

Financial Section



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, 2022, 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, 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, 2022, 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.

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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective January 1, 2022, the County adopted new accounting guidance for leases. The guidance requires lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. The guidance requires lessees to recognize a right-to-use asset and corresponding lease liability for all leases with lease terms greater than twelve months. Our opinions are not modified with respect to this matter.

As discussed in Note 23 to the financial statements, beginning net position of custodial funds was restated to correct an error.

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 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 Champaign County, Illinois's basic financial statements. The December 31, 2022 combining and individual fund statements and schedules 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 December 31, 2022 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 December 31, 2022 combining and individual fund statements and 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Champaign County, Illinois as of and for the year ended December 31, 2021 (not presented herein), and have issued our report thereon dated October 4, 2022, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The combining and individual fund statements and schedules for the year ended December 31, 2021 are presented for the 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 2021 financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the 2021 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 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, 2021.

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.

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 September 29, 2023 on our consideration of 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 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
September 29, 2023

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2022
(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, 2022. 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 \$157,285,994 (Total Net Position). This represents an increase in net position of approximately \$15.8 million or 11.2% between 2021 and 2022. After the 2019 sale of the nursing home the County no longer has business-type activities to report.
- At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$113,431,393, an increase of \$46.4 million from the prior year. \$92,157,194 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, 2022, the unassigned fund balance for the County's General Fund was \$14,252,025, or 35.0% of total general fund expenditures. This was approximately \$2.5 million, or 14.9% lower than the unassigned fund balance for fiscal year 2021.
- Total general bonded debt increased by \$35,629,240 or 242% from fiscal year 2021.

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 like 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).

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 47-48 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 67 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, the American Rescue Plan Act Fund, the Early Childhood Fund, and the Capital Asset Replacement Fund all of which are considered major funds. Data from the other 64 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 49-52.

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.

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 53-56.

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 57-58 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 59-94 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 97-106 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 110-129 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 \$157,285,994 at the close of the fiscal year ended December 31, 2022. 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 (\$70,572,542 or 44.9%) 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 \$93,478,445 represents resources that are subject to external restrictions on how they may be used. Of this amount, \$75,853,018 is restricted by state statute; \$14,554,195 is restricted by grantor/donor stipulations; \$3,071,232 is restricted by debt covenants. The unrestricted deficit balance of \$6,764,993 is the final component of the total net position. This balance includes a net pension liability of \$17,394,362, a net deferred pension outflow/(inflow) of \$23,047,150; a net deferred outflow/(inflow) of \$626,107 related to other Post-Employment Benefits (OPEB), and a total OPEB liability of \$2,760,636.

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2022
(Unaudited)

In 2022, the balance for the governmental activities reflected a net position surplus: to \$6,764,993 from a deficit of \$(18,977,131) in 2021. One main factor resulting in this favorable fluctuation is the change in net deferred pension outflow/(inflow) from \$(36,576,955) in 2021 to \$23,047,150 in 2022. There were no business-type activities in 2022.

The following table presents a snapshot of Champaign County's Total Net Position for the fiscal year ended December 31, 2022 compared with December 31, 2021:

County of Champaign's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current and Other Assets	\$ 212,237,768	\$ 186,086,837	\$ -	\$ -	\$ 212,237,768	\$186,086,837
Capital Assets	92,248,345	81,257,063	-	-	92,248,345	81,257,063
Total Assets	304,486,113	267,343,900	-	-	304,486,113	267,343,900
DEFERRED OUTFLOWS OF RESOURCES						
	25,240,595	2,424,725	-	-	25,240,595	2,424,725
Total Assets & Deferred Outflow of Resources	329,726,708	269,768,625	-	-	329,726,708	269,768,625
LIABILITIES						
Current and Other Liabilities	41,663,407	28,356,724	-	-	41,663,407	28,356,724
Long-term Liabilities	83,131,900	23,459,814	-	-	83,131,900	23,459,814
Total Liabilities	124,795,307	51,816,538	-	-	124,795,307	51,816,538
DEFERRED INFLOW OF RESOURCES						
	47,645,407	76,459,720	-	-	47,645,407	76,459,720
NET POSITION						
Invested in Capital Assets	70,572,542	66,648,155	-	-	70,572,542	66,648,155
Restricted	93,478,445	93,821,343	-	-	93,478,445	93,821,343
Unrestricted	(6,764,993)	(18,977,131)	-	-	(6,764,993)	(18,977,131)
Total Net Position	\$ 157,285,994	\$ 141,492,367	\$ -	\$ -	\$ 157,285,994	\$141,492,367

Governmental Activities: The total net position reported for governmental activities increased by \$15.8 million or 11.2% between fiscal years 2022 and 2021. Approximately \$1.6 million of this is attributable to the increased collections of property taxes from the levy. Equalized assessed value increased 3.6% as did the levy; the tax rate remained unchanged. The CPI was 6.5%. Public safety sales taxes collected were also \$0.6 million higher than 2021.

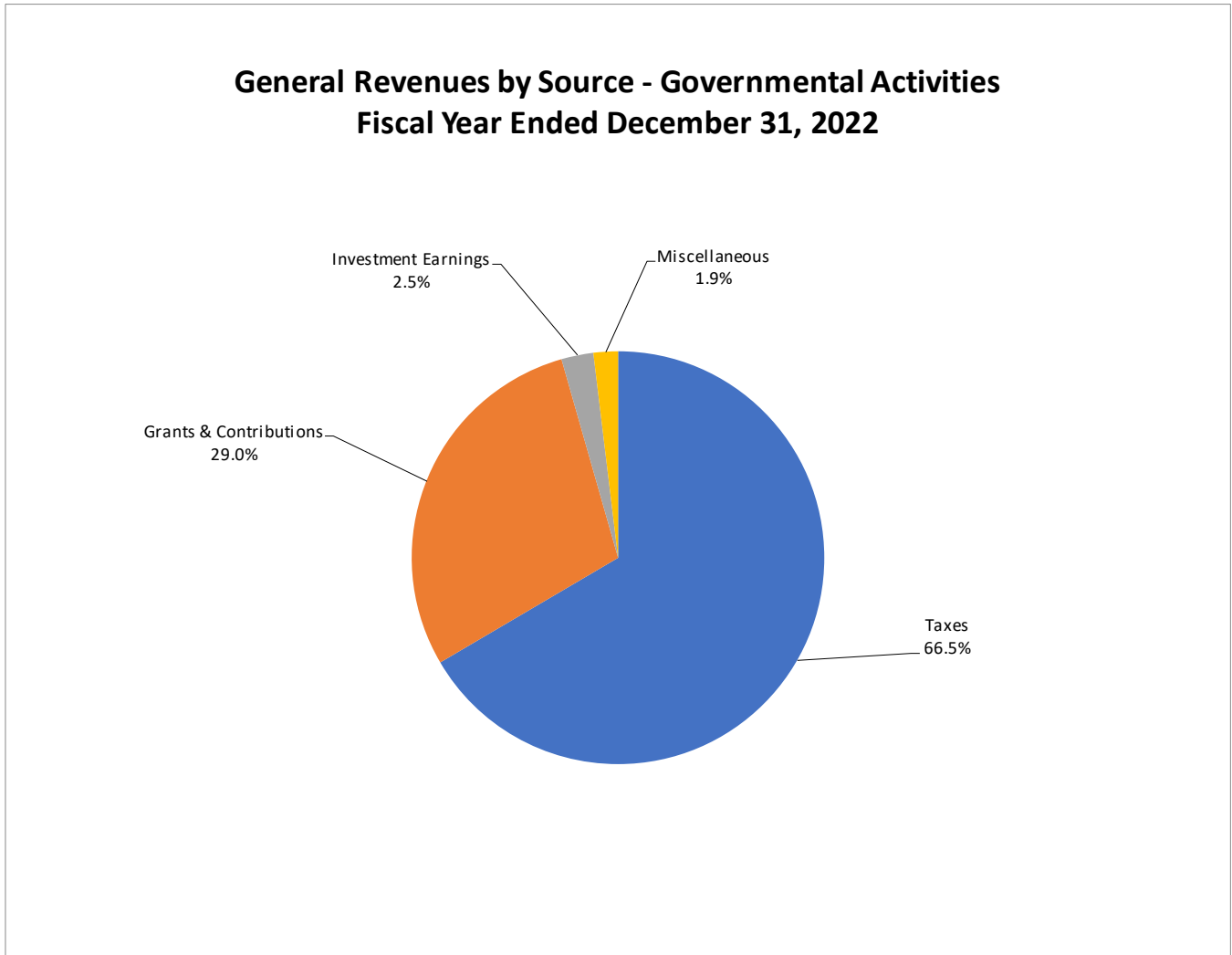
COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2022
(Unaudited)

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	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program Revenues:						
Charges for Services	\$ 12,322,074	\$ 13,635,687	\$ -	\$ -	\$ 12,322,074	\$ 13,635,687
Operating Grants & Contributions	57,955,542	55,402,765	-	-	57,955,542	55,402,765
Capital Grants & Contributions	-	4,168,850	-	-	-	4,168,850
General Revenues:						
Property Taxes	45,378,869	37,324,083	-	-	45,378,869	37,324,083
Public Safety Sales Taxes	-	5,873,781	-	-	-	5,873,781
Hotel/Motel & Auto Rental Taxes	-	59,306	-	-	-	59,306
Grants & Contributions Not						
Restricted to Specific Programs	19,806,756	16,070,354	-	-	19,806,756	16,070,354
Investment Earnings	1,715,426	450,654	-	-	1,715,426	450,654
Miscellaneous	1,296,611	2,300,248	-	-	1,296,611	2,300,248
Total Revenues	138,475,278	135,285,728	-	-	138,475,278	135,285,728
EXPENSES						
General Government	21,358,104	12,928,428	-	-	21,358,104	12,928,428
Justice & Public Safety	37,377,286	26,581,472	-	-	37,377,286	26,581,472
Health	12,884,061	12,561,788	-	-	12,884,061	12,561,788
Education	10,664,519	10,023,138	-	-	10,664,519	10,023,138
Social Services	-	-	-	-	-	-
Development	30,356,355	30,596,542	-	-	30,356,355	30,596,542
Highways & Bridges	9,693,949	8,860,404	-	-	9,693,949	8,860,404
Interest on Long-Term Debt	347,377	669,534	-	-	347,377	669,534
Nursing Home	-	-	-	-	-	-
Total Expenses	122,681,651	102,221,306	-	-	122,681,651	102,221,306
CHANGE IN NET POSITION						
Before Transfers	15,793,627	33,064,422	-	-	15,793,627	33,064,422
Transfers	-	-	-	-	-	-
Change in Net Position	15,793,627	33,064,422	-	-	15,793,627	33,064,422
Net Position - Beginning	141,492,367	108,427,945	-	-	141,492,367	108,427,945
NET POSITION-ENDING	\$ 157,285,994	\$ 141,492,367	\$ -	\$ -	\$ 157,285,994	\$ 141,492,367

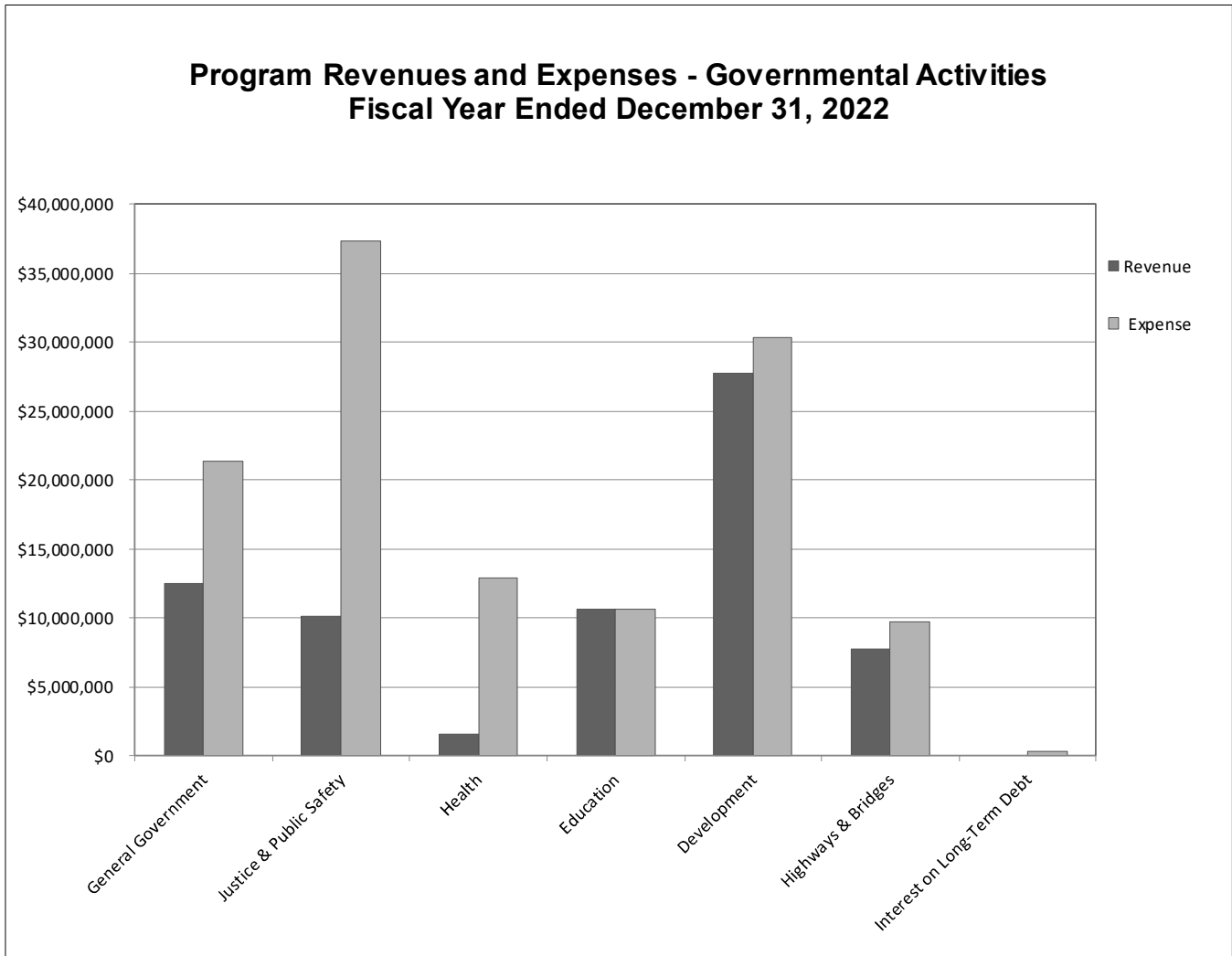
General revenues for the County's governmental activities are derived from several sources which are dependent on different financial factors. As illustrated in the following chart, the major portion of general revenues (66.5%) are derived from property taxes, which provides long-term stability.



Total expenses of \$122,681,650 increased by \$20.4 million (20.02%) from fiscal year 2021.

Justice & Public Safety expenses of \$37,377,285 (30.5%) constituted the largest single expense. Development expenses were the next largest at \$30,356,355 or (24.7%) of total expenses, followed by General Government at \$21,358,104 or 17.4%. In fiscal year 2021, the Justice and Public Safety expenses were 26% of total expenses, Development was 29.9% and General Government was 12.7% of total expenses.

The following chart provides program expenses by function along with the related program revenues for FY2022:



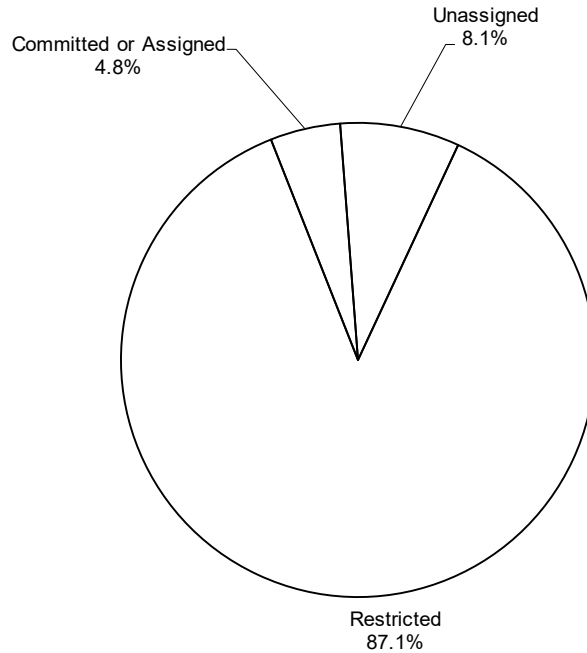
Financial Analysis of the Government's Funds

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, 2022, the County of Champaign's governmental funds reported combined ending fund balance of \$113,431,393 an increase of \$46,367,851 or 69.1% compared with the prior year. Of the ending fund balance, \$92,157,194 (81.2%) is *externally restricted* by state statutes, grantor/donor stipulations, or debt covenants, and may only be used for specified purposes. Another 9.1% is either *committed* to a specific purpose by County Board resolution or *assigned* to a specific purpose by County officials. The remaining \$9,601,621 (8.5%) 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, 2022



The General Fund is the chief operating fund of the County of Champaign. For the fiscal year ended December 31, 2022, the general fund's modified accrual balance was \$15,966,964 or 39.1% of general fund expenditures. Fund balance of \$114,939 represented non-spendable balances for prepaid items, leaving \$14,252,025 unassigned and available for spending on any purpose. During the fiscal year ended December 31, 2022, the General Fund balance decreased by \$(816,194) or (2.0%) of general fund expenditures.

Of the other four 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 a decrease in fund balance of \$(185,717) or (4.3%) in 2022 (in tandem with the ramping down of Emergency Rental Assistance during COVID-19) following an increase of \$2,319,706 or 113.5% in 2021 (in tandem with an expansion of Federal grants addressing COVID-19). 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. In 2021 the fund received \$20.3M of funding, but actual expenditures and recognized revenue amounted to \$406,885; the balance was deferred revenue to be recognized when expended. In 2022 more projects were identified, resulting in \$6,459,417 in expenditures. As of the end of 2022, the ending fund balance was \$217,959 with \$34.5 million reported as unearned revenue.

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2022
(Unaudited)

The Early Childhood Fund became a major fund in 2022 because its expenditures increased to over 10% of total governmental funds. In 2022, its share of governmental expenditure grew from 9.8% to 12.3% of the total. As of the end of 2022, the ending fund balance was \$3.4M.

The Capital Asset Replacement Fund became a major fund in 2022 due to the issuance of bonds for two large projects, the jail consolidation and the County Plaza renovation. The fund's 2022 assets of \$45M constitute 21.4% of governmental assets, whereas in 2021, they came to 5.2%.

At the end of fiscal year 2022, governmental revenues on the modified accrual basis were \$137,540,512, which was \$4,405,378 or 3.3% higher than fiscal year 2021. The major variances were as follows:

- We had a \$6 million dollar increase in recognized revenue (and expenditures) due to the development and realization of ARPA projects.
- On the other hand, \$6.8 million of the Emergency Rental Assistance Program (ERA) revenues were rolled back as the COVID-19 pandemic receded.
- Other notable variances include the following: Taxes increased \$2.1 million, Intergovernmental Revenue increase \$2.9 million, Fees, Fines, and Forfeitures decreased \$1.5 million, Investment earnings increased \$1.3 million, and Miscellaneous Revenue decreased \$1 million.

In fiscal year 2022, governmental expenditures increased by \$19.7 million (17.0%). The most significant variances included the following:

- There was a \$5.5 million increase in overall spending for Education. The increase is directly associated with the increased grant activity in 2022.
- The \$6 million dollar increase in ARPA revenue is matched by the same amount in expenditures in 2022, of which \$600,000 was spent on employee bonuses for COVID-19 attendance (aka "premium pay"), \$1.3 million for the Scott Bennett Memorial Building, and about \$1 million for water infrastructure.
- The closure of the downtown jail combined with the insufficient space at the remaining jail has resulted in a \$2.8 million increase in outsourcing the boarding of arrestees in other counties. Corrections also required an additional \$1 million for Outside Services.

General Fund Budgetary Highlights

The original revenue and other financing sources budget for fiscal year 2022 totaled \$43,889,800 which was \$2 million or 4.6% higher than the original budget for fiscal year 2021.

- Property taxes increased \$1.6 million because of a 3.6% increase Equalized Assessed Value (EAV).

The original expenditure and other financing uses budgeted for fiscal year 2021 totaled \$47,627,639 which was \$5.6 million or 11.8% higher than the original budget for fiscal year 2021. Additional details are as follows:

- Personnel expenditures account for most of the General Fund budget. Wage increases for non-bargaining employees was 3%. The American Federation of State, County and Municipal Employees (AFSCME) contracts in 2022 was 5.5%. Fraternal Order of Police (FOP) contracts in FY2022 range from 2% to 3.25%.
- 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; this continued for 2022.

Under the final amended budget, the projected net change in fund balance was a decrease of (\$5,441,710). The actual net change in fund balance on the budgetary basis turned out to be a decrease of \$(816,194), explained by the variances in revenue and expenditures above.

COUNTY OF CHAMPAIGN, ILLINOIS
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2022
(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, 2022, amounted to \$92,248,345, 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	
	2022	2021	2022	2021	2022	2021
Land	\$ 2,805,019	\$ 2,083,519	\$ -	\$ -	\$ 2,805,019	\$ 2,083,519
Construction in Progress	8,188,923	6,617,459	-	-	8,188,923	6,617,459
Infrastructure	42,111,132	40,763,290	-	-	42,111,132	40,763,290
Buildings and Improvements	29,829,439	29,188,065	-	-	29,829,439	29,188,065
Leased Buildings	6,303,613				6,303,613	-
Equipment	3,003,511	2,604,730	-	-	3,003,511	2,604,730
Leased Equipment and Fixtures	6,708				6,708	-
Total	\$ 92,248,345	\$ 81,257,063	\$ -	\$ -	\$ 92,248,345	\$ 81,257,063

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.

Long-Term Debt: At December 31, 2022, the County of Champaign had total long-term liabilities of \$83,111,005. 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	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$50,365,960	\$14,736,720	\$ -	\$ -	\$50,365,960	\$14,736,720
Lease Liability**	4,651,539	-	-	-	4,651,539	-
Total OPEB Liability	2,760,636	3,384,143	-	-	2,760,636	3,384,143
Net Pension Liability*	17,394,362	1,095,877	-	-	17,394,362	1,095,877
Compensated Absences	3,153,234	3,079,060	-	-	3,153,234	3,079,060
Estimated Claims Payable	3,105,137	3,135,488	-	-	3,105,137	3,135,488
Total	\$81,430,868	\$25,431,288	\$ -	\$ -	\$81,430,868	\$25,431,288

*IMRF Regular was a net pension asset of \$43,165,145 in prior year compared to \$0.00 net pension asset in current year

**Effective 2022 GASB 87 implemented.

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 13,300 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 total net position reported for governmental activities increased by \$15.8 million or 11.2% between fiscal years 2022 and 2021. Approximately \$1.6 million of this is attributable to the increased collections of property taxes from the levy. Equalized assessed value increased 3.6% as did the levy; the tax rate remained unchanged. The CPI was 6.5%. Public safety sales taxes collected were also \$.6 million higher than 2021.

The equalized assessed value (EAV) of taxable property in Champaign County, for taxes payable in 2022, increased by approximately 3.64% to \$4.6 billion, compared with \$4.3 billion the year before. Residential properties made up 54% of the EAV, while commercial development constituted 36.6%, 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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