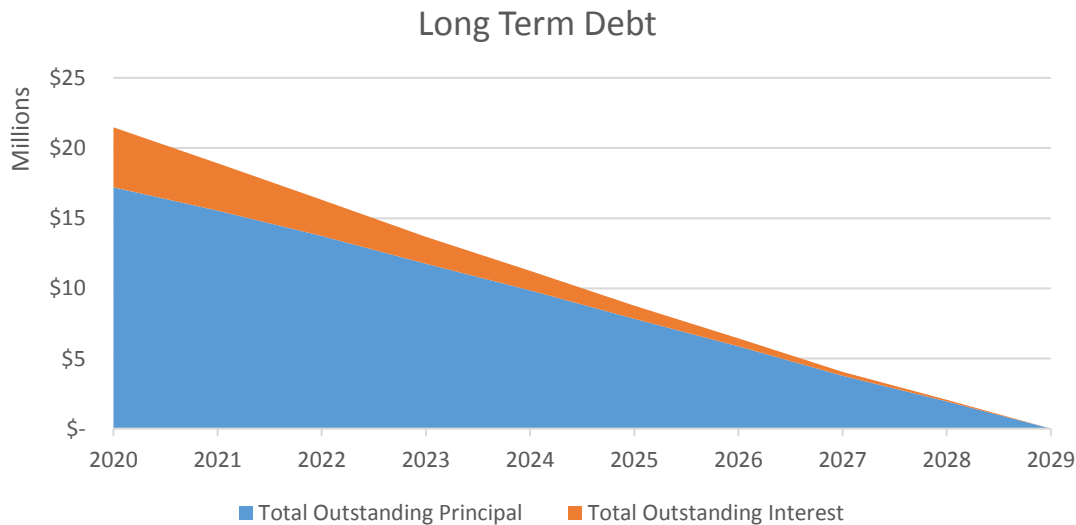
Recent Activity

In the past three fiscal years, the County made final payments on the following issues:

- FY2017 2000B Courthouse Facility bonds
- FY2018 2005A Refunded 2003 Nursing Home Construction bonds
2005B Refunded 1999 Courthouse and JDC Facility bonds
- FY2019 2011 Refunded 2003 Nursing Home Construction bonds
2015 Refunded 2006A Nursing Home Construction bonds

On April 1, 2019, the Champaign County Nursing Home was sold to Extended Care Clinical, LLC and Altitude Health Services, Inc. The County used sale proceeds to defease (2011 Issue) and redeem (2015 Issue) the outstanding bonds issued for construction of the Home. The total amount required for defeasance and redemption including fees was \$6.29 million.

The following chart reflects the County’s outstanding principal and interest in fiscal years 2020 through 2028.



Outstanding Debt as of December 31, 2020

The County issued its debt as general obligation bonds to achieve the lowest possible interest rates. However, 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 Art Bartell facility completed in 2011 is backed by the County’s general sales tax revenues.

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 \$2.695 million.

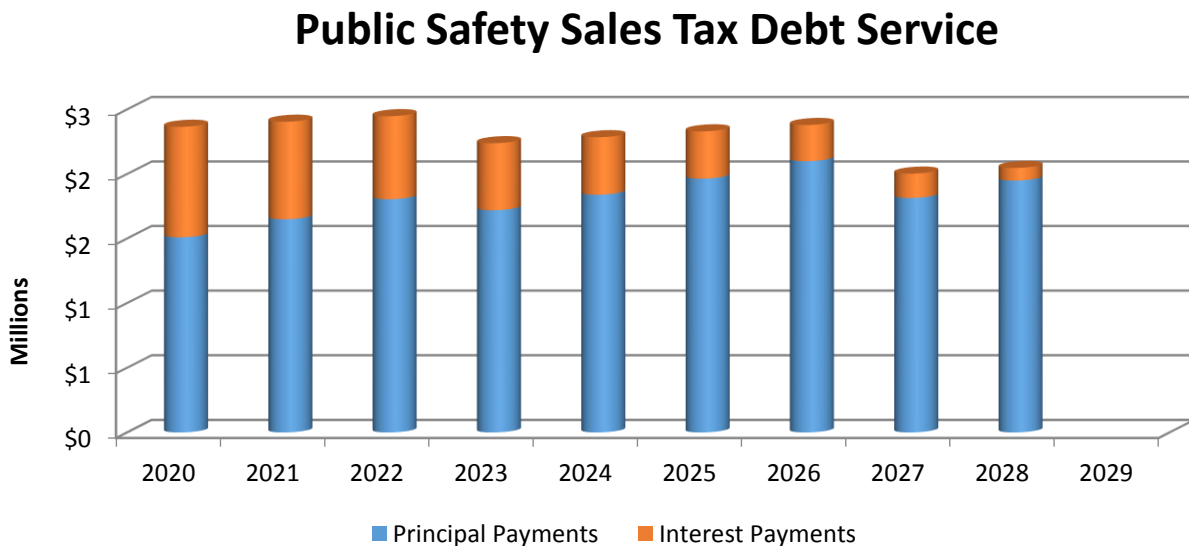
- Refunded for \$9.795 million in 2014 for the 2005 refunding of the 1999 bond issue. Outstanding principal is \$9.795 million.

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 \$2.355 million.

Issue – Public Safety Sales Tax	Amount of issue/refunding (in millions)	Outstanding Principal as of 1/1/2021 (in millions)
1999 Issue	\$23.8	\$2.695
2014 Refunded 2005 Issue	\$9.795	\$9.795
2016 Refunded 2007 Issue	\$3.775	\$2.355
Total Outstanding Principal		\$14.845

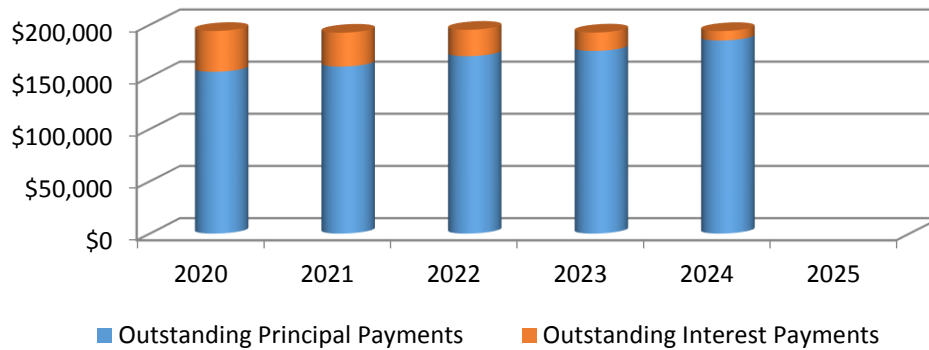
The following chart reflects the County’s outstanding principal and interest for Public Safety Sales Tax debt service in fiscal years 2020 through 2028.



Payable from General Sales Tax Alternate Revenue

A debt certificate was 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 at the end of FY2020 is \$690,000. The County plans to refund the issue on January 1, 2021, which is expected to result in approximately \$48,000 in savings over the life of the respective issue.

General Fund Debt Service

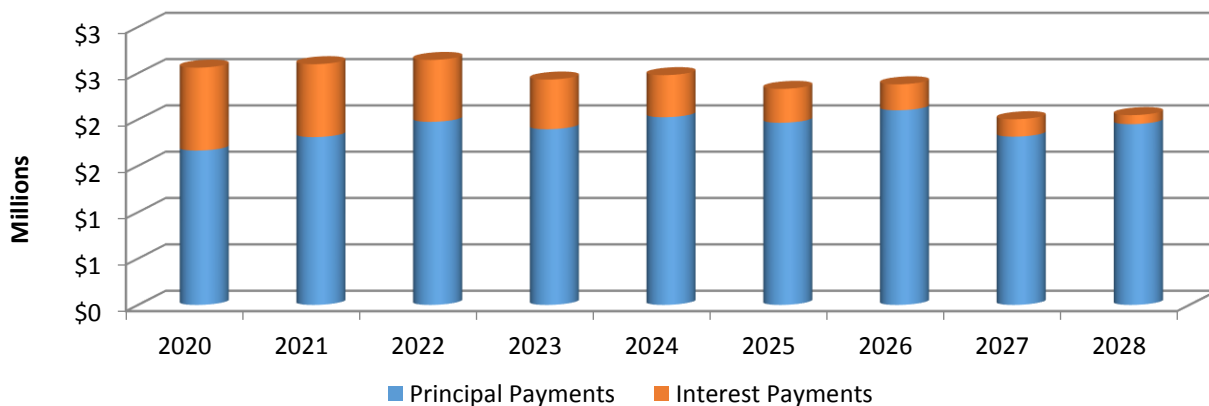


Debt Financing Plans

At this time, the County does not have a documented plan for issuing additional debt. Although discussions of consolidating the dilapidated downtown Sheriff’s Office and Correctional Center with the Satellite Correctional Center have been ongoing. The deferred maintenance backlog is estimated to be \$9 million over the next 5-25 years. Additionally, the facilities are not ADA compliant. At the October 7, 2019 Facility Committee meeting, the committee endorsed the 2019 Reifsteck Reid Jail Consolidation Plan, and requested the County Board discuss, evaluate, and approve the Plan and work conjointly with the Finance Committee to identify funding. The Plan will require issuance of debt.

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

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



Capital Lease

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).

Promissory Note

On February 1, 2019, the County issued a Taxable General Obligation Promissory Note, Series 2019 in the amount of \$1,980,400. At the end of FY2018, the General Fund transferred \$1.98 million to the Nursing Home Fund to allow for payment of its outstanding accounts payable prior to the planned sale of the Home. In order to ensure adequate cash flow for the General Fund, the County issued the Promissory Note with planned principal payments due in the amount of \$990,200 on February 1, 2020 and 2021.

Nursing Home sale proceeds were transferred to the General Fund and used to prepay the February 1, 2020 principal plus accrued interest on September 30, 2019. The County plans to prepay the remaining principal and accrued interest in full prior to the end of FY2019; however, will make that determination based on the available cash balance of the Home after the County fulfills its refund and public aid pending obligations.

FY2020 Debt Service Payments

Payable from Public Safety Sales Tax	Principal	Interest	Total
Series 1999	\$1,140,000	\$316,388	\$1,456,388
Series 2014	\$0	\$489,750	\$489,750
Series 2016	\$370,000	\$50,072	\$420,072
Total	\$1,510,000	\$856,210	\$2,366,210

Payable from General Sales Tax Alternate Revenue	Principal	Interest	Total
Series 2010A	\$155,000	\$39,155	\$194,155

Debt Limitations

Pursuant to 55 ILCS 5/5-1012, the County's debt limit is 5.75% of Assessed Valuation. The real estate year 2019 gross equalized assessed valuation for Champaign County is estimated to be \$4,371,725,295. By the statutory definition, the County's debt limit is \$251,374,204. The expected County debt applicable to the debt limit at the beginning of FY2020 is:

Debt	Amount
General Obligation Bonds	\$16,355,000
Debt Certificate	\$845,000
Capital Leases	\$30,382
Promissory Note	\$990,200
Total Debt	\$18,220,582
Total Subject to debt limit	\$18,190,200

The legal debt margin is \$233,184,004 as of January 1, 2020.