

Financial Section

INDEPENDENT AUDITORS' REPORT

To the Members of the County Board
Champaign County
Urbana, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Champaign County, Illinois, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Champaign County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to Champaign County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Champaign County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Members of the County Board
Champaign County

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Champaign County, Illinois, as of December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents 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.

Supplementary Information

Our audit for the year ended December 31, 2019 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Champaign County's basic financial statements. The combining statements and individual fund statements and schedules for the year ended December 31, 2019 as listed in the table of contents 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2019, 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 combining statements and individual fund statements and schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2019.

To the Members of the County Board
Champaign County

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Champaign County as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated July 8, 2020, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The combining statements and individual fund statements and schedules for the year ended December 31, 2018 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 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2018.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Champaign County's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2021 on our consideration of Champaign County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Champaign County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Champaign County's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Oak Brook, Illinois
June 1, 2021

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2019
(Unaudited)

As management of the County of Champaign, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the County of Champaign for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found starting on page 15 of this report.

Financial Highlights

- The assets/deferred outflows of the County of Champaign exceeded its liabilities/ deferred inflows at the close of the most recent fiscal year by \$89,281,425 (Total Net Position). This represents a decrease in net position of approximately \$2.3 million or 2.5% between 2018 and 2019. The net position related to Governmental Activities increased by \$17.1 million (22.1%) and the net position for the Business-Type Activities decreased by \$19.4 million or 135.6%.
- At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$46,904,161, an increase of \$6.4 million from the prior year. \$35,132,363 of this fund balance is restricted to use for specific purposes such as Debt Service, Public Safety, Health & Education, Development, and Public Works by way of state statutes, grantor/donor stipulations, or debt covenants.
- For the fiscal year ended December 31, 2019, the unassigned fund balance for the County's General Fund was \$9,621,950, or 25.0% of total general fund expenditures. This was approximately \$6.2 million, or 181.6% higher than the unassigned fund balance for fiscal year 2018.
- Champaign County issued one new debt certificate in fiscal year 2019. Total general bonded debt decreased by \$7,570,000 or 30.5% from fiscal year 2018.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Champaign County's basic financial statements. Champaign County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of Champaign County's finances, in a manner similar to that of a private-sector business.

- The *Statement of Net Position* presents information on all of Champaign County's assets/deferred outflows and liabilities/deferred inflows, with the difference between these reported as *Total Net Position*. Over time, increases or decreases in the total net position may serve as a useful indicator of whether the financial position of Champaign County is improving or deteriorating.
- The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in total net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of 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 periods (e.g., uncollected sales taxes and earned but unused vacation leave).

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2019
(Unaudited)

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County of Champaign include general government, justice and public safety, health, education, social services, development, and highways and bridges. The business-type activities of the County of Champaign include the Champaign County Nursing Home. The government-wide financial statements do not include funds classified as Fiduciary Funds (discussed further below), because the resources of those funds are not available to support the County's programs.

The government-wide financial statements are on pages 51-52 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Champaign, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the County of Champaign can be divided into three 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. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of 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, readers 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 of Champaign maintains 48 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Mental Health Fund, Early Childhood and Regional Planning Commission Fund, all of which are considered major funds. Data from the other 44 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County of Champaign adopts an annual appropriated budget for all the governmental funds. A budgetary comparison statement has been provided for the general fund and major special revenue funds to demonstrate compliance with this budget.

The basic governmental funds' financial statements are presented on pages 53-56.

Proprietary Funds. The County of Champaign maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County of Champaign uses one enterprise fund to account for its Nursing Home. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the various functions of the County.

The County of Champaign uses internal service funds to account for its self-funded insurance and employee health insurance. Because both these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2019
(Unaudited)

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide information for the County Nursing Home, which is considered a major fund of the County of Champaign. Both internal service funds are combined into a single, aggregated presentation in the proprietary funds' financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary funds financial statements can be found on pages 57-60.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County of Champaign's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements can be found on pages 61-62 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 63-101 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning (1) the County of Champaign's progress in funding its obligation to provide pension and other post-employment benefits to its employees; and (2) an actual to budget comparison for the County's major funds presented on the budgetary basis. This required supplementary information can be found in Exhibits XI, XII and XIII on pages 105-113 of this report.

The County's combining statements, referred to earlier in connection with non-major governmental funds and internal service funds, are presented immediately following the *Required Supplementary Information*. These statements can be found on pages 117-138 of this report.

Government-Wide Financial Analysis

As noted earlier, the total net position may serve over time as a useful indicator of a government's financial position. For Champaign County, assets and deferred outflows exceeded liabilities and deferred inflows by \$89,281,425 at the close of the fiscal year ended December 31, 2019. The table **County of Champaign's Net Position**, presented below, reflects the condensed Statement of Net Position.

The largest component of the County of Champaign's total net position (\$59,397,831) or 66.5% is its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any outstanding related debt used to acquire those assets. The County of Champaign uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another component of the County's total net position, totaling \$35,703,327 represents resources that are subject to external restrictions on how they may be used. Of this amount, \$22,772,618 is restricted by state statute; \$12,020,192 is restricted by grantor/donor stipulations; and \$910,517 is restricted by debt covenants. This leaves an unrestricted deficit balance of (\$5,819,733) as the final component of the total net position. This deficit balance includes net pension liability/(asset) of \$4,728,386, net deferred pension outflow/(inflow) of \$(7,782,419); net deferred outflow/(inflow) of \$195,311 related to other Post-Employment Benefits (OPEB), and total OPEB liability of \$3,537,645.

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2019
(Unaudited)

The unrestricted portion of the County's net position has typically been deficit balances. Between 2006 and 2018 these deficit balances have steadily decreased, except for 2014 when the deficit increased due to thirteen months of expenses offset by only twelve months of property tax revenues. In 2019, the deficit balance for the governmental activities continued to decline: to (\$722,339) from (\$13,059,209) in 2018. The business-type activities in 2019 showed a significant increase, of \$2,067,312 in the deficit balance to (\$5,097,394) in 2019 from (\$3,030,082) in 2018. A more detailed discussion related to the Enterprise Fund can be found under the Section for Business-Type Activities.

The following table presents a snapshot of Champaign County's Total Net Position for the fiscal year ended December 31, 2019 compared with December 31, 2018:

County of Champaign's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current and Other Assets	\$ 104,244,449	\$ 91,078,640	\$ (4,726,096)	\$ (315,731)	\$ 99,518,353	\$ 90,762,909
Capital Assets	77,460,420	73,730,506	-	17,344,199	77,460,420	91,074,705
Total Assets	181,704,869	164,809,146	(4,726,096)	17,028,468	176,978,773	181,837,614
DEFERRED OUTFLOWS OF RESOURCES						
	4,944,288	18,419,541	-	2,328,879	4,944,288	20,748,420
Total Assets & Deferred Outflow of Resources	186,649,157	183,228,687	(4,726,096)	19,357,347	181,923,061	202,586,034
LIABILITIES						
Current and Other Liabilities	5,765,252	15,502,531	371,298	2,222,715	6,136,550	17,725,246
Long-term Liabilities	38,300,470	53,327,136	-	2,318,881	38,300,470	55,646,017
Total Liabilities	44,065,722	68,829,667	371,298	4,541,596	44,437,020	73,371,263
DEFERRED INFLOW OF RESOURCES						
	48,204,616	37,128,523	-	501,634	48,204,616	37,630,157
NET POSITION						
Invested in Capital Assets	59,397,831	53,327,741	-	17,344,199	59,397,831	70,671,940
Restricted	35,703,327	37,001,965	-	-	35,703,327	37,001,965
Unrestricted	(722,339)	(13,059,209)	(5,097,394)	(3,030,082)	(5,819,733)	(16,089,291)
Total Net Position	\$ 94,378,819	\$ 77,270,497	\$ (5,097,394)	\$ 14,314,117	\$ 89,281,425	\$ 91,584,614

Governmental Activities: The total net position reported for governmental activities increased by \$17.1 million or 22.1% between fiscal years 2019 and 2018. Approximately \$2.9 million of this was attributable to additional fines, permits, and charges for services with another \$2.2 million due to an increase in property tax revenue.

Business-Type Activities: The total net position reported in fiscal year 2019 for business-type activities was \$(5.1) million, a deficit increase of \$19.4 million or 135.6% from fiscal year 2018. In 2018 resolution 2018-141 dated 5/24/18 passed. This resolution resulted in the sale of the Champaign County Nursing Home. The sale was approved in a referendum by the taxpayers on April 4th, 2017 and finalized on March 31st, 2019. Disposal of fixed assets associated with the Nursing Home resulted in a loss of \$8,311,886.

In 2019, \$7,875,681 of interfund transfers were made on behalf of the Nursing Home from Champaign County governmental funds to cover outstanding obligations held by the Nursing Home. As of December 31, 2019, the Nursing Home has an outstanding interfund net liability to reimburse these funds in the amount of \$6,758,271. Reallocation of the former Nursing Home operating property tax levy was made under Property Tax Extension Law to fulfill outstanding obligations in future years.

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2019
(Unaudited)

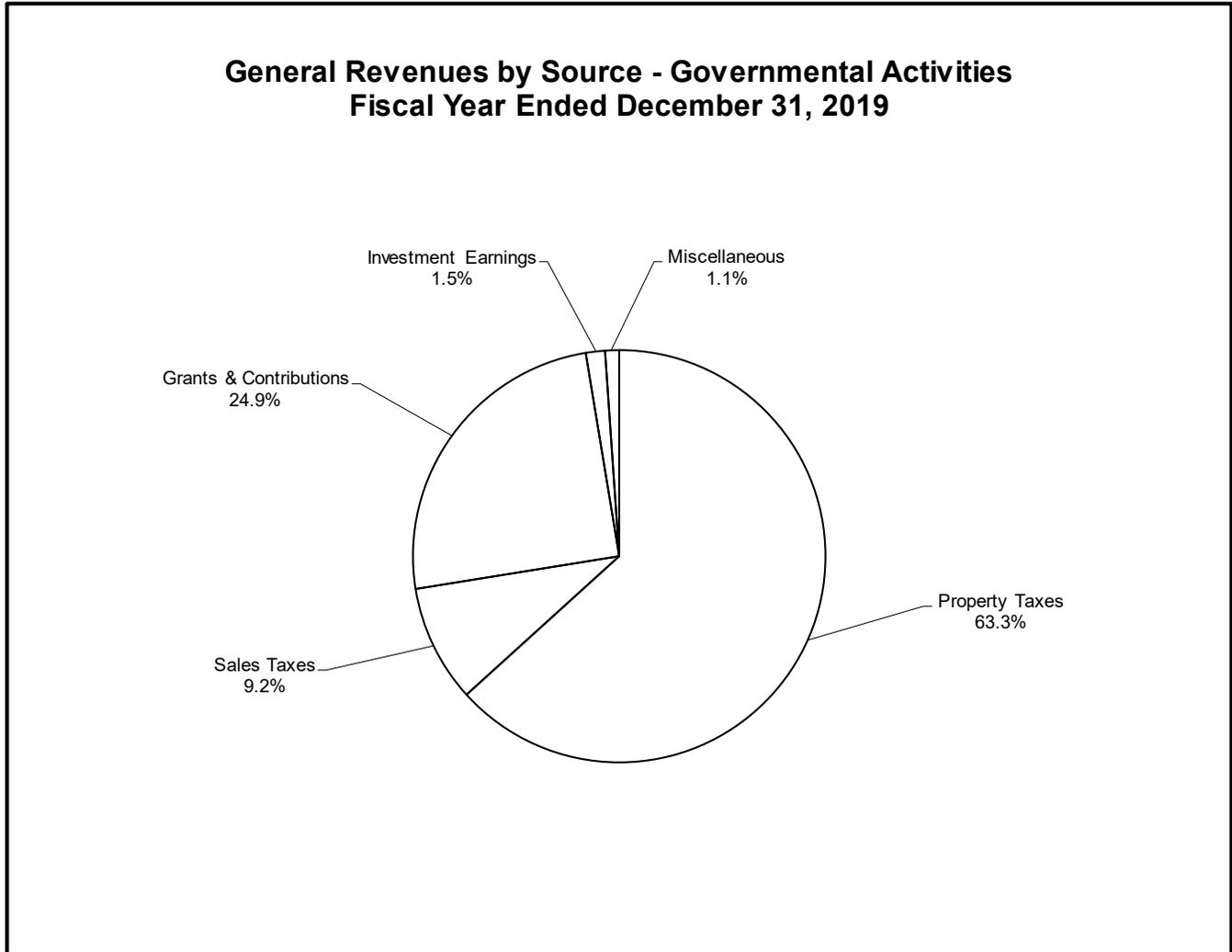
The following table summarizes the revenues and expenses of the County's activities:

County of Champaign's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program Revenues:						
Charges for Services	\$ 13,403,485	\$ 10,480,441	\$ 1,865,943	\$ 9,977,799	\$ 15,269,428	\$ 20,458,240
Operating Grants & Contributions	31,917,731	29,670,219	-	-	31,917,731	29,670,219
Capital Grants & Contributions	2,069,227	940,548	-	-	2,069,227	940,548
General Revenues:						
Property Taxes	33,783,571	31,569,590	-	1,261,661	33,783,571	32,831,251
Public Safety Sales Taxes	4,838,075	4,882,488	-	-	4,838,075	4,882,488
Hotel/Motel & Auto Rental Taxes	66,949	58,397	-	-	66,949	58,397
Grants & Contributions Not Restricted to Specific Programs	13,314,968	12,495,730	-	-	13,314,968	12,495,730
Investment Earnings	798,820	668,263	25,292	737	824,112	669,000
Miscellaneous	587,096	429,068	-	577	587,096	429,645
Total Revenues	100,779,922	91,194,744	1,891,235	11,240,774	102,671,157	102,435,518
EXPENSES						
General Government	10,999,121	12,141,116	-	-	10,999,121	12,141,116
Justice & Public Safety	36,186,848	33,793,443	-	-	36,186,848	33,793,443
Health	10,256,593	9,383,843	-	-	10,256,593	9,383,843
Education	9,812,167	9,421,986	-	-	9,812,167	9,421,986
Social Services	-	40,797	-	-	-	40,797
Development	16,297,185	12,879,955	-	-	16,297,185	12,879,955
Highways & Bridges	7,223,870	6,884,902	-	-	7,223,870	6,884,902
Interest on Long-Term Debt	818,957	1,143,148	-	-	818,957	1,143,148
Nursing Home	-	-	13,427,065	13,628,603	13,427,065	13,628,603
Total Expenses	91,594,741	85,689,190	13,427,065	13,628,603	105,021,806	99,317,793
CHANGE IN NET POSITION						
Before Transfers	9,185,181	5,505,554	(11,535,830)	(2,387,829)	(2,350,649)	3,117,725
Transfers	7,875,681	(2,618,676)	(7,875,681)	2,618,676	-	-
Change in Net Position	17,060,862	2,886,878	(19,411,511)	230,847	(2,350,649)	3,117,725
Net Position - Beginning	77,270,497	74,383,619	14,314,117	14,083,270	91,584,614	88,466,889
NET POSITION-ENDING	\$ 94,331,359	\$ 77,270,497	\$ (5,097,394)	\$ 14,314,117	\$ 89,233,965	\$ 91,584,614

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2019
(Unaudited)

General revenues for the County's governmental activities are derived from several sources which are dependent on different financial factors. As illustrated in the following chart, the major portion of general revenues (63%) are derived from property taxes, which provides long-term stability.

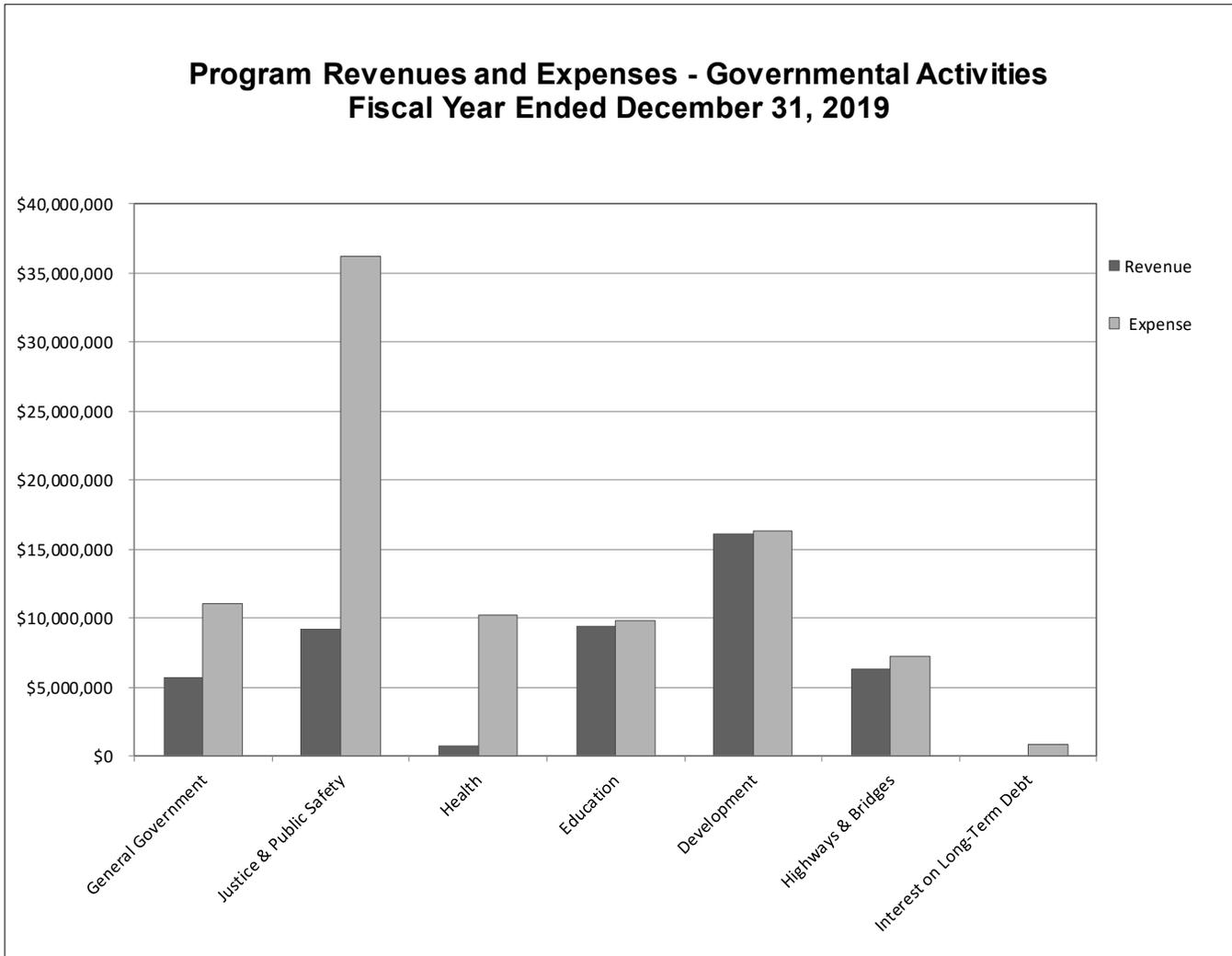


Total expenses of \$104,974,346 increased by \$5.7 million (5.7%) from fiscal year 2018. Governmental activities accounted for a \$5.8 million increase in expenses between the two years, while Proprietary Funds accounted for a \$0.2 million decrease.

Justice and Public Safety expenses of \$36,186,848 (39.5%) constituted the largest single expense category within total governmental activities of \$91,547,281. Development expenses were the next largest at \$16,297,185 or 17.8% of total expenses, followed by General Government at \$10,951,661 or 12.0%. In fiscal year 2018, the Justice and Public Safety expenses were 39.4% of total expenses, Development was 15.0% and General Government was 14.2% of total expenses. Development is funded mainly through federal and state grants and contributions which were \$1.49 million higher than 2018.

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2019
(Unaudited)

The following chart provides program expenses by function along with the related program revenues for FY2019:



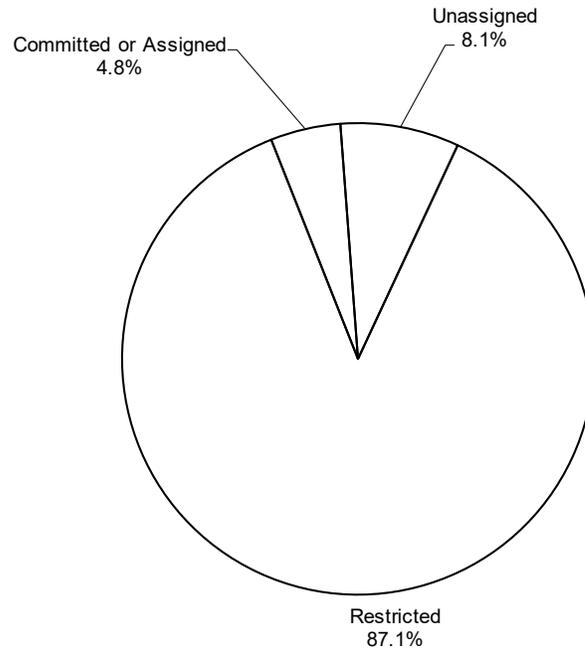
Financial Analysis of the Government's Funds

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

Governmental Funds: The focus of the County of Champaign's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County of Champaign's financing requirements. Fund balances are classified to indicate the extent to which a government is bound to honor constraints on the specific purposes for which the funds can be spent.

At the end of December 31, 2019, the County of Champaign's governmental funds reported combined ending fund balance of \$46,904,161 an increase of \$6,431,610 or 15.9% compared with the prior year. Of the ending fund balance, \$35,132,363 (74.9%) is *externally restricted* by state statutes, grantor/donor stipulations, or debt covenants, and may only be used for specified purposes. Another 7.4% is either *committed* to a specific purpose by County Board resolution or *assigned* to a specific purpose by County officials. The remaining \$8,322,355 (17.7%) is *unassigned* and free to be used for any purpose at the discretion of the County Board. Please see fund balance chart below:

**Combined Fund Balance - Governmental Funds
Fiscal Year Ended December 31, 2019**



The General Fund is the chief operating fund of the County of Champaign. For the fiscal year ended December 31, 2019, the general fund's modified accrual balance was \$9,938,090 or 27.1% of general fund expenditures. Fund balance of \$8,713 represented non-spendable balances for prepaid items, \$307,427 was assigned for future tax liability, leaving \$9,621,950 unassigned and available for spending on any purpose. During the fiscal year ended December 31, 2019, the General Fund balance increased by \$5,920,263 or 16.2% of general fund expenditures.

Of the other three major governmental funds on the modified accrual basis, the Regional Planning Commission Fund, which relies primarily on funding from grants and contracts with other governmental agencies, had an increase in fund balance of \$498,875 or 36.5% in 2019 following an increase of \$334,219 or 32.4% in 2018. For most of the grants and contracts, spending occurs first, then the Regional Planning Commission awaits reimbursement from the granting agencies.

The Mental Health Fund experienced an increase of \$209,574 or 6.7% in FY2019 compared with an increase of \$168,916 or 5.7% in the prior year. The Early Childhood Fund experienced a decrease of \$242,991 or 11.6% in FY2019 compared with an increase of \$129,572 or 6.6% in the prior year.

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2019
(Unaudited)

At the end of FY2019, governmental revenues on the modified accrual basis were \$99,118,381, which was \$7,338,111 or 8.0% higher than FY2018. The major variances were as follows:

- \$3.6 million in Intergovernmental revenues resulting from higher grant revenues for Development- \$792 thousand; and an increase to Highways and Bridges- \$634 thousand with association to the County Motor Fuel Tax Fund. These were offset by small reductions for General Government, Health, and Highways & Bridges,
- \$735 thousand increase in charges for services which is attributable to slight increases in collections for the Circuit Clerk and Sherriff's office, and
- \$969 thousand increase in charges for services directly from the Regional Planning Commission.

In fiscal year 2019, Governmental expenditures increased by \$14.4 million (16.2%). The most significant variances included the following:

- \$2.6 million increase in expenditures for roads and bridges and related expenses
- \$7.4 million increase in debt service expenditures primarily due to the repayment of the 2011 Series Nursing Home Construction Refunding Bonds. The County also took out a \$1,980,400 promissory note for the purpose of financing certain nursing home outstanding operating expenses. Payback of the note was made in whole and there was no outstanding balance as of December 31, 2019.
- \$2.4 million increase in overall spending for Development, and \$270 thousand increase in overall spending for Education, both of which are commensurate with the higher level of revenues experienced in fiscal year 2019.
- \$1.6 million increase in Justice & Public Safety expenditures again in keeping with increased revenues.

Proprietary Funds. The proprietary fund statements display the County's only enterprise fund, which is the Champaign County Nursing Home, along with the internal service funds. The Nursing Home ended the period with a total net position deficit of \$(5,097,394).

Champaign County Management and the County Board have spent a considerable amount of time in recent years addressing the problems at the Nursing Home. This included several Interfund loans to the Nursing Home between 2004 and 2008. At the end of 2008, the Nursing home owed the General Fund \$1,333,142. However, the County Board voted in 2010 and again in 2013 to forgive this outstanding debt. In exchange, it was agreed in 2010 that the Nursing Home would reimburse the General Fund for the annual interest and principal on the bonds that were issued to finance the HVAC re-design and mold mediation at the new Nursing Home facility. However, the Nursing Home has been unable to meet this commitment over the past three years due to severe limitations on their cash flow.

In 2008, a separate Nursing Home Board of Directors was established to oversee the Nursing Home's policies and operations, and a consulting firm was hired to provide operational management of the Nursing Home. Under the new management structure, several seemingly positive changes were supposed to be implemented at the Nursing Home, with the aim of increasing patient census, reducing over-reliance on contract nursing, and generally improving the finances of the facility. However, the Nursing Home has continued to struggle with these problems, and they have had a negative impact on the Home's cash position. Most of the action taken by the Board has been discussed in the section on the Proprietary Funds earlier in this narrative. By the end of the fiscal year, the Nursing Home had approximately \$6.8 million in outstanding bills and loans due to the County compared with \$5.2 million in FY18. Amounts due to outside vendors totaled \$371 thousand.

General Fund Budgetary Highlights

The original revenue and other financing sources budget for FY2019 totaled \$39,510,715 which was \$2.25 million or 6.0% higher than the original budget for FY2018.

Some of the highlights were as follows:

- \$247,602 (5.4%) increase in fees and fines. This is in keeping with recent trends.
- \$151,861 (1.0%) increase in State Shared Revenues is a net figure comprising
- \$884,281 increase in property taxes collection. This includes \$488,364 in property tax revenue related to a potential Circuit Court ruling regarding hospital property tax exemptions. It was uncertain whether the County would receive this additional tax revenue in 2019
- \$120,323 or 7.7% increase in licenses and permits is based on increases in revenue stamps of \$100,000 off set by other minor reductions.

The \$38,629,730 original expenditure and other financing uses budget for the fiscal year ended December 31, 2018 was \$1,85 million or 5.0% higher than the original budget for FY2018. Additional details are as follows:

- \$451,274 or 1.7% increase in Personnel costs resulted from a combination of: attrition and turnover in several General Fund departments; wage increases between 1.8% and 2.5% for non-bargaining employees and negotiated contracts; the addition of a new Planner position in the Planning and Zoning department; and, the addition of a Data Analyst position in the Sheriff's Office.
- \$64,092 or 3.1% increase in the cost of commodities the majority of which is for document stamps.
- \$124,144 or 1.7 increase in the cost of Services. For the most part departments held their costs flat.
- \$1.15 million 138.4% increase in interfund transfers predominantly as a result of the increased transfer to the Capital Asset Replacement Fund for the County's increased investment in facilities and technology.

Expenditures were under budget by \$1.45 million or 3.5% mainly due to lower personnel costs of \$754,313 which was spread over several departments; \$145,395 less for commodities; and \$526,084 in lower costs for services resulting primarily from delays in the start of planned programs.

Under the final amended budget, the projected net change in fund balance was an increase of \$502,673. The actual net change in fund balance on the budgetary basis turned out to be an increase of \$4,890,464, explained by the variances in revenue and expenditures above.

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2019
(Unaudited)

Capital Asset and Debt Administration

Capital Assets: The County of Champaign's investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounted to \$77,460,420, net of accumulated depreciation. This investment in capital assets include land, buildings, improvements, machinery and equipment, roads, and bridges. Following is a comparative schedule of capital assets, net of accumulated depreciation:

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,027,080	\$ 2,027,080	\$ -	\$ -	\$ 2,027,080	\$ 2,027,080
Construction in Progress	5,890,684	1,948,858	-	-	5,890,684	1,948,858
Infrastructure	36,166,226	35,661,173	-	-	36,166,226	35,661,173
Buildings and Improvements	30,780,797	31,531,055	-	17,114,065	30,780,797	48,645,120
Equipment	2,595,633	2,562,340	-	230,134	2,595,633	2,792,474
Total	\$ 77,460,420	\$ 73,730,506	\$ -	\$ 17,344,199	\$ 77,460,420	\$ 91,074,705

Additional information on the County of Champaign's capital assets can be found in Note 11 in the Notes to Financial Statements of this report.

Long-Term Debt: At December 31, 2019, the County of Champaign had total long-term liabilities of \$38,300,470. The entire amount is backed by the full faith and credit of the County of Champaign. Following is a comparative schedule of outstanding debt:

Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$18,524,904	\$26,616,669	\$ -	\$ -	\$18,524,904	\$26,616,669
Debtenture Note	-	398,003	-	-	-	398,003
Capital Lease Obligations	30,383	66,204	-	-	30,383	66,204
Total OPEB Liability	3,537,645	3,061,486	-	67,471	3,537,645	3,128,957
Net Pension Liability*	9,739,760	26,046,591	-	-	-	-
Compensated Absences	2,794,869	2,697,620	-	168,626	2,794,869	2,866,246
Estimated Claims Payable	3,672,909	4,086,250	-	-	3,672,909	4,086,250
Total	\$38,300,470	\$62,972,823	\$ -	\$ 236,097	\$38,300,470	\$63,208,920

*IMRF Regular was a net liability of \$10,742,098 in prior year compared to a \$5,011,374 net pension asset in current year

Additional information on the County's long-term debt can be found in Note 17 in the Notes to Financial Statements of this report.

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2019
(Unaudited)

Economic Factors

The main campus of the University of Illinois lies in the center of Champaign County and it provides a great deal of stability to the area's economy, as the University is the area's largest employer (with over 13,934 employees) and is a major purchaser of various goods and services. As a result, the revenues of Champaign County tend to be more stable than those of many other counties. In keeping with the national trend, at 3.6%, Champaign County's unemployment rate is significantly lower than 5.2% in 2015 and 6.1% in 2014. While it is about equal to that of the state average of 3.5%, it is lower than the national average of 4.2%. Per capita personal income has risen approximately 4% from \$43,584 in 2018 to \$45,328 in 2019.

The equalized assessed value (EAV) of taxable property in Champaign County, for taxes payable in 2019, increased by approximately 8.6% to \$4.3 billion, compared with \$4.0 billion the year before. Residential properties made up 54.9% of the EAV, while commercial development constituted 36.0%, and farmland 9.1%.

Requests for Information

This financial report is designed to provide a general overview of the County of Champaign's finances for all those with an interest in the County'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 Auditor, 1776 E. Washington, Urbana, IL 61802.

This page was intentionally left blank.