



Rating Action: Moody's upgrades Champaign County, IL's Issuer rating to Aa1; assigns Aa1 to GO bonds

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New York, November 08, 2022 – Moody's Investors Service has upgraded Champaign County IL's issuer rating and rating on outstanding bonds to Aa1 from Aa2. Concurrently, Moody's assigns a Aa1 rating to Champaign County, IL's \$16.7 million General Obligation Bonds (Public Safety Sales Tax Alternate Revenue Source), Series 2022A and \$19.5 million General Obligation Bonds (General Sales Tax Alternate Revenue Source), Series 2022B. The issuer rating reflects the county's ability to repay debt and debt-like obligations without consideration of any pledge, security or structural features. Following the sale, the county is expected to have about \$51 million in total GOULT bonds outstanding.

RATINGS RATIONALE

The upgrade of the issuer rating to Aa1 is based on the county's very healthy financial operations coupled with leverage that will remain modest inclusive of an upcoming issuance. Fund balance and liquidity will remain strong because of an influx of federal aid, revenues that are growing with inflation and low fixed costs. The primary constraint on the credit profile are economic indicators that significantly lag medians for the rating category, in part because they are dampened by the large student population at University of Illinois. Overall, the university provides a positive economic presence on the region adding stability, drawing a large day time population and driving high educational attainment.

The Aa1 rating on the county's GOULT bonds is at the same level as the issuer rating because the bonds are backed by the county's full faith and credit pledge, and the ability to levy a property tax that is not limited by rate or amount.

RATING OUTLOOK

Moody's does not typically assign outlooks to local governments with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Strengthening of wealth and income levels
- Strengthening of economic metrics including wealth and income levels

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Significant declines in operating reserves and liquidity
- Substantial growth in leverage and fixed costs

LEGAL SECURITY

The county's outstanding GOULT bonds are backed by its pledge and authorization to levy a property tax unlimited as to rate or amount to pay debt service. The county has also pledged additional revenue to each series. The additionally pledged revenue for the 2022A bonds is from the special county retailers' occupation tax and service occupation tax for public safety purposes. The additionally pledged revenue for the 2022B bonds is from the county's distributive share of retailers' occupation, service occupation, use and service use taxes, but expressly excluding Public Safety Sales Taxes. The county has covenanted that the property tax levy will be abated only after sufficient revenues have been collected in the debt service fund from the additionally pledged revenues.

USE OF PROCEEDS

The 2022A bonds will finance a jail facility. The 2022B will finance county offices.

PROFILE

Champaign County is located about 135 miles south of the City of Chicago (Ba1 stable). The county serves an estimated population of 210,000 and is home to the University of Illinois. The county services include general government, justice and public safety, health, education, social services, development and highways and bridges.

METHODOLOGY

The principal methodology used in these ratings was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moodys.com/api/rmc-documents/386953>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

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David Levett
Lead Analyst
REGIONAL_MIDWEST
Moody's Investors Service, Inc.
100 N Riverside Plaza
Suite 2220
Chicago 60606
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Coley Anderson
Additional Contact
REGIONAL_MIDWEST
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

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