

Financial Section

INDEPENDENT AUDITORS' REPORT



CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Champaign County Board
Champaign County, Illinois
Urbana, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign County, Illinois, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Champaign County, Illinois's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign County, Illinois, as of December 31, 2021, 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.

Emphasis of Matter

During fiscal year ended December 31, 2021, three funds that were previously reported as major funds were reclassified to other nonmajor governmental funds, part of aggregate remaining fund information. In addition, one fund that was previously reported as a nonmajor governmental fund was reclassified to a custodial fund, a change in application of accounting principles. In addition, certain amounts classified as liabilities in one custodial fund last year, were reclassified to net position this year. Beginning fund balance and net position were restated for these changes, as disclosed in Note 22. Our auditor's opinion was not modified with respect to the restatements.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Champaign County, Illinois and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Champaign County, Illinois's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, Illinois's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Champaign County, Illinois's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison information, schedule of changes in OPEB liability and related ratios, schedules of changes to net pension liabilities (assets) and schedules of pension employer contributions, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Champaign County, Illinois's basic financial statements. The combining and individual fund statements and schedules, schedules of capital assets by type, source and function, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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 GAAS. In our opinion, the combining and individual fund statements and schedules, capital asset schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The year ended December 31, 2020 balance sheets and schedules of revenues, expenditures, and changes in fund balance and capital asset schedule, was subjected to the auditing procedures applied in the 2020 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2020 financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Champaign County
Champaign County, Illinois

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2022 on our consideration of the Champaign County, Illinois'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 the Champaign County, Illinois'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, Illinois's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Champaign, Illinois
October 4, 2022

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2021
(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, 2020. 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 \$141,492,367 (Total Net Position). This represents an increase in net position of approximately \$33.1 million or 30.5% between 2020 and 2021. As a result of the sale of the Nursing Home in 2019, there was no Business-Type Activities in 2021.
- At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$67,063,542, an increase of \$17.3 million from the prior year. \$49,579,849 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, 2021, the unassigned fund balance for the County's General Fund was \$16,761,787, or 40.0% of total general fund expenditures. This was approximately \$5.4 million, or 47.7% higher than the unassigned fund balance for fiscal year 2020.
- Total general bonded debt decreased by \$1,966,592 or 11.7% from fiscal year 2020.

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
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DECEMBER 31, 2021
(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 (sold in 2019). 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 53-54 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 56 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, Regional Planning Commission Fund and the American Rescue Plan Act Fund, all of which are considered major funds. Data from the other 53 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 55-58.

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. As of 2021, this enterprise fund has been closed because of the sale of the 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
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DECEMBER 31, 2021
(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 (sold in 2019). 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 59-62.

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 63-64 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 65-97 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 on pages 101-110 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 113-134 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 \$141,492,367 at the close of the fiscal year ended December 31, 2021. 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 (\$66,648,155 or 47.1%) 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 \$93,821,343 represents resources that are subject to external restrictions on how they may be used. Of this amount, \$33,820,719 is restricted by state statute; \$15,819,444 is restricted by grantor/donor stipulations; \$43,165,145 is restricted by retirement; and \$1,016,035 is restricted by debt covenants. This leaves an unrestricted deficit balance of \$18,977,131 as the final component of the total net position. This balance includes net pension liability of \$1,095,877, net deferred pension outflow/(inflow) of \$(36,576,955); net deferred outflow/(inflow) of \$445 related to other Post-Employment Benefits (OPEB), and total OPEB liability of \$3,384,143.

COUNTY OF CHAMPAIGN, ILLINOIS
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In 2021, the balance for the governmental activities reflected a net position deficit: to \$(18,977,131) from \$(9,313,011) in 2020. One main factor resulting in this fluctuation is the change in net deferred pension outflow/(inflow) from \$(22,744,252) in 2020 to \$(36,576,955) in 2021. There were no business-type activities in 2021.

The following table presents a snapshot of Champaign County's Total Net Position for the fiscal year ended December 31, 2021 compared with December 31, 2020:

County of Champaign's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020*	2021	2020*	2021	2020*
ASSETS						
Current and Other Assets	\$ 186,086,837	\$ 120,866,663	\$ -	\$ -	\$ 186,086,837	\$120,866,663
Capital Assets	81,257,063	77,979,911	-	-	81,257,063	77,979,911
Total Assets	267,343,900	198,846,574	-	-	267,343,900	198,846,574
DEFERRED OUTFLOWS OF RESOURCES						
	2,424,725	5,169,960	-	-	2,424,725	5,169,960
Total Assets & Deferred Outflow of Resources	269,768,625	204,016,534	-	-	269,768,625	204,016,534
LIABILITIES						
Current and Other Liabilities	28,356,724	5,456,626	-	-	28,356,724	5,456,626
Long-term Liabilities	23,459,814	30,352,144	-	-	23,459,814	30,352,144
Total Liabilities	51,816,538	35,808,770	-	-	51,816,538	35,808,770
DEFERRED INFLOW OF RESOURCES						
	76,459,720	59,779,819	-	-	76,459,720	59,779,819
NET POSITION						
Invested in Capital Assets	66,648,155	61,815,431	-	-	66,648,155	61,815,431
Restricted	93,821,343	55,925,525	-	-	93,821,343	55,925,525
Unrestricted	(18,977,131)	(9,313,011)	-	-	(18,977,131)	(9,313,011)
Total Net Position	\$ 141,492,367	\$ 108,427,945	\$ -	\$ -	\$ 141,492,367	\$108,427,945

*2020 includes an adjustment to cash and restricted net position in the amount of \$1,726,840. See Note 22 for further detail.

Governmental Activities: The total net position reported for governmental activities increased by \$33.1 million or 30.5% between fiscal years 2021 and 2020. Approximately \$3 million of this is attributable to the increased collections of property taxes from the levy. A combination of an increased equalized assessed value of 4.7% and CPI increase of 1.4% allowed for a levy increase of approximately 3.6%. Public safety sales taxes collected were also \$1 million higher than 2020.

The County also had multiple infrastructure projects in-process in the current year. See note 7 for further detail. As a result of these ongoing operations, the County received \$4,168,850 of additional state grants. This is an increase of \$3.3 million compared to 2020.

COUNTY OF CHAMPAIGN, ILLINOIS
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(Unaudited)

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

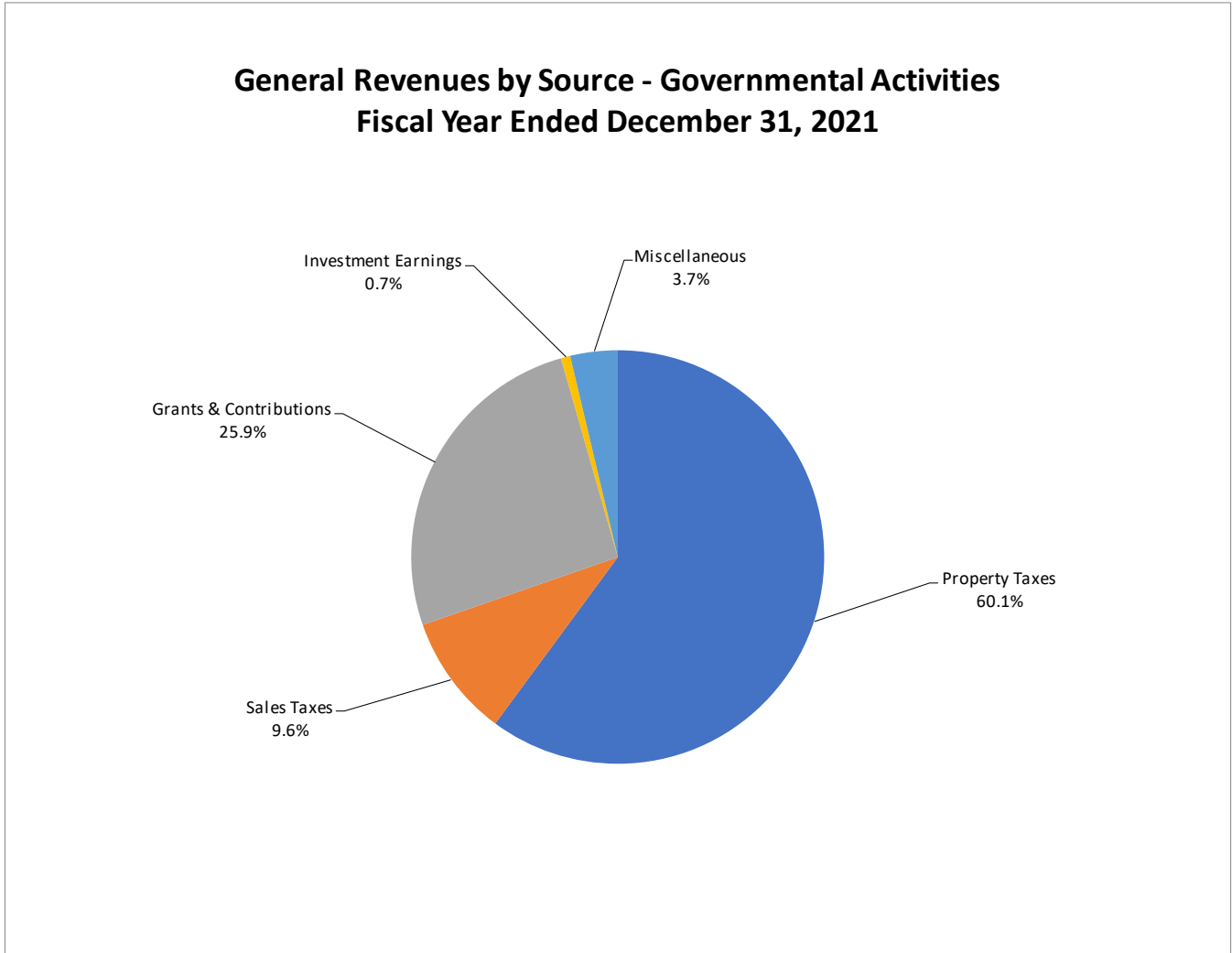
County of Champaign's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program Revenues:						
Charges for Services	\$ 13,635,687	\$ 12,554,097	\$ -	\$ -	\$ 13,635,687	\$ 12,554,097
Operating Grants & Contributions	55,402,765	43,580,190	-	-	55,402,765	43,580,190
Capital Grants & Contributions	4,168,850	911,760	-	-	4,168,850	911,760
General Revenues:						
Property Taxes	37,324,083	34,279,267	-	-	37,324,083	34,279,267
Public Safety Sales Taxes	5,873,781	4,430,610	-	-	5,873,781	4,430,610
Hotel/Motel & Auto Rental Taxes	59,306	44,312	-	-	59,306	44,312
Grants & Contributions Not Restricted to Specific Programs	16,070,354	12,943,660	-	-	16,070,354	12,943,660
Investment Earnings	450,654	508,260	-	-	450,654	508,260
Miscellaneous	2,300,248	3,918,045	-	-	2,300,248	3,918,045
Total Revenues	135,285,728	113,170,201	-	-	135,285,728	113,170,201
EXPENSES						
General Government	12,928,428	12,856,709	-	-	12,928,428	12,856,709
Justice & Public Safety	26,581,472	30,460,555	-	-	26,581,472	30,460,555
Health	12,561,788	12,376,590	-	-	12,561,788	12,376,590
Education	10,023,138	11,283,118	-	-	10,023,138	11,283,118
Social Services	-	-	-	-	-	-
Development	30,596,542	18,189,310	-	-	30,596,542	18,189,310
Highways & Bridges	8,860,404	8,081,988	-	-	8,860,404	8,081,988
Interest on Long-Term Debt	669,534	775,411	-	-	669,534	775,411
Nursing Home	-	-	-	-	-	-
Total Expenses	102,221,306	94,023,681	-	-	102,221,306	94,023,681
CHANGE IN NET POSITION						
Before Transfers	33,064,422	19,146,520	-	-	33,064,422	19,146,520
Transfers	-	(5,097,394)	-	5,097,394	-	-
Change in Net Position	33,064,422	14,049,126	-	5,097,394	33,064,422	19,146,520
Net Position - Beginning	108,427,945	94,378,819	-	(5,097,394)	108,427,945	89,281,425
NET POSITION-ENDING	\$ 141,492,367	\$ 108,427,945	\$ -	\$ -	\$ 141,492,367	\$ 108,427,945

*2020 includes an adjustment to operating grants and contributions in the amount of \$1,726,840. See Note 22 for further detail.

COUNTY OF CHAMPAIGN, ILLINOIS
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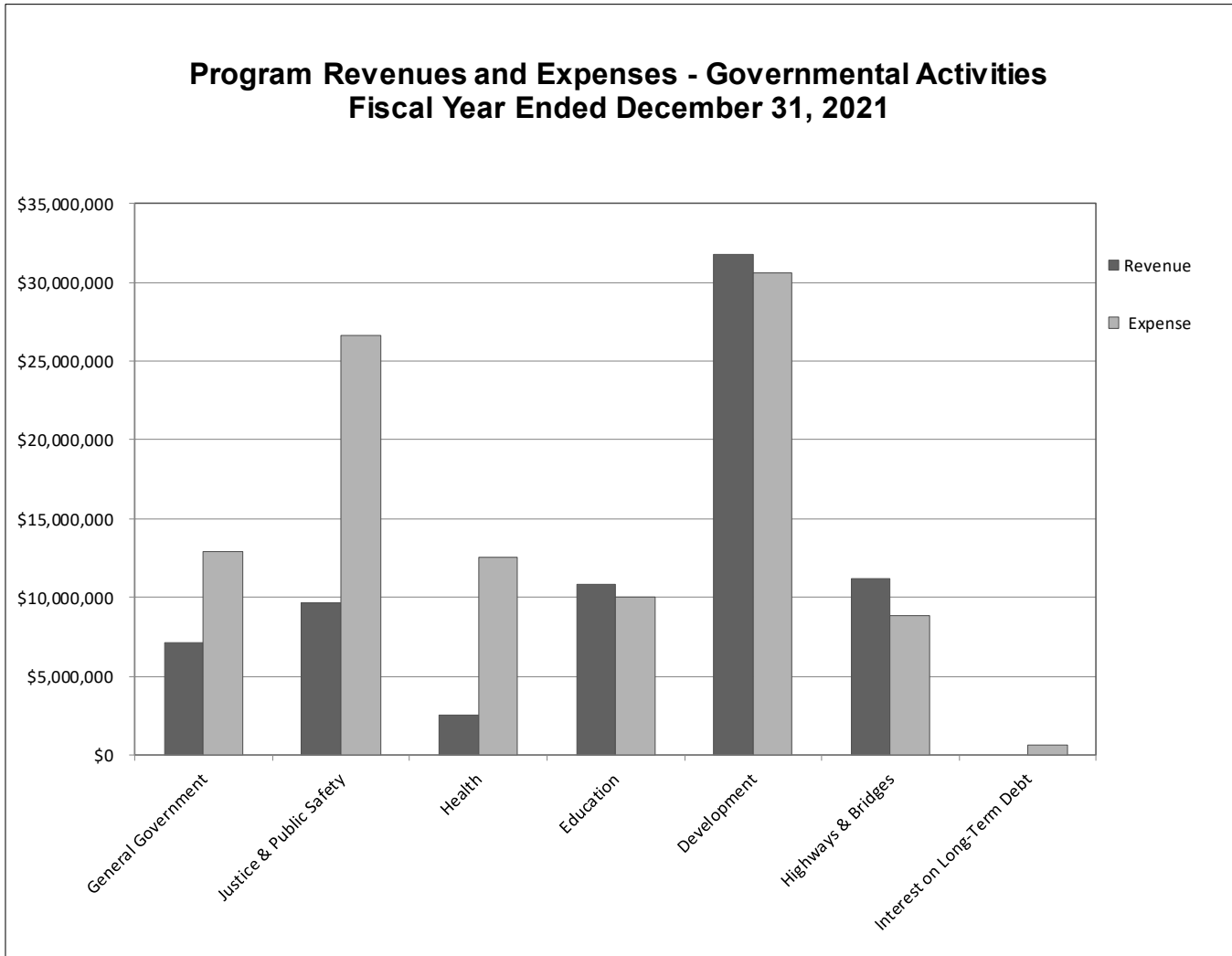
General revenues for the County's governmental activities are derived from several sources which are dependent on different financial factors. As illustrated in the following chart, the major portion of general revenues (60.1%) are derived from property taxes, which provides long-term stability.



Total expenses of \$102,221,306 increased by \$8.2 million (8.7%) from fiscal year 2020.

Development expenses of \$30,596,542 (29.9%) constituted the largest single expense. Justice and Public Safety expenses were the next largest at \$26,581,472 or (26.0%) of total expenses, followed by General Government at \$12,928,428 or 12.6%. In fiscal year 2020, the Justice and Public Safety expenses were 32.4% of total expenses, Development was 19.3% and General Government was 13.7% of total expenses. Development is funded mainly through federal and state grants and contributions which were \$13 million higher than 2020.

The following chart provides program expenses by function along with the related program revenues for FY2021:



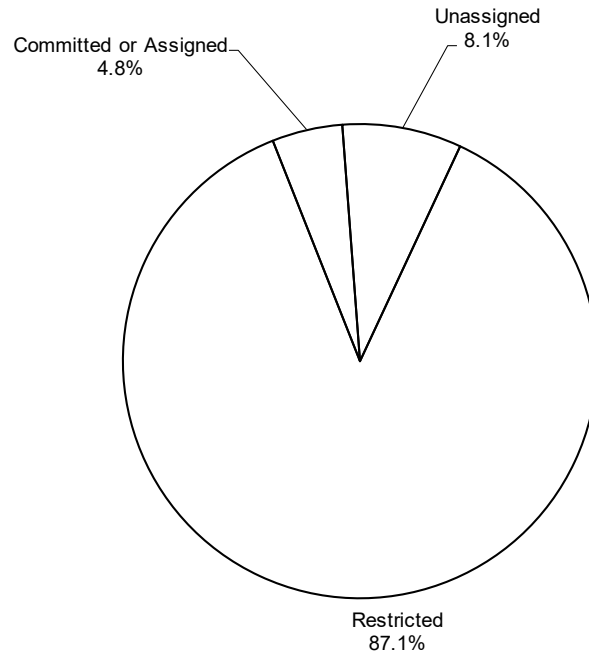
Financial Analysis of the Government's Funds

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, 2021, the County of Champaign's governmental funds reported combined ending fund balance of \$67,063,542 an increase of \$17,297,856 or 30.2% compared with the prior year. Of the ending fund balance, \$49,640,861 (74.0%) is *externally restricted* by state statutes, grantor/donor stipulations, or debt covenants, and may only be used for specified purposes. Another 9.6% is either *committed* to a specific purpose by County Board resolution or *assigned* to a specific purpose by County officials. The remaining \$11,001,348 (16.4%) 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, 2021**



The General Fund is the chief operating fund of the County of Champaign. For the fiscal year ended December 31, 2021, the general fund's modified accrual balance was \$16,783,158 or 43.9% of general fund expenditures. Fund balance of \$21,371 represented non-spendable balances for prepaid items, leaving \$16,761,787 unassigned and available for spending on any purpose. During the fiscal year ended December 31, 2021, the General Fund balance increased by \$5,308,316 or 13.9% of general fund expenditures.

Of the other two 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 \$2,319,706 or 113.5% in 2020 following an increase of \$178,538 or 9.6% in 2020. For most of the grants and contracts, spending occurs first, then the Regional Planning Commission awaits reimbursement from the granting agencies.

The American Rescue Plan Act Fund was created in 2021 upon receipt of State and Local fiscal recovery funds to address economic fallout from the COVID-19 pandemic and provide a foundation for a strong and equitable recovery. While the fund did receive \$20.3M of funding, actual expenditures and recognized revenue amounted to \$406,885. The County utilized 2021 to explore and assess different options for spending the funds. As a result, the ending fund balance as of 2021 was \$10,964 with \$20 million reported as unearned revenue.

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2021
(Unaudited)

At the end of fiscal year 2021, governmental revenues on the modified accrual basis were \$133,135,134, which was \$21,077,085 or 18.8% higher than fiscal year 2020. The major variances were as follows:

- \$17.4 million increase in intergovernmental revenue. A large portion of this can be attributed back to funding provided by federal and state agencies throughout 2021 during the COVID-19 pandemic to provide relief to the community. \$7.3 million is associated with the collection and disbursement of the Emergency Rental Assistance Program (ERA). This funding provided reprieve for those unable to pay rent and utilities as a result of the pandemic.
- \$3.0 M increase in property tax revenue attributed to the 3.6% increase in tax levy

In fiscal year 2021, governmental expenditures increased by \$13.5 million (13.2%). The most significant variances included the following:

- \$13.1 million increase in overall spending for Development. The increase is directly associated with the increased grant activity in 2021. With reference to the ERA Program, unspent funding must be provided back to the federal agency (U.S. Environmental Protection Agency). As of the end of 2020, \$7.3 million of disbursements were made on behalf of this grant.
- The County incurred \$898k in additional costs under the Capital Asset Replacement Fund in 2021. In the summer of 2020, the County incurred hail damage amounting to over \$2 million in damages. Reimbursement for the damages was received in 2020. However, the necessary repairs did not occur till 2021. In addition, during 2021, the County was paying for training and implementation costs encompassing the new ERP software.

General Fund Budgetary Highlights

The original revenue and other financing sources budget for fiscal year 2021 totaled \$41,879,384 which was \$1.1 million or 2.6% higher than the original budget for fiscal year 2020. Additional details are as follows:

- Property taxes increased \$1.6 million as a result of an increase in the CPI inflationary rate
- \$721,864 (3.7%) increase in license and permits revenue is comprised of an influx of revenue stamps within the Recorder's office. Due to COVID-19, the federal interest rate dropped significantly. This lured more individuals into the housing market to take advantage of the mortgage rates; which in turn lead a higher volume of processing by the Recorder.
- County received \$440,694 of federal grant funding from NIBRS in 2021. This is an increase of \$356,027 compared to 2020. The funding is to be utilized for the County's portion of building out of the new report management system integrated with the state.

The original expenditure and other financing uses budget for fiscal year 2021 totaled \$41,992,568 which was \$1.7 million or 4.2% higher than the original budget for fiscal year 2020. Additional details are as follows:

- Personnel expenditures account for the majority of the General Fund budget. Wage increases for nonbargaining employees and the American Federation of State, County and Municipal Employees (AFSCME) contracts in 2021 are 2.5% and 3.3% respectively. Fraternal Order of Police (FOP) contracts in FY2021 range from 2% to 3.25%. Health insurance expenditures in the General Fund increased based on employee utilization and a 7% premium increase. FTE's dropped from 1,076 in 2020 to 1,007 in 2021. While salary and fringe benefit expenditures as a whole remained steady in comparison to 2020, the costs associated with individual staffing increased.
- There was a \$508,336 or 45.3% increase in commodities associated with the purchase of document stamps. The increased costs correlates with the additional revenue from stamps identified above.
- The County's prison is in very poor condition and has had to deal with overcrowding. In 2021, the County began transferring inmates to outside boarding facilities. Total costs compared to 2020 has increased by \$357,250 or 94.7%. Increased boarding costs will continue into 2022 as the County continues to work on a resolution.

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2021
(Unaudited)

Under the final amended budget, the projected net change in fund balance was a decrease of (\$550,642). The actual net change in fund balance on the budgetary basis turned out to be an increase of \$5,630,316, explained by the variances in revenue and expenditures above.

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, 2021, amounted to \$81,257,063, 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	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,083,519	\$ 2,070,199	\$ -	\$ -	\$ 2,083,519	\$ 2,070,199
Construction in Progress	6,617,459	3,143,910	-	-	6,617,459	3,143,910
Infrastructure	40,763,290	39,455,246	-	-	40,763,290	39,455,246
Buildings and Improvements	29,188,065	30,889,861	-	-	29,188,065	30,889,861
Equipment	2,604,730	2,420,695	-	-	2,604,730	2,420,695
Total	\$ 81,257,063	\$ 77,979,911	\$ -	\$ -	\$ 81,257,063	\$ 77,979,911

Additional information on the County of Champaign's capital assets can be found in Note 7 in the Notes to Financial Statements of this report.

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2021
(Unaudited)

Long-Term Debt: At December 31, 2021, the County of Champaign had total long-term liabilities of \$25,431,288. 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	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$14,736,720	\$16,703,312	\$ -	\$ -	\$14,736,720	\$16,703,312
Total OPEB Liability	3,384,143	3,323,418	-	-	3,384,143	3,323,418
Net Pension Liability*	1,095,877	3,823,832	-	-	1,095,877	3,823,832
Compensated Absences	3,079,060	3,074,740	-	-	3,079,060	3,074,740
Estimated Claims Payable	3,135,488	3,426,842	-	-	3,135,488	3,426,842
Total	\$25,431,288	\$30,352,144	\$ -	\$ -	\$25,431,288	\$30,352,144

*IMRF Regular was a net pension asset of \$15,915,760 in prior year compared to a \$43,165,145 net pension asset in current year

Additional information on the County's long-term debt can be found in Note 13 in the Notes to Financial Statements of this report.

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 14,300 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. Historical trends have shown that the average unemployment rate across the County is lower than that of state and national average.

The equalized assessed value (EAV) of taxable property in Champaign County, for taxes payable in 2021, increased by approximately 2.98% to \$4.4 billion, compared with \$4.3 billion the year before. Residential properties made up 55.2% of the EAV, while commercial development constituted 35.4%, and farmland 9.4%.

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.

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