

# **City of Kankakee, Illinois**

Comprehensive  
Annual Financial Report  
for the Fiscal Year Ended  
April 30, 2018

Prepared by:  
*The Comptroller's Office*  
*Elizabeth D. Kubal*  
*Comptroller*



**CITY OF KANKAKEE, ILLINOIS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED APRIL 30, 2018**

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## **INTRODUCTORY SECTION**



**City of Kankakee, Illinois**  
**Elected and Appointed Officers and Officials**  
**April 30, 2018**

**Mayor**

Chasity Wells-Armstrong

**City Clerk**

Anjanita Dumas

**Council Members**

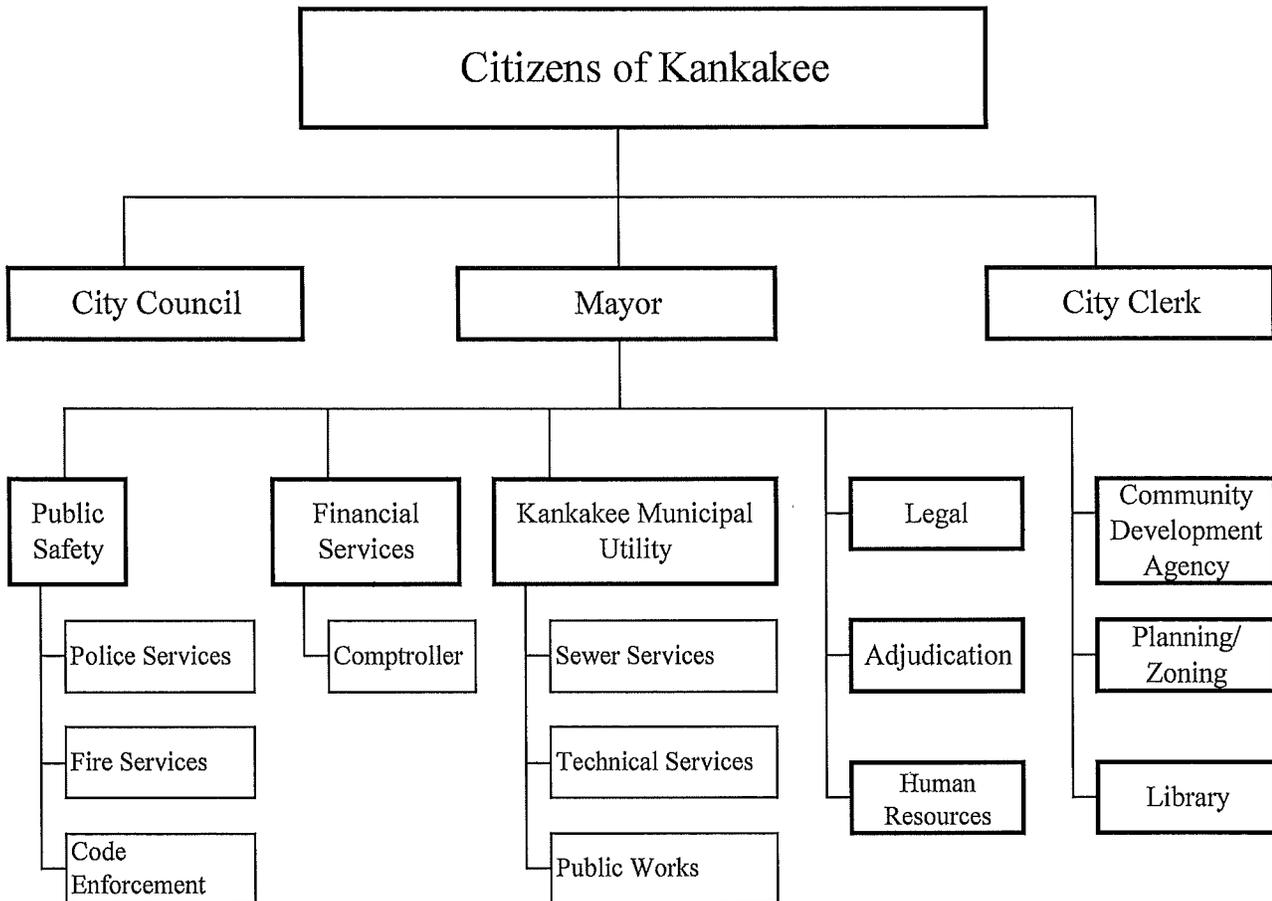
Dennis Baron	Gloria Kennedy
P. Carl Brown	Carmen Lewis
David Crawford	Cherry Malone-Marshall
Christopher Curtis	Michael O'Brien
James A. Faford	Larry A. Osenga
Stacy Gall	Tyler D. Tall, Sr.
Danita Grant Swanson	Fred Tetter

**Appointed Officials**

Price Dumas	Interim Police Chief
Damon Schuldt	Fire Chief
Richard Simms	Municipal Utility Superintendent
L. Patrick Power	Corporation Council and Treasurer
Kristine Schmitz	Adjudication Director
Elizabeth Kubal	Comptroller
Neil Piggush	City Engineer
Steve Bertrand	Library Director
Peter Schiel	Assistant Superintendent-Utility Operations
Bert Dear	Assistant Superintendent-Public Works
Dennis Doyle	Assistant Superintendent- Public Works
Tomora Nelson	Code Official

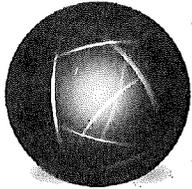
# City of Kankakee, Illinois

## Organizational Structure



**FINANCIAL SECTION**





**GROSCHREUTZ  
ABRAHAM  
ESHLEMAN  
& GERRETSE LLC**

M.J. Abraham, C.P.A.  
Amy Eshleman, C.P.A.  
Dale L. Gerretse, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

[www.cpa-kankakee.com](http://www.cpa-kankakee.com)

**INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and City Council  
City of Kankakee, Illinois

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kankakee, Illinois (the City) as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Kankakee, Illinois' 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.

*Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Kankakee River Metropolitan Agency (KRMA), a joint venture, the investment in which, as discussed in Note 16 to the financial statements, is accounted for by the equity method of accounting. The investment in KRMA was \$4,024,030 as of April 30, 2018, and the equity in its net income was \$670,673 for the year then ended. The financial statements of KRMA were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for KRMA, is based solely on the report of the other auditors. 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 auditor's 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 relevant to the entity'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 the entity'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.

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Kankakee, Illinois 60901  
**Phone: (815) 933-7781**

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Cullom, Illinois 60929  
**Phone: (815) 689-2174**

214 South Center Street  
Forrest, Illinois 61741  
**Phone: (815) 657-8433**

## *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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kankakee, as of April 30, 2018, 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 budgetary comparison information as listed on 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The prior year comparative information has been derived from the City's 2017 financial statements and, in our prior year report dated November 8, 2018, we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information.

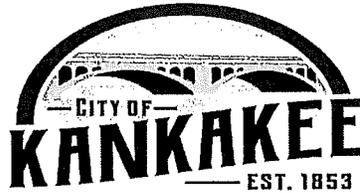
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2019, on our consideration of the City'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 City'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 the City's internal control over financial reporting and compliance.

Groskreutz, Abraham, Eskleman & Germetse LLC

Kankakee, Illinois  
November 10, 2019



## MANAGEMENT'S DISCUSSION AND ANALYSIS APRIL 30, 2018

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The City of Kankakee (City) is pleased to present its Management's Discussion and Analysis (MD&A) related to the City's financial information for the fiscal year ended April 30, 2018. The MD&A serves as an introduction to the City's basic financial statements, and is designed to: 1) assist the reader in focusing on significant financial issues, 2) provide an overview of the City's financial activity, 3) identify changes in the City's financial position and its ability to address subsequent years' challenges, 4) identify any material deviations from the financial plan, the approved budget, and 5) identify individual fund issues or concerns.

### FINANCIAL OVERVIEW

- The assets and deferred outflows of resources of the City lagged its liabilities and deferred inflows of resources by \$(56.5) million net position at the end of the fiscal year 2018 due to the continued following of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* (see more on page 6).
- The City's Total governmental funds reported combined ending fund balances of \$10.1 million. This is a decrease of \$1.5 million from the previous fiscal year.
- The City's total bonded debt has begun a steady decrease. The governmental total bonded debt decreased by \$5.6 million with the City's representing \$4.9 million and the Environmental Service Utility's (ESU) representing \$0.7 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the basic financial statements. The City of Kankakee's basic financial statements are comprised of 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 STATEMENTS

The government-wide financial statements in Table 1, or page 15, are designed to provide readers with a broad overview of the City's finances, in a manner that is congruent to private-sector business. The focus of the Statement of Net Position, the Unrestricted Net Position, is designed to be similar to the bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources which are short-term spendable resources with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities in Table 2, or on pages 16-17 is focused on both the gross and net cost of various activities including governmental and business-type, which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services. Also, these statements include similar financial information for the various business-type activities and component units.

The government-wide financial statements are a consolidation of all of the City's funds with the exclusion of financial information related to the fiduciary funds. The government-wide financial statements are found on pages 15-17. The business-type financial statements are found on pages 22-26.

The governmental activities reflect the City's basic services, including public safety such as police, fire, and code enforcement, transportation, general administrative services, and culture and recreation. The business-type activities reflect private sector-type operations of the City which include environmental services such as storm water management and sewer collection and treatment, solid waste trash collection services and public works.

The City also includes financial information for two separate legal entities in its report, the City's Public Library and its Special Service Area #1. Although legally separate, these component units are important because the City is financially accountable for them. Financial information for these component units is reported separately in this report from the financial information presented for the primary government itself.

## **GOVERNMENTAL 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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

The focus of governmental funds financial statements is on near-term financial resource inflows and outflows sources and uses, on balances of the City's financial resources available at the end of the fiscal year, and on the City's budgeting compliance associated with the financial sources and uses. The financial statements for the governmental funds are presented for a second time, but in a different format. This second presentation of the financial statements by funds provides a comparison of the fund statements to the government-wide financial statements so a reader may better understand the long-term impact of the government's near-term financial decisions. The Governmental Funds Balance Sheet on page 18 and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances on page 20 provide reconciliations on pages 19 and 21 to facilitate comparisons between the amounts reported in governmental funds to the amounts reported as governmental activities.

The City maintained 23 individual governmental funds during fiscal 2018, and two additional governmental funds were reported on as component units. Information for the City's major governmental funds; the General Fund and Capital Projects Fund, are presented separately in the Governmental Funds Balance Sheet on page 18 and in the Governmental Fund, Statement of Revenues, Expenditures, and Changes in Fund Balances on page 20. Financial information for the other 21 governmental funds is combined into a single, aggregated presentation in the form of combining statements in the Combining and Individual Fund Financial Statements and Supplemental Schedules section which begins on page 108 of this report.

### **Proprietary Funds**

The proprietary funds are accounted for as business-type activities. The basic proprietary fund financial statements can be found on pages 22-26 of this report. Those financial statements do not change and therefore, are not redisplayed as fund financial statements.

### **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 statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 27 and 28.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the budgetary comparison to actual expenditures for the General Fund, required schedules in regards to the City's pension plans as well as the City's progress in funding its obligation to other post-employment benefits (OPEB) for its employees. Required supplementary information can be found on pages 90-104 of this report.

## Notes to the Financial Statements

The notes provide additional information that is critical to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages 32-88 of this report.

## STATEMENT OF NET POSITION

The City of Kankakee's combined net position decreased by \$5.5 million - from \$(35.8) to \$(41.3) million during 2018. This change is the result of the \$(3.6) million decrease and \$(1.9) million decrease in the net position of governmental activities and business-type activities, respectively. The change in net position for the governmental activities and business-type activities in FY 2018 was mostly impacted by an increase in net pension liability with the continued adherence to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The implementation of this new accounting standard began in FY 2016. These items pertain to the City's participation in the Kankakee Firefighters' Pension Fund, Kankakee Police Pension Fund, and Illinois Municipal Retirement Fund. Under previous accounting standards, the City was only required to report its obligations to the pension funds as a result of unfunded actuarially determined obligations. For more detailed information, see the Statement of Net Position on page 15. An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used and are thereby restricted.

The following table presents a condensed, comparative Statement of Net Position:

**Table 1: Statement of Net Position as of April 30, 2018 and 2017 (in millions)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>						
Current and Other Assets	\$38.3	\$39.1	\$10.4	\$11.0	\$44.7	\$50.1
Capital Assets	<u>80.5</u>	<u>80.9</u>	<u>33.7</u>	<u>36.1</u>	<u>118.2</u>	<u>117.0</u>
<b>Total Assets</b>	<u>118.8</u>	<u>120.0</u>	<u>44.1</u>	<u>47.1</u>	<u>162.9</u>	<u>167.1</u>
<b>Deferred Outflows of Resources</b>	<u>\$21.5</u>	<u>\$8.5</u>	<u>\$1.1</u>	<u>\$1.4</u>	<u>\$22.6</u>	<u>\$9.9</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>140.3</u>	<u>128.5</u>	<u>45.2</u>	<u>48.5</u>	<u>185.5</u>	<u>177.0</u>
<b>Liabilities</b>						
Long-term Debt Outstanding	159.7	147.9	24.8	28.3	184.5	176.2
Other Liabilities	<u>11.3</u>	<u>11.1</u>	<u>2.6</u>	<u>2.6</u>	<u>13.9</u>	<u>13.7</u>
<b>Total Liabilities</b>	<u>171.0</u>	<u>159.0</u>	<u>27.4</u>	<u>30.9</u>	<u>198.4</u>	<u>189.9</u>
<b>Deferred Inflows of Resources</b>	<u>25.8</u>	<u>22.4</u>	<u>2.7</u>	<u>0.4</u>	<u>28.5</u>	<u>22.8</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>196.8</u>	<u>181.4</u>	<u>30.1</u>	<u>31.0</u>	<u>226.9</u>	<u>212.7</u>
<b>Net Position</b>						
Net investment in capital assets	51.3	48.4	16.5	18.1	67.8	66.5
Restricted	6.5	7.3	3.5	3.1	10.0	10.4
Unrestricted	<u>(114.2)</u>	<u>(108.5)</u>	<u>(4.9)</u>	<u>(4.2)</u>	<u>(119.10)</u>	<u>(112.7)</u>
<b>Total Net Position</b>	<u>(\$56.4)</u>	<u>(\$52.8)</u>	<u>\$15.1</u>	<u>\$17.0</u>	<u>(\$41.3)</u>	<u>(\$35.8)</u>

(Note: There may be some slight differences in totals due to rounding)  
For more detailed information, see the Statement of Net Position on page 15.

***Governmental Activities – Statement of Net Position Summary***

The governmental activities columns present a consolidated view of all of the City’s governmental funds. Total net position from governmental activities decreased \$(3.6) million as the FY`18 balance was \$(56.4) million, total assets and deferred outflows of resources increasing \$11.8 million and total liabilities and deferred outflows of resources increasing \$15.4 million, as a result of the following these shifts in assets and liabilities:

- cash decreased \$(0.6) million (3.2% to FY`18 balance of \$18.3 million)
- long-term liabilities, specifically due within more than one year, increased \$11.9 million in FY`18
- deferred inflows of resources, specifically deferred items related to pensions increased \$1.9 million

***Business-Type Activities – Statement of Net Position Highlights***

The business-type activities column presents financial information for the Environmental Service Utility (ESU), a major fund.

Total net position for the business-type activities decreased \$(1.9) million (11.2% to FY`18 balance of \$15.1 million), with total assets deferred outflows of resources decreasing by \$(3.3) million (6.6% to FY`18 balance of \$45.2 million) and total liabilities decreasing by \$(0.9) million (3.8% to FY`18 balance of \$30.1 million). The following major shifts in the Utility fund assets and liabilities included:

- cash decreased (\$1.1) million due to the purchase of ESU operating assets and increased liabilities due to bond payments
- capital assets decreased (\$2.4) million due to standard and ordinary depreciation.
- investment in joint venture increased \$0.7 million due to Kankakee River Metro Agency’s (KRMA) increased net position related to higher revenues due to a larger amount of wastewater being treated. KRMA is the waste processing agency for the metro region.
- long-term liabilities for FY`18 decreased by (\$3.5) million

***Component Units – Statement of Net Position Highlights***

The City includes two separate legal entities in its report, the Kankakee Public Library and the Special Service Area No. 1 (SSA #1). Although legally separate, these “component units” are important because the City is financially accountable for them. One component unit, the Kankakee Public Library, comprises 90% of the total assets for the combined component units. There were no significant financial changes in the component units during the fiscal year.

**STATEMENT OF ACTIVITIES**

The Statement of Activities presents information that indicates how the City’s net position changed during the fiscal year. All changes in 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 not result in cash flows until future fiscal periods for example uncollected taxes and earned but unused vacation leave. The following Statement of Activities table compares the revenues and expenses of the current and most recent fiscal years for the City’s governmental and business activities, and the resulting changes in net position:

**Table 2: Statement of Activities for the Fiscal Years Ended April 30, 2018 and 2017 (in millions)**

(Note: There may be some slight differences in totals due to rounding)

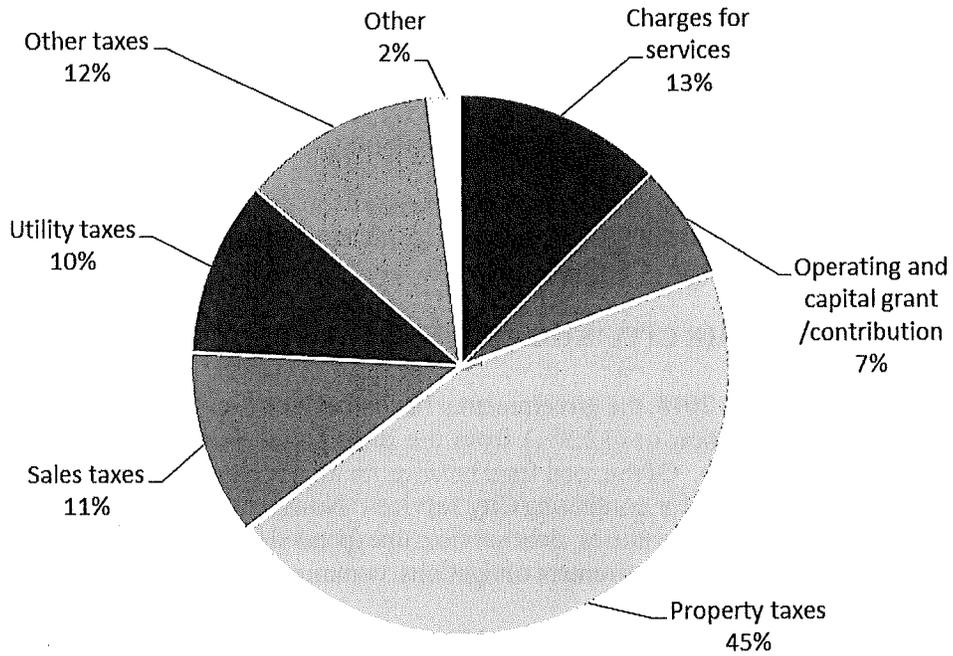
	Governmental			Business-type			Total Primary		
	Activities			Activities			Government Activities		
	2018	2017	Change	2018	2017	Change	2018	2017	Change
<b>Program Revenues</b>									
Charges for service	\$4.2	\$ 4.3	\$ (0.1)	\$17.6	\$ 17.6	\$ 0.0	\$21.8	\$ 21.9	\$ (0.1)
Capital grants/ contributions	0.1	0.1	0.0				0.1	0.1	0.0
Operating grants/ contributions	2.2	2.7	(0.5)	0.1	0.0	0.1	2.3	2.7	(0.4)
<b>General Revenues</b>									
Property taxes	15.2	14.7	0.5				15.2	14.7	0.5
Sales taxes	3.7	3.9	(0.2)				3.7	3.9	(0.2)
Utility taxes	3.5	3.5	0.0				3.5	3.5	0.0
Other taxes	4.3	4.5	(0.2)				4.3	4.5	(0.2)
Intergovernmental	0.0	0.0	0.0				0.0	0.0	0.0
Investment income	0.2	0.1	0.1				0.2	0.1	0.1
Other	0.3	0.6	(0.3)	0.8	0.1	0.7	1.1	0.7	0.4
Equity interest in joint venture	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.2</u>	<u>(0.2)</u>	<u>0.0</u>	<u>0.2</u>	<u>(0.2)</u>
<b>Total Revenues</b>	<u>33.7</u>	<u>34.4</u>	<u>(0.7)</u>	<u>18.5</u>	<u>17.9</u>	<u>0.6</u>	<u>52.2</u>	<u>52.3</u>	<u>(0.1)</u>
<b>Program Expenses</b>									
General government	7.3	6.9	0.4				7.3	6.9	0.4
Public safety	23.9	22.2	1.7				23.9	22.2	1.7
Highways and streets	1.9	2.0	(0.1)				1.9	2.0	(0.1)
Community development	1.2	1.8	(0.6)				1.2	1.8	(0.6)
Culture and recreation	0.0	0.0	0.0				0.0	0.0	0.0
Economic development	0.5	0.4	0.1				0.5	0.4	0.1
Interest and fiscal charges	1.8	1.9	(0.1)	0.0	1.0	(1.0)	1.8	2.9	(1.1)
Proprietary fund expenses	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>18.8</u>	<u>17.5</u>	<u>1.3</u>	<u>18.8</u>	<u>17.5</u>	<u>1.3</u>
<b>Total Expenses</b>	<u>36.6</u>	<u>35.2</u>	<u>1.4</u>	<u>18.8</u>	<u>18.5</u>	<u>0.3</u>	<u>55.4</u>	<u>53.7</u>	<u>1.7</u>
<b>Changes in Net Position before Transfers</b>	(2.9)	(0.8)	(2.1)	(0.3)	(0.6)	0.3	(3.2)	(1.4)	(1.8)
<b>Transfers</b>	<u>0.2</u>	<u>0.3</u>	<u>(0.1)</u>	<u>(0.2)</u>	<u>(0.3)</u>	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>Total Changes in Net Position</b>	<u>\$ (2.7)</u>	<u>\$ (0.5)</u>	<u>\$ (2.2)</u>	<u>\$ (0.5)</u>	<u>\$ (0.9)</u>	<u>\$ 0.4</u>	<u>\$ (3.2)</u>	<u>\$ (1.4)</u>	<u>\$ (1.8)</u>

**Governmental Activities – Statement of Activities Summary**

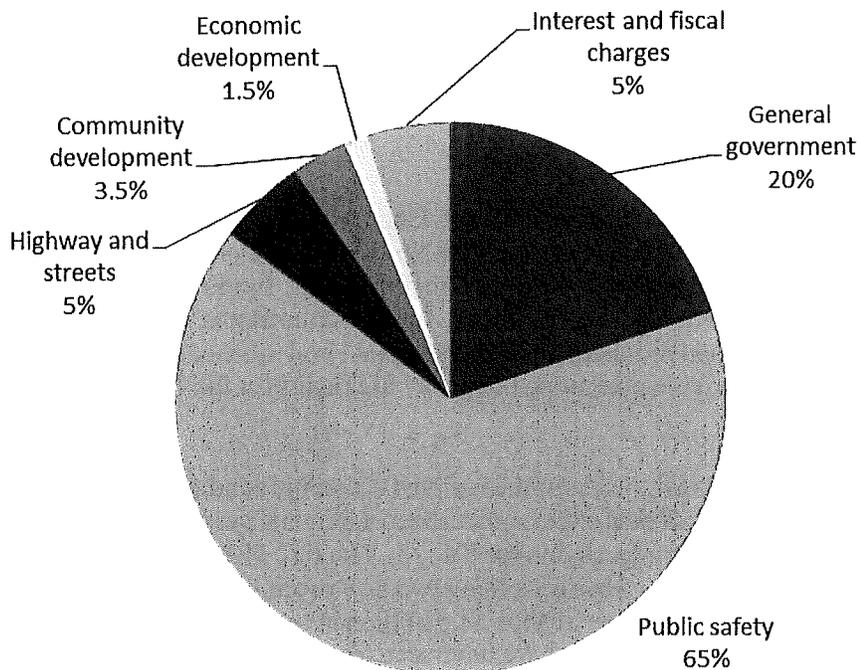
The City posted a decrease in net position from governmental activities before transfers of \$(2.9) million compared to a decrease of \$(0.8) million from the prior year.

The following charts graphically illustrate the composition of the City’s revenues and expenses from governmental activities:

**Chart 1: Composition of revenues from governmental activities**



**Chart 2: Composition of expenditures from governmental activities**



### ***Business-Type Activities – Statement of Activities Summary***

The Business-Type Activities consists of the Kankakee Environmental Services Utility (ESU). In previous fiscal years, the Business-Type Activities included the Motor Vehicle Parking Fund which was dissolved in FY'18. ESU's operating revenue remained consistent from FY'17 to FY'18. There was a minor change in sewer charges with a decrease of (\$0.1) million; however, solid waste charges increased by \$0.1 million thereby resulting in a zero net effect. ESU realized a gain from its equity interest its joint venture with the Kankakee Municipal Regional Agency (KRMA) in the amount of \$0.7 million for FY '18 raising the total equity interest to \$4.0 million. KRMA operates the regional sewer treatment plant. ESU did have increased expenses of \$1.3 million in FY '18 as compared to FY '17 due to greater administration expenses and some unanticipated sewer repairs. Overall, a decrease of \$(0.5) million in business-type net position occurred for the fiscal year.

### ***Component Unit Activities – Statement of Activities Summary***

The component units, the Library and the SSA#1, saw no significant change in net position from the previous year.

## **FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS**

For the fiscal year ended April 30, 2018, the governmental funds reflect a combined fund balance of \$10.1 million, a decrease of \$(1.5) million or (12.9%) from the prior fiscal year. Any major changes within the individual funds are analyzed below. Of the total fund balance for all governmental funds, \$2.1 million (21.2%) is unassigned, indicating availability for continuing City services. Nonspendable and restricted fund balances include amounts for prepaid items, inventories, debt service, unexpended street maintenance programs, culture and recreation, economic development, retirement obligations, community development and capital projects.

### **Analysis of Balances and Transactions of Individual Funds**

The fund balance of the General Fund decreased \$(1.9) million. The City continues to prudently manage its resources in light of the previous national economic challenges that are still being felt in some communities due to the property values decreasing so substantially from 2009-2017. However, in the liability section, the city saw an increase to accrued wages payable and due to other government agencies, IDOR Sales Tax Liability. The Capital Projects Fund balance decreased \$(1.4) million from the FY'17 balance of \$2.2 million as the City utilized a portion of the \$2.85 million of general obligation bonds from FY'16 by completing various capital acquisitions and planned infrastructure improvements. Additional information is found in Footnote 10-Due to Other Governmental Agencies for further explanation of the IDOR Sales Tax Liability on page 50 of this report.

### **General Fund Budgetary Highlights**

The City adopts an annual appropriated budget for the General, Band, Illinois Municipal Retirement Fund (IMRF), Special Service Area No. 2, Special Service Area No. 3, and Special Service Area No. 5 Funds. The procedures used to control expenditures of the other governmental funds are explained further in Note 1, Budgetary Accounting on page 90. As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The General Fund revenue and expenditure budgets were not amended during the fiscal year. A table presenting budgetary highlights for the City's General Fund is provided below.

Because of the City administration's awareness of the national economic conditions, over the past nine years the City reorganized its operations, laid off employees and realized additional personnel reductions through attrition, allowing the City to adopt a balanced budget again for FY'18. The FY'19 budget continued to benefit from the decision which was instituted in the FY'15 budget adding two new revenue streams with the public safety tax and the vehicle sticker tax resulting on an average of \$1.4-\$1.5 million in revenue annually. These revenues were adopted due to decreased sales tax revenue which we have seen plateau at the current revenue level. Also, the FY'19 budget included an increase of revenues of \$0.2 million from various taxes and fees, a reduction of expenses of \$0.4 through insurance and operational reductions, and an increase of additional expenditures of \$0.6 to

provide for general contract obligations, contractual wage increases and two additional positions for public safety officers. As a result of these measures, the City was able to adopt a FY` 19 budget that includes a \$0.01 million surplus.

A summary comparison of the General Fund budget to actual results can be found on page 89, and a more detailed comparison can be found on pages 105-107. Interfund transfers are listed in Footnote 7.

State sales tax remained consistent to the budget in FY `18 on the revenue side by ending with \$3.7 million as compared to the \$3.7 million budget. State income tax was collected just as was expected and also remained consistent finishing at \$2.5 million. Both the Police department and Fire department expenditures were greater than budget because of increased salary costs and additional pension contribution made by the City.

Similarly, the City was awarded a federal flow-through grant for the Kankakee Area Metro Enforcement Group after the budget was adopted, so neither the revenues nor corresponding expenditures charged to the Police department were included in the budget. City administration did not feel it was necessary to amend the original budget for these items.

**Table 3: General Fund Budgetary Highlights**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Over/(Under) Final Budget</b>
Revenues	\$ 24,511,991	\$ 24,314,991	\$ 24,320,825	\$ 5,834
Expenditures	<u>\$ 24,497,441</u>	<u>\$ 24,300,441</u>	<u>\$ 24,432,793</u>	<u>\$ (132,352)</u>
Excess of Revenues over Expenditures	\$ 14,550	\$ 14,550	\$ (111,968)	\$ (126,518)
Other Financing Sources (Uses)				
Transfers from other funds				
Transfers to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Changes in Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

## CAPITAL ASSETS

The City's investment in capital assets includes land, construction in progress, buildings and improvements, land improvements, equipment, vehicles, leasehold improvements, and infrastructure such as roads, sidewalks, curbs, gutters, and bridges. The City's total combined investment in capital assets for fiscal 2018 decreased by \$(2.8) million to \$114.2 million net of accumulated depreciation.

The following table summarizes the City of Kankakee capital assets (in millions, net of depreciation) for the current and prior fiscal year:

**Table 4: Capital Asset Highlights (net of depreciation)  
for the fiscal years ended April 30, 2018 and 2017**  
(in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 5.7	\$ 5.6	\$ 0.7	\$ 2.1	\$ 6.4	\$ 7.7
Construction in progress	1.3	2.0	-	-	1.3	2.0
Buildings	11.6	11.8	5.0	5.2	16.6	17.0
Equipment	0.2	0.3	0.5	0.5	0.7	0.8
Vehicles	1.2	1.2	0.6	0.5	1.8	1.7
Land improvements	3.5	2.1	-	-	3.5	2.1
Leasehold improvements	-	-	0.2	0.2	0.2	0.2
Infrastructure	<u>57.0</u>	<u>57.9</u>	<u>26.7</u>	<u>27.6</u>	<u>83.7</u>	<u>85.5</u>
Total Capital Assets, net	<u>\$ 80.5</u>	<u>\$ 80.9</u>	<u>\$ 33.7</u>	<u>\$ 36.1</u>	<u>\$ 114.2</u>	<u>\$ 117.0</u>

Additional information on the City's capital assets can be found in Note 9 on pages 48-50.

## LONG-TERM DEBT

At fiscal year end, the City's governmental activities had an overall increase of \$11.8 million, or 8.0% in debt. The City had a net increase of \$17.3 million for the net pension liability from \$98.0 million in FY '17 to \$115.3 million in FY '18. The general obligation bonds decreased \$(5.0) million and the installment note decreased \$(0.9) million from last fiscal year. Employee related costs such as compensated absences and post-employment obligations decreased \$(1.6) million.

Business-type activity debt had an overall decrease of \$(1.5) million in debt. The main component of the debt decrease was the net pension liability that was \$3.2 million in FY '17 and decreased to \$2.5 million in FY '18. The ESU had a decrease in revenue bonds of \$0.7 million. Other employee related costs such as compensated absences and post-employment obligations increased for a total of \$0.5 million.

The following table further summarizes the City's debt for the current and prior fiscal years:

**Table 5: Debt Highlights for the fiscal years ended April 30, 2018 and 2017**  
(in millions, as adjusted for premiums and deferred losses)

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 38.0	\$ 43.0	-	-	\$ 38.0	\$ 43.0
Revenue bonds	-	-	\$19.0	\$19.8	19.0	19.8
Line of Credit	-	-	-	-	-	-
Illinois EPA Loan	-	-	3.7	3.9	3.7	3.9
Installment notes	0.1	0.9	-	-	0.1	0.9
Capital Lease Obligation	0.2	-	-	-	0.2	-
Unfunded employer pension contributions	115.3	98.0	0.7	3.1	116.0	101.1
Compensated absences	4.8	4.8	1.0	1.1	5.8	5.9
Net other post-employment benefit obligations	1.2	1.1	0.4	0.4	1.6	1.5
Total Debt	<u>\$ 159.6</u>	<u>\$147.8</u>	<u>\$24.8</u>	<u>\$28.3</u>	<u>\$ 184.4</u>	<u>\$ 176.1</u>

Additional information related to the City's long-term debt can be found in Note 11 on pages 72-82.

The City, under its home rule authority, does not have a legal debt limit. The City had a public rating from Standard and Poor's of A beginning in 2006. In November 2013, the City of Kankakee received a rating of A-. This rating was mostly assigned due to the lack of cash reserve, great uncertainty hovering with the sales tax litigation, and increasing pension liabilities. In November 2014 and in March 2016, the City of Kankakee received an affirmed rating of A-/Stable. At that time, Standard and Poor's positively stated that the City has very strong budgetary flexibility and strong liquidity, including their view of the City's strong access to external liquidity; however, the same rating was affirmed due to the very weak economy, featuring high unemployment, well-below average economic indicators, and very weak debt and contingent liability position connected with the City's firefighters' and police pension plans. On August 26, 2019, S&P Global (Standard and Poor's) suspended its rating on Kankakee, IL general obligation (GO) debt. S&P Global Ratings took this action because it lacked

sufficient information to fully assess the City's credit quality, in accordance with its applicable criteria and polices. This was due to the City's audited financial statements being tardy due to a variety of circumstances. The City has a solid commitment with all efforts being made to present the audited financial statements timely to all agencies beginning with FY '20 audited financial statements. The City has expanded the Comptroller's office to provide proper staffing to complete all the tasks required for a City of its size. The City anticipates issuing additional bonds in the future when all criteria has been satisfied to S&P Global. The City has been taking measures to ensure greater financial stability which are written in the Economic Factors and Next Year's Budget section below.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City continued to face economic challenges as it started to develop its General Fund budget for FY '19, mostly concerning the equalized assessed valuation (EAV) which remained below \$200 million for the second year in a row. The City continued to use a combination of attrition, reduction in spending and general restructuring as the primary steps to balance the FY '19 budget. The City faces ongoing contractual wage increases, increases in employer contributions for pensions, increases in medical insurance and increases in other operating costs for the foreseeable future in this new era of what appears to be continued municipal revenue shrinkage.

In efforts to provide the City with greater financial strength, the City enacted several measures over the past four years. During FY '14, the City established an unrestricted cash reserve of \$3.0 million to ensure greater long-term stability. The cash reserve at the end of FY '18 has maintained a balance of \$3.4 million. In FY '15, the addition of the revenue enhancements of the public safety fee and the vehicle sticker fee that were adopted in FY '14, totaled \$1.4 million for FY '15, and will continue for the upcoming fiscal years. In spite of all the IDOR rule changes with sales tax, the City has remained resilient by making fiscally strong decisions.

ESU increased its rates for sewer services beginning May 1, 2018 by 7.5% to a rate of \$7.14 per 100 cubic feet of water used. Rates were raised again in May 2019 by 5.0% to \$7.50 to support the debt service for KRMA's plant reconstruction. The sewer rate increases will help offset some of the cost increases that ESU has realized as the regional sewer treatment facility passes on its increased costs of operations.

The unemployment rate, not seasonally adjusted, for the City in June 2018 was 4.8% compared to 4.7% for 2017. The City is greatly pleased as this more closely mirrors the national and state unemployment rates and for a period of two years has stabilized. The City's outlook is more favorable than recent years past as the City has begun to see stronger investment in economic development and greater employment. The City continues to seek solutions for the net pension obligation. The City monitors its General Fund finances on a monthly basis to determine when it might need to implement additional strategies to respond to the economic challenges faced by municipalities today.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of Kankakee's finances for all those with an interest in the government's finances. Any questions concerning this report or requests for additional financial information should be addressed to the Comptroller, City of Kankakee, 304 South Indiana Avenue, Kankakee, Illinois 60901.

## **BASIC FINANCIAL STATEMENTS**



**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**April 30, 2018**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 18,326,473	\$ 47,799	\$ 18,374,272	\$ 856,523
Restricted cash and investments		3,512,506	3,512,506	
Receivables, less allowance for uncollectible amounts:				
Property taxes	17,348,500		17,348,500	1,884,000
Utility taxes	410,941		410,941	
Due from joint ventures		35,191	35,191	
Due from other governmental agencies	1,292,860	127,102	1,419,962	
Internal balances	(89,810)	89,810	-0-	
Due from component units	111,751		111,751	
Accounts receivable	558,651	2,355,044	2,913,695	32,182
Materials inventory	5,649	27,978	33,627	
Prepaid items	312,960	172,731	485,691	
Capital assets:				
Non-depreciable	7,020,067	652,263	7,672,330	
Depreciable (net of accumulated depreciation)	73,525,942	33,037,340	106,563,282	6,480,770
Investment in joint venture		4,024,030	4,024,030	
<b>Total assets</b>	<b>118,823,984</b>	<b>44,081,794</b>	<b>162,905,778</b>	<b>9,253,475</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding loss	483,552	73,953	557,505	
Deferred items related to pensions	21,032,575	1,064,416	22,096,991	127,379
<b>Total deferred outflows of resources</b>	<b>21,516,127</b>	<b>1,138,369</b>	<b>22,654,496</b>	<b>127,379</b>
<b>Liabilities</b>				
Accounts payable	8,415,634	394,006	8,809,640	13,258
Accrued wages payable	502,512	209,015	711,527	
Accrued interest payable	500,000	437,224	937,224	
Due to joint venture		1,578,911	1,578,911	
Due to primary government				111,751
Due to other government agencies	823,254		823,254	
Employer pension contribution payable	941,797		941,797	
Unearned grant revenue	4,315		4,315	2,874
Unearned licenses and fees	121,394		121,394	
Long-term liabilities:				
Due within one year	7,281,050	1,461,492	8,742,542	154,687
Due within more than one year	152,366,220	23,364,248	175,730,468	1,983,290
<b>Total liabilities</b>	<b>170,956,176</b>	<b>27,444,896</b>	<b>198,401,072</b>	<b>2,265,860</b>
<b>Deferred Inflows of Resources</b>				
Deferred property tax revenue	17,348,500		17,348,500	1,884,000
Deferred items related to pensions	8,428,059	2,712,833	11,140,892	324,644
<b>Total deferred inflows of resources</b>	<b>25,776,559</b>	<b>2,712,833</b>	<b>28,489,392</b>	<b>2,208,644</b>
<b>Net Position</b>				
Net investment in capital assets	51,275,732	16,463,105	67,738,837	4,419,941
Restricted for:				
Capital projects	804,674		804,674	
Debt service	116,914	3,512,506	3,629,420	
Economic development	4,854,096		4,854,096	
Street maintenance programs	791,857		791,857	
Unrestricted	(114,235,897)	(4,913,177)	(119,149,074)	486,409
<b>Total net position</b>	<b>\$ (56,392,624)</b>	<b>\$ 15,062,434</b>	<b>\$ (41,330,190)</b>	<b>\$ 4,906,350</b>

See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
**For the year ended April 30, 2018**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
<u>Governmental Activities</u>				
General government	\$ 7,288,473	\$ 1,530,010	\$ 29,691	\$ 20,000
Public safety	23,901,475	2,507,022	299,613	
Highways and streets	1,932,473	161,357	703,103	
Community development	1,170,777	35,000	1,230,461	
Culture and recreation	16,460			
Economic development	527,720			
Interest and fiscal charges	1,769,810			
Total governmental activities	<u>36,607,188</u>	<u>4,233,389</u>	<u>2,262,868</u>	<u>20,000</u>
<u>Business-Type Activities</u>				
Sewer utility	13,708,704	14,743,933		
Solid waste utility	5,138,608	2,866,600	106,885	
Total business-type activities	<u>18,847,312</u>	<u>17,610,533</u>	<u>106,885</u>	<u>-0-</u>
Total primary government	<u>\$ 55,454,500</u>	<u>\$ 21,843,922</u>	<u>\$ 2,369,753</u>	<u>\$ 20,000</u>
Component units:				
Library	\$ 1,944,491	\$ 265,436	\$ 35,907	
Special Service Area No. 1	204,086			
Total component units	<u>\$ 2,148,577</u>	<u>\$ 265,436</u>	<u>\$ 35,907</u>	<u>\$ -0-</u>
General Revenues:				
Property taxes levied for general purposes				
Utility taxes				
Intergovernmental, not restricted to specific programs:				
State replacement income tax				
State income tax				
Local use tax				
State sales tax				
State gaming tax				
Other				
Investment income				
Other				
Total				
Transfers				
Changes in net position				
Net position, May 1, 2017				
Prior period adjustment				
Net position, May 1, 2017, restated				
Net position, April 30, 2018				

Net (Expense) Revenue and Change in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (5,708,772)		\$ (5,708,772)	
(21,094,840)		(21,094,840)	
(1,068,013)		(1,068,013)	
94,684		94,684	
(16,460)		(16,460)	
(527,720)		(527,720)	
(1,769,810)		(1,769,810)	
<u>(30,090,931)</u>		<u>(30,090,931)</u>	
	\$ 1,035,229	1,035,229	
	(2,165,123)	(2,165,123)	
-0-	(1,129,894)	(1,129,894)	
<u>(30,090,931)</u>	<u>(1,129,894)</u>	<u>(31,220,825)</u>	
			\$ (1,643,148)
			(204,086)
			<u>(1,847,234)</u>
15,188,986		15,188,986	1,796,168
3,511,588		3,511,588	
639,903		639,903	
2,497,107		2,497,107	
714,342		714,342	
3,746,055		3,746,055	
404,743		404,743	
50,000		50,000	
148,628		148,628	1,832
314,613	801,361	1,115,974	50,996
<u>27,215,965</u>	<u>801,361</u>	<u>28,017,326</u>	<u>1,848,996</u>
160,595	(160,595)	-0-	-0-
(2,714,371)	(489,128)	(3,203,499)	1,762
(52,822,150)	15,551,562	(37,270,588)	4,904,588
(856,103)	-0-	(856,103)	-0-
<u>(53,678,253)</u>	<u>15,551,562</u>	<u>(38,126,691)</u>	<u>4,904,588</u>
<u>\$ (56,392,624)</u>	<u>\$ 15,062,434</u>	<u>\$ (41,330,190)</u>	<u>\$ 4,906,350</u>

See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**April 30, 2018**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 10,532,259	\$ 789,809	\$ 7,004,405	\$ 18,326,473
Receivables, less allowance for uncollectible amounts:				
Property taxes	8,646,000		8,702,500	17,348,500
Utility taxes	410,941			410,941
Due from other governmental agencies	1,196,371		96,489	1,292,860
Due from other funds	205,148	187,013	276,382	668,543
Due from component units	96,697		15,054	111,751
Accounts receivable	521,778		36,873	558,651
Materials inventory	5,649			5,649
Prepaid items	312,960			312,960
Total assets	<u>\$ 21,927,803</u>	<u>\$ 976,822</u>	<u>\$ 16,131,703</u>	<u>\$ 39,036,328</u>
<b>Liabilities</b>				
Accounts payable	\$ 8,314,924	\$ 41,803	\$ 58,907	\$ 8,415,634
Accrued wages payable	469,528		32,984	502,512
Due to other governmental agencies	823,254			823,254
Due to other funds	23,491	130,345	604,517	758,353
Employer pension contribution payable	941,797			941,797
Unearned grant and contribution revenue	4,315			4,315
Unearned licenses and fees	121,394			121,394
Total liabilities	<u>10,698,703</u>	<u>172,148</u>	<u>696,408</u>	<u>11,567,259</u>
<b>Deferred Inflows of Resources</b>				
Deferred property tax revenue	8,646,000		8,702,500	17,348,500
Unavailable loan receivable			32,367	32,367
Total deferred inflows of resources	<u>8,646,000</u>	<u>-0-</u>	<u>8,734,867</u>	<u>17,380,867</u>
<b>Fund Balance</b>				
Nonspendable	318,609			318,609
Restricted for:				
Debt service			116,914	116,914
Street maintenance programs			791,857	791,857
Economic development			4,854,096	4,854,096
Culture and recreation			19,006	19,006
Retirement obligations			1,043,103	1,043,103
Capital projects		804,674		804,674
Unassigned (deficit)	2,264,491		(124,548)	2,139,943
Total fund balance	<u>2,583,100</u>	<u>804,674</u>	<u>6,700,428</u>	<u>10,088,202</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 21,927,803</u>	<u>\$ 976,822</u>	<u>\$ 16,131,703</u>	<u>\$ 39,036,328</u>

See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**April 30, 2018**

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Amounts reported for governmental activities in the statement of net position are different because of the following:

Total fund balance - governmental funds		\$ 10,088,202
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		80,546,009
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. All liabilities--both current and long-term--are reported in the statement of net position.		
Bonds payable	\$ (38,052,772)	
Installment notes	(70,000)	
Capital lease obligations	(150,000)	
Net pension liability	(115,299,914)	
Compensated absences	(4,826,000)	
Net other post-employment benefit obligations	<u>(1,248,584)</u>	
Total long-term liabilities (See Note 11)		(159,647,270)
Deferred charge on bond refunding loss not recorded in funds		483,552
Deferred outflows of resources to pension plans reported in the statement of net position are the consumption of net position that applies to future periods not reported in the funds.		21,032,575
Deferred inflows of resources to pension plans reported in the statement of net position are the acquisition of net position that applies to future periods not reported in the funds.		(8,428,059)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
Interest payable		(500,000)
Certain long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Loan receivable		<u>32,367</u>
Net position of governmental activities		<u><u>\$ (56,392,624)</u></u>

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See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the year ended April 30, 2018**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 7,816,476		\$ 7,372,510	\$ 15,188,986
Special assessments			323,879	323,879
Utility taxes	3,511,588			3,511,588
Licenses, permits and fees	3,547,459			3,547,459
Charges for services	260,057			260,057
Fines and penalties	425,873			425,873
Intergovernmental	8,348,263	\$ 29,691	1,933,564	10,311,518
Interest income	120,527		28,101	148,628
Contributions		20,000		20,000
Miscellaneous	290,582	5,031	522,500	818,113
Total revenues	<u>24,320,825</u>	<u>54,722</u>	<u>10,180,554</u>	<u>34,556,101</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	5,358,114	360,903	746,704	6,465,721
Public safety	17,655,635	162,733		17,818,368
Highways and streets		904,125	973,609	1,877,734
Community development	65,020		1,103,943	1,168,963
Culture and recreation			16,460	16,460
Economic development	344,024		183,696	527,720
<b>Debt service:</b>				
Principal retirement	10,000		5,728,000	5,738,000
Interest and fiscal charges			1,900,441	1,900,441
Total expenditures	<u>23,432,793</u>	<u>1,427,761</u>	<u>10,652,853</u>	<u>35,513,407</u>
Excess (deficiency) of revenues over expenditures	<u>888,032</u>	<u>(1,373,039)</u>	<u>(472,299)</u>	<u>(957,306)</u>
<b>Other financing sources (uses):</b>				
Issuance of capital lease	150,000			150,000
Transfers from other funds			2,802,034	2,802,034
Transfers to other funds	(1,208,818)		(1,432,621)	(2,641,439)
Total other financing sources (uses)	<u>(1,058,818)</u>	<u>-0-</u>	<u>1,369,413</u>	<u>310,595</u>
Net change in fund balance	<u>(170,786)</u>	<u>(1,373,039)</u>	<u>897,114</u>	<u>(646,711)</u>
Fund balance, May 1, 2017	4,520,756	2,177,713	4,892,547	11,591,016
Prior period adjustment	(1,766,870)	-0-	910,767	(856,103)
Fund balance, May 1, 2017, restated	<u>2,753,886</u>	<u>2,177,713</u>	<u>5,803,314</u>	<u>10,734,913</u>
Fund balance, April 30, 2018	<u>\$ 2,583,100</u>	<u>\$ 804,674</u>	<u>\$ 6,700,428</u>	<u>\$ 10,088,202</u>

See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
**For the year ended April 30, 2018**

Amounts reported for governmental activities on the statement of activities are different because of the following:

Net change in fund balance - total governmental funds	\$ (646,711)
<p>Governmental funds report capital outlays as expenditures. However, on the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. Proceeds from disposal of capital assets are reported as other financing sources in the governmental funds, but as a reduction of capital assets and recognition of gains and losses at the government-wide level.</p>	
Expenditure for capital assets	1,380,452
Loss on disposal of capital assets	(18,078)
Depreciation	(1,763,230)
<p>Repayments of principal from current financial resources is an expenditure in the governmental funds, but are a reduction of long-term liabilities on the statement of net position.</p>	
Principal payments on bonds payable	4,867,034
Principal payments on long-term notes payable	870,966
<p>Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Amortized bond premium	120,401
Amortized deferred loss	(121,970)
Bad debts written-off	(342,088)
Change in accrued interest on long-term debts	132,200
Net change in compensated absences payable	(86,000)
Change in net pension liability for pension plans	(17,273,777)
Change in deferred outflows of resources for pension plans	13,124,768
Change in deferred inflows of resources related to pensions	(1,854,357)
Change in net other post-employment benefit obligations payable	(130,102)
<p>Proceeds from issuance of long-term debt obligations are other financing sources in the governmental funds, but the issuance increases the long-term liabilities on the statement of net position.</p>	
Proceeds from capital lease issued	(150,000)
<p>Collections on special assessment receivable are reported as revenue in the governmental funds, but reduce the receivable in the statement of net position.</p>	
Special assessments	(323,879)
Economic development loan	(500,000)
Change in net position of governmental activities	\$ (2,714,371)

See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**April 30, 2018**

	Enterprise Fund
<b>Assets</b>	Kankakee Environmental Services Utility
Current assets:	
Cash and investments	\$ 47,799
Restricted cash and investments	1,133,009
Receivables, less allowance for uncollectible amounts:	
Due from joint venture	35,191
Due from other funds	174,308
Due from other governmental agencies	127,102
Accounts receivable	2,355,044
Inventory	27,978
Prepaid items	172,731
	4,073,162
Total current assets	
Non-current assets:	
Restricted cash and investments	2,379,497
Capital assets:	
Non-depreciable	652,263
Depreciable (net of accumulated depreciation)	33,037,340
Investment in joint venture	4,024,030
	40,093,130
Total non-current assets	
	44,166,292
Total assets	
<b>Deferred Outflows of Resources</b>	
Deferred charge on refunding loss	73,953
Deferred items related to Illinois Municipal Retirement Fund	1,064,416
	1,138,369
Total deferred outflows of resources	

(Continued)

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
(Continued)  
April 30, 2018

	Enterprise Fund
	Kankakee
	Environmental
	Services
	Utility
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 394,006
Accrued wages payable	209,015
Accrued interest	437,224
Due to joint venture	1,578,911
Due to other funds	84,498
Accrued employee absences	472,000
Illinois EPA loan payable due within one year	184,492
Revenue bonds payable due within one year	805,000
 Total current liabilities	 4,165,146
Non-current liabilities:	
Accrued employee absences	550,600
Net other post-employment benefit obligations	426,965
Net pension liability	644,676
Illinois EPA loan payable, less portion due within one year	3,509,085
Revenue bonds payable, less portion due within one year	18,232,922
 Total non-current liabilities	 23,364,248
 Total liabilities	 27,529,394
 <b>Deferred Inflows of Resources</b>	
Deferred items related to Illinois Municipal Retirement Fund	2,712,833
 <b>Net Position</b>	
Net investment in capital assets	16,463,105
Restricted for debt service	3,512,506
Unrestricted	(4,913,177)
 Total net position	 \$ 15,062,434

See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the year ended April 30, 2018**

	Enterprise Fund
	Kankakee
	Environmental
	Services
	Utility
Operating revenues:	
Charges for services:	
Sewer charges	\$ 14,743,933
Solid waste charges	2,733,494
Public works revenue	133,106
Total operating revenues	17,610,533
Operating expenses:	
Utility operations:	
Sewer utility:	
Administration	2,679,913
Sanitary sewers	1,369,959
Lab and industrial services	972,144
Technical services	780,999
Total sewer utility	5,803,015
Solid waste and public works	5,138,608
Total utility operations	10,941,623
Treatment charges	5,512,647
Depreciation	1,441,306
Total operating expenses	17,895,576
Operating income (loss)	(285,043)
Nonoperating revenues (expenses):	
Equity interest in joint venture	
operating income	670,673
Bond interest rebates	34,303
Interest and debt-related expenses	(951,736)
Intergovernmental	106,885
Miscellaneous income	96,385
Total nonoperating revenues (expenses)	(43,490)
Income (loss) before transfers	(328,533)
Transfers out	(160,595)
Change in net position	(489,128)
Net position, May 1, 2017	15,551,562
Net position, April 30, 2018	\$ 15,062,434

See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the year ended April 30, 2018**

	Enterprise Fund Kankakee Environmental Services Utility
Cash flows provided (used) by operating activities:	
Receipts from customers and users	\$ 17,971,489
Receipts from other funds	10,342
Payments to suppliers	(12,278,024)
Payments to employees	(4,108,842)
	1,594,965
Cash flows provided (used) by noncapital financing activities:	
Transfers to other City funds	(160,595)
Cash flows provided (used) by capital and related financing activities:	
Acquisition and construction of capital assets	(514,431)
Repayment of loan from governmental entity	(180,865)
Repayment of revenue bonds	(730,000)
Interest and debt-related expenses	(964,561)
Bond interest rebates received	34,303
	(2,355,554)
Net change in cash and cash equivalents	(921,184)
Cash and cash equivalents, May 1, 2017	4,481,489
Cash and cash equivalents, April 30, 2018	\$ 3,560,305
Reconciliation of cash and cash equivalents to the statement of net position:	
Cash and investments	\$ 47,799
Restricted cash and investments, current	1,133,009
Restricted cash and investments, noncurrent	2,379,497
Cash and cash equivalents, April 30, 2018	\$ 3,560,305

(Continued)

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
(Continued)  
For the year ended April 30, 2018

	Enterprise Fund
	Kankakee
	Environmental
	Services
	Utility
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (285,043)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	1,441,306
Other revenues	203,270
(Increase) decrease in operating assets and deferred outflows of resources:	
Accounts receivable	106,478
Due from other funds	21,113
Due from other governmental agencies	30,095
Inventory	(6,066)
Prepaid insurance and service fees	59,604
Deferred outflows of resources - IMRF	223,624
Increase (decrease) in operating liabilities and deferred inflows of resources	
Accounts payable	(292,374)
Accrued wages payable	(82,375)
Due to joint venture	375,447
Accrued employee absences	(96,500)
Due to other funds	10,342
Net pension liability - IMRF	(2,524,918)
Deferred inflows of resources - IMRF	2,369,540
Net other post-employment benefit obligations	41,422
Net cash provided (used) by operating activities	\$ 1,594,965
Noncash transactions related to financing, capital and investing activities:	
Amortization of early debt retirement deferred loss	\$ 8,217
Net amortization of premium (discount) on bond issuance	\$ 7,828
Equity interest in joint venture operating income	\$ 670,673

See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**April 30, 2018**

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<b>Assets</b>	
Cash and short-term investments	\$ 1,907,701
Receivables, less allowance for uncollectible amounts:	
Employee contributions	35,372
Employer contributions	941,797
Interest	89,553
Investments, at fair value:	
Mutual funds	11,814,419
Corporate stocks	8,755,992
U.S. Treasury obligations	3,896,366
U.S. Agency obligations	651,791
Corporate bonds	5,128,787
Municipal bonds	495,041
Prepaid items	<u>10,424</u>
 Total assets	 33,727,243
 <b>Liabilities</b>	
Benefits and other payables	<u>512,318</u>
 <b>Net Position</b>	
Net position restricted for pensions	<u><u>\$ 33,214,925</u></u>

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See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**For the year ended April 30, 2018**

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Additions:	
Contributions:	
Employer	\$ 5,352,307
Employee	<u>860,357</u>
Total contributions	<u>6,212,664</u>
Investment income:	
Net change in fair value of investments	445,569
Interest and dividends	<u>1,940,884</u>
	2,386,453
Less: investment expense	<u>(212,701)</u>
Net investment income	<u>2,173,752</u>
Total additions	<u>8,386,416</u>
Deductions:	
Benefits	6,055,818
Refunds of contributions	127,570
Administrative expense	<u>95,816</u>
Total deductions	<u>6,279,204</u>
Change in net position restricted for pensions	2,107,212
Net position restricted for pensions	
May 1, 2017	<u>31,107,713</u>
April 30, 2018	<u><u>\$ 33,214,925</u></u>

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See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**April 30, 2018**

	Kankakee Public Library	Special Service Area No. 1	Totals
<b>Assets</b>			
Cash and investments	\$ 732,428	\$ 124,095	\$ 856,523
Receivables, less allowance for uncollectible amounts:			
Property taxes	1,773,000	111,000	1,884,000
Accounts receivable	27,310	4,872	32,182
Capital assets:			
Depreciable (net of accumulated depreciation)	<u>5,935,206</u>	<u>545,564</u>	<u>6,480,770</u>
<b>Total assets</b>	<u>8,467,944</u>	<u>785,531</u>	<u>9,253,475</u>
<b>Deferred Outflows of Resources</b>			
Deferred items related to pensions	<u>127,379</u>	<u>-0-</u>	<u>127,379</u>
<b>Liabilities</b>			
Accounts payable	10,176	3,082	13,258
Unearned revenue	2,874		2,874
Due to primary government	111,751		111,751
Long-term liabilities:			
Due within one year	154,687		154,687
Due within more than one year	<u>1,983,290</u>		<u>1,983,290</u>
<b>Total liabilities</b>	<u>2,262,778</u>	<u>3,082</u>	<u>2,265,860</u>
<b>Deferred Inflows of Resources</b>			
Deferred property tax revenue	1,773,000	111,000	1,884,000
Deferred items related to pensions	<u>324,644</u>		<u>324,644</u>
<b>Total deferred inflows of resources</b>	<u>2,097,644</u>	<u>111,000</u>	<u>2,208,644</u>
<b>Net Position</b>			
Net investment in capital assets	3,874,377	545,564	4,419,941
Unrestricted	<u>360,524</u>	<u>125,885</u>	<u>486,409</u>
<b>Total net position</b>	<u>\$ 4,234,901</u>	<u>\$ 671,449</u>	<u>\$ 4,906,350</u>

See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**For the year ended April 30, 2018**

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	Program Revenues		
Expenses	Charges for Services	Operating Grants	
Kankakee Public Library:			
Culture and recreation	\$ 1,837,434	\$ 265,436	\$ 35,907
Interest and fiscal charges	107,057		
Special Service Area No. 1:			
General government	204,086		
Total	\$ 2,148,577	\$ 265,436	\$ 35,907

General Revenues:

Property taxes levied for general purposes

Interest

Other

Total

Changes in net position

Net position, May 1, 2017

Net position, April 30, 2018

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Net (Expense) Revenue and Change in Net Position		
<u>Kankakee Public Library</u>	<u>Special Service Area No. 1</u>	<u>Total</u>
\$ (1,536,091)		\$ (1,536,091)
(107,057)		(107,057)
	\$ (204,086)	(204,086)
<u>(1,643,148)</u>	<u>(204,086)</u>	<u>(1,847,234)</u>
1,685,990	110,178	1,796,168
1,687	145	1,832
<u>20,884</u>	<u>30,112</u>	<u>50,996</u>
<u>1,708,561</u>	<u>140,435</u>	<u>1,848,996</u>
65,413	(63,651)	1,762
<u>4,169,488</u>	<u>735,100</u>	<u>4,904,588</u>
<u>\$ 4,234,901</u>	<u>\$ 671,449</u>	<u>\$ 4,906,350</u>

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See accompanying notes.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The City of Kankakee, Illinois (City), is a home rule unit under the 1970 Constitution of Illinois, Article VII. The City was incorporated in 1865 and operates under an elected Mayor/Council form of government. The City Council is comprised of the Mayor and fourteen Council members. The City's major operations include public safety (police, fire, code enforcement and animal control), public works, highways and streets, community development, culture and recreation, economic development, sewer and solid waste utility, and general administrative services. The following significant accounting policies apply to the City and its component units.

**A. Reporting Entity**

The City follows accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's board, and either (a) the ability to impose its will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
2. Fiscal dependency on the primary government and there is a potential to provide specific financial benefits or to impose specific financial burdens.

The accompanying financial statements present the City of Kankakee, Illinois (the primary government) and its component units. The financial data of the component units is included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

**Blended Component Unit** - A blended component unit is a legally separate entity from the City, but is so intertwined with the City that it is, in substance, the same as the City. For financial reporting purposes, the following component units are reported as if they were part of the City's operations.

1. **Kankakee Environmental Services Utility (Utility)** - The Utility is governed by a board which is comprised mainly of City Council members. As stated in the Utility bylaws, one City Council member from each ward is required to serve on the Utility Board. The Utility accounts for the operation of the sewer and solid waste systems, including the public works services which benefit the citizens of the City. The primary government has the operational responsibility for the utility.
2. **Community Development Agency** - The Community Development Agency is governed by the City Council. Its major sources of revenue are intergovernmental grants that are used to benefit the citizens of the City.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**Discretely Presented Component Unit** - A discretely presented component unit is an entity that is legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would cause the City's basic financial statements to be misleading or incomplete. The following discretely presented component units are reported in a separate column to emphasize that they are legally separate from the City.

1. **Kankakee Public Library (Library)** - The Library is governed by a board appointed by the City Council. The Library is financially accountable to the City as the City's approval is needed for the levy of property taxes and to issue bonded debt. The City has also assumed the obligation to finance the Library's deficits.
  
2. **Special Service Area No. 1 (SSA No. 1)** - SSA No. 1 promotes and develops downtown Kankakee. SSA No. 1 is financially accountable to the City as the City's approval is needed for the levy of property taxes and to issue bonded debt. The City has also assumed the obligation to finance the SSA No. 1's deficits.

Separately audited financial statements for the component units are not available. Combining financial statements for the discretely presented component units are presented after the basic financial statements and prior to the notes to the financial statements.

**B. Basis of Presentation**

**Government-wide Financial Statements** - The government-wide statement of net position and statement of activities report the overall financial activities of the City and its component units, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the City. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Additionally, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect expenses for centralized functions are included in the direct expenses. Program revenues include 1) fines, fees, and charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**Fund Financial Statements** - The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

**General Fund** - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Capital Projects Fund** - This fund accounts for the resources used for capital acquisition and other major capital improvement projects including streets, sidewalks and community development projects. Due to its general importance to the overall operation, the City has elected to treat the Capital Projects Fund as major, although it has not met the criteria requiring such treatment for fiscal year 2018.

The City reports the following major proprietary fund:

**Kankakee Environmental Services Utility** - This fund accounts for the provision of sewer services to the residents of the City and operation of the City's waste collection and disposal services. All activities necessary to provide such services are accounted for in this fund, including administration, operations, financing, public works, billing and collection. Activities are funded with user fees.

Additionally, the City reports the following fiduciary fund type:

**Pension Trust Funds** - These funds account for the accumulation of retirement and disability benefits for police and firefighters' pension plans.

**C. Measurement Focus and Basis of Accounting**

**Government-wide, Proprietary and Fiduciary Fund Financial Statements** - The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City receives value without directly giving equal value in exchange, include property tax revenue, grants, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. For example, the 2016 levy is recognized as revenue for the year ended April 30, 2018.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

Revenues from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange transactions associated with a proprietary fund's principal ongoing activities. Exchange transactions are those in which each party receives and gives up essentially equal values. The principal operating revenues of the City's enterprise funds come from charges to customers for sales and services which include sewer and solid waste charges and utility fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

**Governmental Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, except for property tax, to be available if they are collected within 90 days of the end of the current fiscal period. Revenues for property tax are considered to be available if they are collected within 60 days of the end of the current fiscal year for the year intended to finance. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt and claims and judgments are recorded only when payment is due. Compensated absences are recorded only when retirement or separation has occurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, income taxes, utility taxes, intergovernmental revenues, franchise taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility) and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

The City reports unavailable/unearned and deferred revenue on its financial statements. Unavailable/unearned and deferred revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unavailable/unearned and deferred revenues also arise when the resources are received by the City before it has a legal claim to them or prior to the provision of services. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability or deferred inflow is removed from the financial statements and revenue is recognized.

**D. Investments**

Investments are generally reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Short-term investments are reported at cost, which approximates fair value. For investments, the City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs valued using quoted matrix pricing models; Level 3 inputs are significant unobservable inputs.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, Certain External Investment Pools and Pool Participants, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

The value of open-end mutual funds are determined by the pool's share price. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value.

CITY OF KANKAKEE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**E. Interfund Transactions**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of interfund loans or "advances to/from other funds" for the non-current portion of interfund loans. All other outstanding balances between funds are reported as "due to/from other funds." Interfund balances between governmental funds and between proprietary funds are not included in the government-wide statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not expendable available financial resources.

The City has the following types of interfund transactions:

**Loans** - Amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e., due to other funds) in borrower funds in the fund balance sheets or fund statements of net position.

**Services Provided and Used** - Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net position.

**Reimbursements** - Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

**Transfers** - Flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

**F. Inventory and Prepaid Items**

Inventory, such as fuel and office supplies, is accounted for using the consumption method and is valued at an average weighted cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements accounted for on the consumption method.

Inventory and prepaids reported in the governmental funds are not available for appropriation and therefore result in nonspendable fund balance.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**G. Restricted Cash and Investments - Enterprise Funds**

Certain cash and investments in the Kankakee Environmental Services Utility are restricted in accordance with the ordinances authorizing the issuance of the revenue bonds.

**H. Long-Term Debt, Bond Premiums, Discounts, and Bond Issue Costs**

In the government-wide and proprietary fund financial statements, outstanding debts are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are expensed in the period incurred.

In the fund financial statements, government fund types recognize bond premiums and discounts, as well as bond issue costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the period incurred.

**I. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, drainage systems, traffic controls, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their acquisition value on the date received.

Minimum capitalization costs are as follows:

Land	\$ 25,000
Machinery, equipment and vehicles	5,000
Buildings, land improvements, and leasehold improvements	100,000
Infrastructure assets	250,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, whereas improvements extending the useful lives of the related capital assets are capitalized.

Capital assets of the City and its component units are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings, major plant and sewerage equipment	20 - 75
Machinery, equipment and vehicles	5 - 20
Improvements	7 - 40
Infrastructure	25 - 100

CITY OF KANKAKEE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**J. Net Position**

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

**Net Investment in Capital Assets** - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, plus any material unspent bond proceeds.

**Restricted** - This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the City's practice to use restricted resources first, then unrestricted resources when they are needed. None of the restricted net position results from enabling legislation adopted by the City in current year.

**Unrestricted** - This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

**K. Compensated Absences**

City employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences either vest or accumulate and are accrued when they are earned.

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**L. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments, substantially all of which have a maturity of three months or less when acquired.

**M. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**N. Fund Equity – Governmental Fund Financial Statements**

Fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance is reported for amounts that are either not in a spendable form or legally or contractually required to be maintained intact. Restrictions in fund balance are reported for amounts constrained by legal restrictions from outside entities. Committed fund balance is constrained by an ordinance of the City Council, which is considered the City's highest level of decision making authority. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose but do not meet the criteria to be classified as committed. The City Council by resolution authorized the Comptroller to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. Any residual fund balance of the General Fund and any deficits in other funds, if any, are reported as unassigned.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the City considers committed funds to be expended first, followed by assigned and then unassigned.

**O. Investment in Joint Venture**

The Kankakee Environmental Services Utility has two investments in joint ventures which are reported on the equity method of accounting.

**P. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has multiple items which qualify for reporting in this category, which includes the deferred charge on bond refunding, pension plans' assumption changes, the difference between projected and actual earning on pension plans' investments and pension contributions which were made subsequent to the pension liability measurement date. They are all reported in the government-wide statement of net position. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The pension plans' assumption changes and difference between projected and actual earnings on pension plans' investments is deferred and amortized over the average future service. The pension contributions which were made subsequent to the pension liability measurement date are deferred and recognized as an outflow of resources in the period that they become available.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has multiple types of these items, which qualify for reporting in this category, including grant, license and fee revenue received in advance of meeting the time requirements as well as property taxes reported as a receivable prior to the period for which it was levied. These amounts are deferred and recognized as an inflow of resources in the period that the amounts are intended to finance on both the government-wide statement of net position and the governmental fund balance sheet. The City also has other deferred inflows of resources that arise only under a modified accrual basis of accounting that also qualify for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue of special assessments and loan receivables. The City also has deferred inflow of resources resulting from pension plans' difference between expected and actual experience, which is reported in the government-wide statement of net position only and is amortized over the average future service. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

**NOTE 2 - DEPOSITS AND INVESTMENTS:**

Investing is performed in accordance with investment policies complying with state statutes (as outlined in the Illinois Public Funds Act of 1943) and City charter. These statutes and the City charter authorize the City to invest in direct and general obligations of the United States of America, obligations issued or guaranteed by instrumentalities or agencies of the United States of America, direct and general obligations of any state, interest-bearing demand or time deposits or interest in money market portfolios issued by state banks or trust companies or national banking associations or savings and loan associations that are continuously and fully insured, shares of a diversified open-end management investment company, state pooled investment funds, or repurchase agreements of government securities through banks or trust companies. Police and Fire pension investments are governed by the Illinois Pension Code which authorize, in addition to the above investments, investments in common stock, mutual funds and life insurance company contracts. The City's Police and Firefighters' Pension Funds, under the direction of their respective Boards of Trustees, contractually delegate investment oversight to investment managers.

The City maintains a cash and investment pool that is available for use by the General Fund, Capital Projects Fund, and all special revenue funds (except the Motor Fuel Tax Fund and the Community Development Agency). In addition, non-pooled cash and investments are separately held by several of the City's funds including component units. The deposits and investments of the pension trust funds are held separately from those of the other City funds.

**Deposits:**

The City, component units and pension trust funds' investment policies require all uninsured deposits with financial institutions to be fully collateralized with the collateral held by an independent third party acting as the City's agent and held in the name of the City, component units and pension trust funds, respectively.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued):**

At April 30, 2018, the carrying amount of the City's deposits for governmental and business-type activities was \$5,840,024 and the bank balance was \$6,388,657. The entire bank balance was covered through federal depository insurance or by collateral held by the City or its agent, in the City's name.

At April 30, 2018, the carrying amount of deposits of fiduciary activities was \$875,075 and the bank balance was \$896,054 of which \$146,054 was uninsured and uncollateralized. This portion of the bank balance that is uninsured and uncollateralized is a violation of the City's investment policy.

At April 30, 2018, the carrying amount of deposits of the City's component units was \$854,112 and the bank balance was \$936,572 of which \$649,307 was uninsured and uncollateralized. This portion of the bank balance that is uninsured and uncollateralized is a violation of the City's investment policy.

**Investments:**

The following table presents the investments and investment maturities of the City and its component units as of April 30, 2018. Categorized investments are insured or registered for which the securities are held by the City or its agent in the City's name. Uncategorized investments are not subject to categorization because they are not securities. The relationship between the City and the investment agent is a direct contractual relationship.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Governmental and business-type activities:					
Uncategorized investments:					
Illinois Funds	\$ 4,534,124	\$ 4,534,124			
Illinois Metropolitan Investment Fund (IMET)	142,169	142,169			
Money market	<u>9,811,970</u>	<u>9,811,970</u>			
	<u>14,488,263</u>	<u>14,488,263</u>	\$ -0-	\$ -0-	\$ -0-
Fiduciary activities:					
Categorized investments:					
U.S. Treasury obligation	3,896,366	410,703	1,458,978	1,162,317	864,368
U.S. Government agencies	651,791	176,505	98,404	363,114	13,768
Municipal bonds	495,041	79,907	188,941	41,042	185,151
Corporate bonds	5,128,787	320,164	2,340,385	1,272,251	1,195,987
Uncategorized investments:					
Mutual funds	11,814,419	11,814,419			
Money market	1,032,626	1,032,626			
Common stock (1)	<u>8,755,992</u>				
	<u>31,775,022</u>	<u>13,834,324</u>	<u>4,086,708</u>	<u>2,838,724</u>	<u>2,259,274</u>
Total investments	<u>\$46,263,285</u>	<u>\$28,322,587</u>	<u>\$4,086,708</u>	<u>\$2,838,724</u>	<u>\$2,259,274</u>

(1) Risk disclosures do not apply to equities.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued):**

The City's Fiduciary Funds (Pension Trust Funds) had the following recurring fair value measurements as of April 30, 2018:

<u>Investment by Fair Value Level</u>	<u>April 30, 2018</u>	<u>Fair value measurements Using</u> Quoted Prices in Active Markets for Identical Assets (Level 1)	<u>Significant Other Observable Inputs (Level 2)</u>
Debt securities			
U.S. Treasury obligations	\$ 3,896,366	\$ 3,896,366	
U.S. agency obligations	651,791		\$ 651,791
Municipal bonds	495,041		495,041
Corporate bonds	5,128,787		5,128,787
Equity securities			
Common stock	8,755,922	8,755,992	
Mutual funds	<u>11,814,419</u>	<u>11,814,419</u>	_____
Total investments measured at fair value	<u>\$30,742,396</u>	<u>\$24,466,777</u>	<u>\$6,275,619</u>

The City invests in Illinois Funds, an external investment pool administered by the State Treasurer, which is rated AAAM by Standard & Poor's Investment Services. The City also invests in Illinois Metropolitan Investment Fund, an external investment pool administered by and for Illinois public funds managers and financial officers, which is rated Aaa/bf by Moody's Investors Services. The investments in the securities of U.S. government agencies were all rated AA+ by Standard & Poor's, and Aaa by Moody's Investors Services. No rating is available for the City's investment in money market funds and corporate bonds which are managed by an investment broker.

**Interest Rate Risk**

Interest rate risk is the risk that change in interest rates will adversely affect the fair value of an investment. In accordance with the City's investment policy, the City invests in mortgage-backed securities. These securities are reported at fair value and are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flow from interest payments is reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated. The City invests in mortgage-backed securities to diversify the portfolio and to increase the return while minimizing the extent of risk.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

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**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued):**

The City's investment policy limits investment maturities in the General Fund and special revenue funds to a maximum of 36 months. Investments in other funds may be purchased with a longer maturity to match future project or liability requirements as limited by bond ordinances. However, in practice, the City generally limits the average duration of its investments to less than one year in order to control fair value losses arising from increasing interest rates and to remain sufficiently liquid to meet operating needs. Interest rate risk for investments held by pension trust funds is managed by establishing investment parameters for the investment managers.

**Credit Risk**

The City's investment and cash management policy, as well as the investment policies of the Police and Firefighters' Pension Trust Funds, prescribe to the "prudent person" rule, which states, "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived." The City's investment policy follows the requirements of the State of Illinois Public Funds Investment Act, which prescribes allowable investment vehicles. According to the City's investment policy governing diversification, its investment in Illinois Funds shall not exceed 40 percent of the total investment portfolio unless specifically authorized by the City Council. The City places no limit on the amount the City may invest in any other issuer. The Police and Firefighters' Pension Trust Funds each have separate investment policies, which establish criteria for allowable investments. Both funds follow the requirements of the Illinois Pension Code.

**NOTE 3 - PROPERTY TAXES:**

Property taxes are levied each year on all taxable real property located in the City. The City must file its tax levy ordinance by the last Tuesday of December of each year. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year. Property taxes are collected by the Kankakee County Collector who remits to the City its share of the collection. Taxes levied for calendar year 2016 were due, payable, and collected in two installments in June and September 2017.

Revenue for property taxes is recognized in the governmental funds in the year for which the taxes are intended to finance and the funds are available. The City considers property tax revenue to be available if it is collected during the current year or within 60 days after year end. Property taxes levied for calendar year 2016 were intended to finance the fiscal year 2018 expenditures. Accordingly, the City recognized revenue during the year ended April 30, 2018 for collections from the calendar year 2016 levy if it was received by June 30, 2018. Property taxes levied for calendar year 2017, which will be collected in fiscal year 2019, are recorded as receivables and deferred revenue as of April 30, 2018. The 2018 tax levy, which attaches as an enforceable lien on property as of January 1, 2018, has not been recorded as a receivable as of April 30, 2018, as the tax had not yet been levied by the City and was not levied until December 2018, and therefore, the levy is not measurable at April 30, 2018.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 4 - ACCOUNTS RECEIVABLE:**

An analysis of the collectability of accounts receivable for sewer, garbage collection, public safety fees, Community Development Agency loans and other receivables was performed as of April 30, 2018. The analysis shows that the collection of approximately \$403,424 of these accounts is doubtful. An allowance for uncollectible accounts for this amount has been recorded. At April 30, 2018, the City has deferred economic development loans receivable of \$32,367 since they will not be available to pay current period expenditures. All other receivables are scheduled for collection during the fiscal year ending April 30, 2019.

Accounts receivable at April 30, 2018, are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Activities</u>		<u>Environmental Services Utility</u>	<u>Kankakee Public Library</u>	<u>Special Service Area No. 1</u>	<u>Total Component Units</u>
Governmental activities:								
Trash collection	\$160,024		\$ 160,024					
Franchise fees	130,027		130,027					
Public safety	211,081		211,081					
Economic development loans		\$ 230,273	230,273					
Other receivables	<u>195,670</u>		<u>195,670</u>					
Total	696,802	230,273	927,075					
Less: allowance for doubtful accounts	<u>(175,024)</u>	<u>(193,400)</u>	<u>(368,424)</u>					
Accounts receivable, net	\$ <u>521,778</u>	\$ <u>36,873</u>	\$ <u>558,651</u>					
Business-type activities:								
Sewer charges		\$2,052,333						
Garbage collection		<u>337,711</u>						
Total		2,390,044						
Less: allowance for doubtful accounts		<u>(35,000)</u>						
Accounts receivable, net		<u>\$2,355,044</u>						
Component units:								
Sponsorships and other		\$19,240	\$4,872	\$24,112				
Room/venue rental		<u>8,070</u>	<u>      </u>	<u>8,070</u>				
Total		<u>27,310</u>	<u>4,872</u>	<u>32,182</u>				
Less: allowance for doubtful accounts		<u>-0-</u>	<u>-0-</u>	<u>-0-</u>				
Accounts receivable, net		<u>\$27,310</u>	<u>\$4,872</u>	<u>\$32,182</u>				

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES:**

Interfund balances at April 30, 2018 consisted of the following:

Primary government:

Governmental funds:

Due to General Fund from:

Capital Projects Fund	\$ 79,800
Nonmajor governmental funds	115,006
Kankakee Environmental Services Utility	<u>10,342</u>
	<u>\$205,148</u>

Component units:

Library	<u>\$ 96,697</u>
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Due to Capital Projects Fund from:

Nonmajor governmental funds	<u>\$187,013</u>
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Due to nonmajor governmental funds from:

Nonmajor governmental funds	\$128,190
General Fund	23,491
Capital Projects Fund	50,545
Kankakee Environmental Services Utility	<u>74,156</u>

Total \$276,382

Component units:

Library	<u>\$15,054</u>
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Enterprise funds:

Due to Kankakee Environmental Services Utility from:

Nonmajor governmental funds	<u>\$174,308</u>
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These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All these interfund balances are expected to be repaid within one year.

**NOTE 6 - DUE FROM OTHER GOVERNMENTAL AGENCIES:**

The following receivables are included in due from other governmental agencies:

Governmental activities:

General Fund:

Sales tax	\$ 949,025
State replacement tax	136,971
Gaming tax	44,580
Various grants	<u>65,795</u>

Total General Fund 1,196,371

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 6 - DUE FROM OTHER GOVERNMENTAL AGENCIES (Continued):**

Nonmajor governmental funds:	
CDBG Grant	\$ 22,005
HAP Grant	11,444
Motor Fuel Taxes	<u>63,040</u>
Total nonmajor governmental funds	96,489
Total governmental activities	<u>\$1,292,860</u>
Business-type activities:	
Kankakee Environmental Services Utility:	
Kankakee Township	\$112,897
State of Illinois	<u>14,205</u>
Total Kankakee Environmental Service Utility	127,102
Total Business-type activities	<u>\$127,102</u>

**NOTE 7 - INTERFUND TRANSFERS:**

Fund Transferred From	<u>Fund Transferred To</u>
	<u>Nonmajor Governmental</u>
General Fund	\$1,208,818
Kankakee Environmental Services Utility	160,595
Nonmajor Governmental	<u>1,432,621</u>
	<u>\$2,802,034</u>

The following paragraphs provide information concerning the various interfund transfers for the year ended April 30, 2018:

The following funds transferred funds to the Debt Service Fund to provide for bond and interest retirement:

General Fund	\$1,208,818
Kankakee Environmental Services Utility	160,595
Tax Increment Financing District No. 1	472,875
Tax Increment Financing District No. 5	26,000
Tax Increment Financing District No. 6	177,000
Tax Increment Financing District No. 7	43,308
Tax Increment Financing District No. 8	621,372

The following debt service funds transferred funds to the General Obligations Bonds, Series 2007 Fund to provide for the closing of that Fund in FY2018:

Indian Meadows Debt Service Fund	\$88,407
General Obligations Bonds, Series 2012 Fund	3,659

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 8 - SPECIAL ASSESSMENTS:**

The special assessments resulted from the creation of Indian Meadows Special Tax Assessment District for infrastructure costs. The special assessments are recorded when levied. Special assessments of \$323,879 were collected in fiscal year 2018. No further collections are scheduled in the future as fiscal year 2018 was the final year of collections.

**NOTE 9 - CAPITAL ASSETS:**

A summary of changes in capital assets of the City and its component units for the year ended April 30, 2018 is as follows:

	<u>Balance</u> <u>May 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30,</u> <u>2018</u>
Primary government:				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,582,067	\$ 139,071		\$ 5,721,138
Construction in progress	<u>2,020,012</u>	<u>904,741</u>	<u>\$1,625,824</u>	<u>1,298,929</u>
Total capital assets not being depreciated	<u>7,602,079</u>	<u>1,043,812</u>	<u>1,625,824</u>	<u>7,020,067</u>
Capital assets being depreciated:				
Buildings	14,282,745			14,282,745
Equipment	1,319,176	24,207		1,343,383
Vehicles	4,561,361	312,433	127,841	4,745,953
Land improvements	4,171,969	1,625,824		5,797,793
Infrastructure	<u>79,720,293</u>	<u>                    </u>	<u>                    </u>	<u>79,720,293</u>
Total capital assets being depreciated	<u>104,055,544</u>	<u>1,962,464</u>	<u>127,841</u>	<u>105,890,167</u>
Less accumulated depreciation:				
Buildings	2,488,225	208,238		2,696,463
Equipment	1,005,361	112,516		1,117,877
Vehicles	3,362,273	224,311	109,763	3,476,821
Land improvements	2,084,387	259,301		2,343,688
Infrastructure	<u>21,770,512</u>	<u>958,864</u>	<u>                    </u>	<u>22,729,376</u>
Total accumulated depreciation	<u>30,710,758</u>	<u>1,763,230</u>	<u>109,763</u>	<u>32,364,225</u>
Total capital assets being depreciated, net	<u>73,344,786</u>	<u>199,234</u>	<u>18,078</u>	<u>73,525,942</u>
Governmental activities, Capital assets, net	<u>\$ 80,946,865</u>	<u>\$1,243,046</u>	<u>\$1,643,902</u>	<u>\$ 80,546,009</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 9 - CAPITAL ASSETS (Continued):**

Depreciation expense for governmental activities for the year ended April 30, 2018 was charged to functions as follows:

General government	\$ 445,478
Public safety	358,888
Highways and streets	<u>958,864</u>
	<u>\$1,763,230</u>

	<u>Balance</u> <u>May 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30,</u> <u>2018</u>
Business-type activities:				
Kankakee Environmental Services Utility:				
Capital assets not being depreciated:				
Land	\$ <u>652,263</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>652,263</u>
Capital assets being depreciated:				
Buildings	11,965,986	15,143		11,981,129
Equipment	3,789,054	105,949		3,895,003
Vehicles	3,073,571	208,033		3,281,604
Leasehold improvements	289,696			289,696
Infrastructure	<u>42,354,731</u>	<u>185,306</u>	—	<u>42,540,037</u>
Total capital assets being depreciated	<u>61,473,038</u>	<u>514,431</u>	<u>-0-</u>	<u>61,987,469</u>
Less accumulated depreciation:				
Buildings	6,773,964	222,517		6,996,481
Equipment	3,291,520	146,789		3,438,309
Vehicles	2,569,482	135,833		2,705,315
Leasehold improvements	110,107	7,019		117,126
Infrastructure	<u>14,763,750</u>	<u>929,148</u>	—	<u>15,692,898</u>
Total accumulated depreciation	<u>27,508,823</u>	<u>1,441,306</u>	<u>-0-</u>	<u>28,950,129</u>
Total capital assets being depreciated, net	<u>33,964,215</u>	<u>(926,875)</u>	<u>-0-</u>	<u>33,037,340</u>
Business-type activities, capital assets, net	<u>\$34,616,478</u>	<u>\$ (926,875)</u>	<u>\$-0-</u>	<u>\$33,689,603</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 9 - CAPITAL ASSETS (Continued):**

	<u>Balance May 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2018</u>
Component Units:				
Kankakee Public Library:				
Capital assets being depreciated:				
Buildings	\$7,758,883			\$7,758,883
Equipment	59,489			59,489
Leasehold improvements	<u>294,670</u>	—	—	<u>294,670</u>
Total capital assets being depreciated	<u>8,113,042</u>	\$ -0-	\$-0-	<u>8,113,042</u>
Less accumulated depreciation:				
Buildings	1,846,636	106,046		1,952,682
Equipment	59,489			59,489
Leasehold improvements	<u>150,932</u>	<u>14,733</u>	—	<u>165,665</u>
Total accumulated depreciation	<u>2,057,057</u>	<u>120,779</u>	-0-	<u>2,177,836</u>
Component unit-Kankakee Public Library, capital assets, net	<u>6,055,985</u>	(120,779)	-0-	<u>5,935,206</u>
Special Service Area No. 1:				
Capital assets being depreciated:				
Land improvements	1,126,132	-0-	-0-	1,126,132
Less accumulated depreciation:				
Land improvements	<u>525,650</u>	<u>54,918</u>	-0-	<u>580,568</u>
Component unit-Special Service Area No. 1, capital assets, net	<u>600,482</u>	(54,918)	-0-	<u>545,564</u>
Component units, capital assets, net	<u>\$6,656,467</u>	\$(175,697)	\$-0-	<u>\$6,480,770</u>

**NOTE 10 – DUE TO OTHER GOVERNMENT AGENCIES:**

In November 2017, City received a notification from Illinois Department of Revenue that the Department overpaid the City \$823,254 of sales taxes resulted from three taxpayers erroneously reporting their share of taxes on non-taxable transactions. The Department was proposing an adjustment and repayment of the amount by the City in monthly installments (of approximately \$45,700) within an 18-month timeframe. The matter went into litigation. In October 2018, an agreement was reached to repay the amount in 120 monthly installments of approximately \$6,860 each. \$823,254 is reported as due to other government agencies in the accompanying financial statements.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS:**

A summary of changes in long-term debt for the year ended April 30, 2018 is as follows:

	Balance <u>May 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>April 30, 2018</u>	Due within <u>One Year</u>
Primary Government:					
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 42,422,035		\$4,867,035	\$ 37,555,000	\$5,290,000
Premium on bond proceeds	<u>618,173</u>		<u>120,401</u>	<u>497,772</u>	
Total bonds payable	43,040,208	\$ -0-	4,987,436	38,052,772	5,290,000
Installment notes	940,965		870,965	70,000	10,000
Capital lease obligations	-0-	150,000		150,000	74,050
Net pension liability	98,026,137	17,273,777		115,299,914	
Compensated absences	4,740,000	1,521,000	1,435,000	4,826,000	1,907,000
Net other post-employment benefit obligation	<u>1,118,482</u>	<u>296,608</u>	<u>166,506</u>	<u>1,248,584</u>	
Governmental activities - total long-term debt	<u>\$147,865,792</u>	<u>\$19,241,385</u>	<u>\$7,459,907</u>	<u>\$159,647,270</u>	<u>\$7,281,050</u>
Business-type activities:					
Kankakee Environmental Services Utility:					
Bonds Payable:					
Revenue bonds	\$19,625,000		\$ 730,000	\$18,895,000	\$ 805,000
Premium (discount) on bond proceeds	<u>150,750</u>		<u>7,828</u>	<u>142,922</u>	
Total bonds payable	19,775,750	\$ -0-	737,828	19,037,922	805,000
Illinois EPA loan	3,874,442		180,865	3,693,577	184,492
Net pension liability	3,169,594		2,524,918	644,676	
Compensated absences	1,119,100	397,000	493,500	1,022,600	472,000
Net other post-employment benefit obligation	<u>385,542</u>	<u>41,423</u>		<u>426,965</u>	
Business-type activities - total long-term debt	<u>\$28,324,428</u>	<u>\$438,423</u>	<u>\$3,937,111</u>	<u>\$24,825,740</u>	<u>\$1,461,492</u>
Component units:					
Capital lease obligations	\$2,207,987		\$147,158	\$2,060,829	\$154,687
Net pension liability	<u>513,337</u>		<u>436,189</u>	<u>77,148</u>	
Component units - total long-term debt	<u>\$2,721,324</u>	<u>\$-0-</u>	<u>\$583,347</u>	<u>\$2,137,977</u>	<u>\$154,687</u>

Long-term liabilities other than debt typically have been liquidated in the General Fund, Kankakee Environmental Services Utility, and Library Fund (a component unit), as applicable.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

Long-term debt is comprised of the following:

	<u>Governmental Activities</u>
<u>General Obligation Bonds</u>	
<p>The City has issued several general obligation serial bonds to provide for the costs of the City's various public infrastructure and capital improvement programs. General obligation bonds at April 30, 2018, consist of the following:</p>	
<p>\$6,930,000 City of Kankakee serial bonds dated June 1, 2008, due in annual installments on January 1 of amounts ranging from \$315,000 to \$1,075,000, through January 2024, plus interest ranging from 3.45% to 5.25% payable semiannually.</p>	\$ 5,605,000
<p>\$10,180,000 City of Kankakee serial bonds dated April 15, 2009, due in annual installments on January 1 of amounts ranging from \$80,000 to \$1,025,000 through January 2029, plus interest ranging from 2.30% to 5.00% payable semiannually.</p>	8,725,000
<p>\$14,905,000 City of Kankakee serial bonds dated April 15, 2009, due in annual installments on January 1 of amounts ranging from \$35,000 to \$2,275,000, through January 2025, plus interest ranging from 3.00% to 5.00% payable semiannually.</p>	2,325,000
<p>\$5,000,000 City of Kankakee serial bonds dated April 27, 2011, due in annual installments on January 1 of amounts ranging from \$105,000 to \$955,000 through January 2025, plus interest ranging from 2.50% to 4.90% payable semiannually.</p>	4,505,000
<p>\$370,000 City of Kankakee bonds dated April 27, 2011, due in a single installment on January 1, 2020, plus interest of 4.10% payable semiannually.</p>	370,000
<p>\$2,645,000 City of Kankakee serial bonds dated March 13, 2012, due in annual installments on January 1 of amounts ranging from \$80,000 to \$465,000, through January 2019, plus interest ranging from 2.00% to 2.50% payable semiannually.</p>	465,000

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

	<u>Governmental Activities</u>
\$3,915,000 City of Kankakee serial bonds dated October 11, 2012, due in annual installments on January 1 of amounts ranging from \$20,000 to \$535,000, through January 2024, plus interest ranging from 2.00% to 2.90% payable semiannually.	\$ 2,425,000
\$3,790,000 City of Kankakee serial bonds dated November 1, 2012, due in annual installments on January 1 of amounts ranging from 100,000 to 1,820,000 through January 2020 plus interest ranging from 2.00% to 3.00% payable semiannually.	210,000
\$2,635,000 City of Kankakee serial bonds dated December 23, 2013, due in annual installments on January 1 of amounts ranging from \$120,000 to \$620,000 through January 2024 plus interest ranging from 2.00% to 3.95% payable semiannually.	1,280,000
\$6,455,000 City of Kankakee serial bonds dated December 30, 2014, due in annual installments on January 1 of amounts ranging from \$40,000 to \$1,085,000 through January 2025 plus interest ranging from 2.00% to 4.00% payable semiannually.	5,425,000
\$3,665,000 City of Kankakee serial bonds dated April 19, 2016, due in annual installments on January 1 of amounts ranging from \$125,000 to \$675,000, through January 2027, plus interest ranging from 2.00% to 4.00% payable semiannually.	3,370,000
\$2,850,000 City of Kankakee serial bonds dated April 19, 2016, due in annual installments beginning on January 1, 2026 of amounts ranging from \$210,000 to \$315,000, through January 2036, plus interest of 4.00% payable semiannually.	<u>2,850,000</u>
Total general obligation bonds	37,555,000
Add: Unamortized premium on bond issuance	<u>497,772</u>
Total general obligation bonds payable	<u>\$38,052,772</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

The annual requirements to amortize all general obligation bonds outstanding at April 30, 2018, are as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 5,290,000	\$1,490,883	\$ 6,780,883
2020	4,670,000	1,291,604	5,961,604
2021	3,910,000	1,116,694	5,026,694
2022	3,890,000	968,991	4,858,991
2023	4,235,000	816,024	5,051,024
2024 – 2028	12,440,000	1,862,511	14,302,511
2029 – 2033	2,215,000	382,088	2,597,088
2034 – 2036	<u>905,000</u>	<u>73,400</u>	<u>978,400</u>
	<u>\$37,555,000</u>	<u>\$8,002,195</u>	<u>\$45,557,195</u>

Governmental  
Activities

Installment Notes

Non-interest bearing \$200,000 loan dated February 22, 2005, from the Illinois Finance Authority for the purchase of a fire truck, payable in twenty annual installments of \$10,000, commencing on November 1, 2005 through November 1, 2024.

\$70,000

The annual requirements to amortize all long-term installment loans outstanding at April 30, 2018, are as follows:

Governmental activities:

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>
2019	\$10,000
2020	10,000
2021	10,000
2022	10,000
2023	10,000
2024 – 2025	<u>20,000</u>
	<u>\$70,000</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

**Capital Lease Obligation**

The City and its component unit, Kankakee Public Library, have entered into lease agreements as lessees for financing the acquisition of an ambulance and the acquisition of the library building, respectively. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments in the accompanying financial statements. The following is a schedule of capital lease obligations and the minimum lease payments:

	<u>Governmental Activities</u>	<u>Component Unit - Library</u>
\$150,000 lease, plus interest of \$5,796, due in two annual installments of \$77,898, including interest, through July 2019. Payable from General Fund.	\$150,000	
\$7,758,883 lease, plus interest of \$2,628,206, due in monthly installments of \$21,185, including interest, through October 2028. Payable from Kankakee Public Library Fund, a component unit.	_____	\$2,060,829
Total capital lease obligations	\$150,000	\$2,060,829

The following is an analysis of the assets recorded under capital leases at April 30, 2018:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Governmental Activities:			
Vehicles	\$160,000	\$8,000	\$152,000
Component Units - Library:			
Buildings	\$7,758,883	\$1,952,682	\$5,806,201

Future minimum lease payments for all capital lease obligations:

<u>Year Ending April 30,</u>	<u>Governmental Activities</u>	<u>Component Unit - Library</u>
2019	\$77,898	\$ 254,215
2020	77,898	254,215
2021		254,215
2022		254,215
2023		254,215
2024-2028		1,271,075
2029	_____	105,923
Total minimum lease payments	155,796	2,648,073
Less: amount representing interest	(5,796)	(587,244)
Present value of minimum lease payments	\$150,000	\$2,060,829

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
<u>Net Pension Liability</u>			
Cumulative difference between the total pension liability and the plan fiduciary net position for the Police Pension Fund	\$56,353,815		
Cumulative difference between the total pension liability and the plan fiduciary net position for the Firefighters' Pension Fund	58,664,326		
Cumulative difference between the total pension liability and the plan fiduciary net position for Illinois Municipal Retirement Fund	<u>281,773</u>	\$644,676	\$77,148
Total net pension liability	<u>\$115,299,914</u>	<u>\$644,676</u>	<u>\$77,148</u>

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Compensated Absences</u>		
Vested portion of the vacation and sick leave and other employee benefits which are expected to be paid from the governmental funds and enterprise funds.	<u>\$4,826,000</u>	<u>\$1,022,600</u>

Net Other Post Employment Benefits

Cumulative difference between the actuarially determined annual other post-employment benefit cost and contributions made for the governmental funds and enterprise funds.	<u>\$1,248,584</u>	<u>\$426,965</u>
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Illinois EPA Loan

In February 2015, the Utility was approved for a \$4,423,385 Illinois Environmental Protection Agency (IEPA) loan for the improvements to the Stone Street lift station, sewer main lining and sewer repairs. As of April 30, 2018, the Utility has net funds borrowed of \$4,124,007, including \$46,482 of capitalized interest and \$275,000 of forgiven principal on this loan. This loan is secured by current and future utility revenues and is payable in 40 semi-annual payments, including interest at 1.995%. At April 30, 2018, the Utility owes \$3,693,577 on this loan.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

Debt service on the above Illinois EPA loan payable at April 30, 2018, is as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 184,492	\$ 72,771	\$ 257,263
2020	188,191	69,072	257,263
2021	191,964	65,299	257,263
2022	195,812	61,451	257,263
2023	199,738	57,525	257,263
2024-2028	1,060,392	225,923	1,286,315
2029-2033	1,171,042	115,272	1,286,314
2034-2038	<u>501,946</u>	<u>12,578</u>	<u>514,524</u>
	<u>\$3,693,577</u>	<u>\$679,891</u>	<u>\$4,373,468</u>

**Revenue Bonds**

Details of the revenue bond indebtedness of the City's Environmental Services Utility Fund at April 30, 2018, are as follows:

	<u>Business-type</u> <u>Activities</u>
\$4,000,000 Sewer Utility serial bonds dated December 1, 2009, due in annual installments on May 1 of amounts ranging from \$220,000 to \$385,000, through May 1, 2024, plus interest at rates ranging from 2.00% to 5.80%, payable semiannually.	\$ 2,305,000
\$2,700,000 Taxable Sewer Utility serial bonds dated December 2, 2010, due in annual installments beginning on May 1, 2023 of amounts ranging from \$300,000 to \$380,000, through May 2030, plus interest at rates ranging from 5.35% to 6.50%, payable semiannually.	2,700,000
\$2,740,000 Sewer Utility serial bonds dated December 2, 2010, due in annual installments on May 1 of amounts ranging from \$15,000 to \$290,000, through May 2022, plus interest at rates ranging from 2.00% to 3.90%, payable semiannually.	1,350,000
\$2,170,000 Taxable Sewer Utility serial bonds dated August 6, 2013, due in annual installments beginning on May 1, 2017 of amounts ranging from \$215,000 to \$285,000, through May 2025, plus interest at rates ranging from 2.91% to 5.13%, payable semiannually.	1,955,000
\$3,550,000 Taxable Sewer Utility serial bonds dated August 6, 2013, due in annual installments beginning on May 1, 2025 of amounts ranging from \$95,000 to \$460,000, through May 2034, plus interest at rates ranging from 4.38% to 4.88%, payable semiannually.	3,550,000

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

	<u>Business-type Activities</u>
\$7,035,000 Taxable Sewer Utility serial bonds dated August 27, 2015, due in annual installments beginning on May 1, 2018 of amounts ranging from \$55,000 to \$780,000, through May 2036, plus interest at rates ranging from 3.00% to 4.50%, payable semiannually.	<u>\$ 7,035,000</u>
Total revenue bonds	18,895,000
Add: Unamortized premium (discount) on bond issuance	<u>142,922</u>
Total revenue bonds payable	<u>\$19,037,922</u>

Debt service on the above revenue bonds payable at April 30, 2018, are as follows:

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 805,000	\$ 863,573	\$ 1,668,573
2020	930,000	831,994	1,761,994
2021	1,035,000	793,617	1,828,617
2022	1,075,000	750,773	1,825,773
2023	1,125,000	702,935	1,827,935
2024 - 2028	5,325,000	2,718,590	8,043,590
2029 - 2033	5,455,000	1,456,313	6,911,313
2034 - 2036	<u>3,145,000</u>	<u>271,275</u>	<u>3,416,275</u>
	<u>\$18,895,000</u>	<u>\$8,389,070</u>	<u>\$27,284,070</u>

Revenue bond ordinances of the Kankakee Environmental Services Utility require that certain reserve accounts be maintained at designated minimum dollar amounts or that specific monthly transfers be made to such accounts. The following shows such required reserve balances and the amounts actually reserved at April 30, 2018 in the Utility:

	<u>Required</u>	<u>Actual</u>	<u>Surplus (Deficit)</u>
Operation and maintenance	\$ 943,476	\$ (47,583)	\$ (991,059)
Bond reserve	1,828,017	1,775,037	(53,580)
Reserve and replacement	500,000	554,460	54,460
Bond and interest	1,242,224	1,133,009	(109,215)
Surplus reserve	<u>-0-</u>	<u>50,000</u>	<u>50,000</u>
	<u>\$4,514,317</u>	<u>\$3,464,923</u>	<u>\$(1,049,394)</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

Activities in the reserve accounts during the year ended April 30, 2018 were as follows:

Balance as of May 1, 2017	\$4,333,390
Additions to reserves	762,412
Revenue bond principal paid	(730,000)
Revenue bond interest paid	<u>(900,879)</u>
 Balance as of April 30, 2018	 <u>\$3,464,923</u>

The reserve account balances are represented in the Utility as restricted cash and investments. At April 30, 2018, the above amounts were insufficient to meet the minimum balance or reserve account transfer requirements of the revenue bond ordinance.

The Utility covenants in the bond ordinance to establish, maintain and collect at all times fees, charges and rates for the use and service of the system, sufficient at all times to pay operating and maintenance costs, to pay the principal of and interest on all outstanding revenue bonds of the City which by their terms are payable solely from the revenues, to provide net revenues in each fiscal year in the amount of not less than 120 percent of the current debt service requirement for all outstanding bonds for such fiscal year, and to the extent necessary after the application of the net revenues available pursuant to the rate covenant described in this paragraph, such additional amounts as may be required to provide an adequate depreciation fund, and to provide for the creation and maintenance of the respective reserve accounts described above. "Current Debt Service Requirement" as used in this paragraph means the amount required to be credited under the bond ordinance to the bond and interest account in a given fiscal year. "Revenues" as defined in the bond ordinance and as used in the covenant calculation does not include proceeds from the sale of capacity. During the year ended April 30, 2018, the Utility did comply with this rate covenant. The covenant calculation is included on page 132.

**Required Bond Indenture Disclosures**

**Insurance Coverage** - The plant, buildings and contents of the Kankakee Environmental Services Utility were insured at April 30, 2018 for \$9,382,233 under the City of Kankakee master policy with the Liberty Mutual Insurance Company. The Utility is also included on the master umbrella liability policy with the Chubb Insurance Company and on the City's general liability and auto liability policies with Governmental Insurance Exchange. The master policy includes the following significant coverages:

	<u>Policy limits</u>
Property damage	\$38,577,487
General liability	10,000,000
Auto liability	6,000,000

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 11 - LONG-TERM DEBT OBLIGATIONS (Continued):**

**Customer and Flow Information** - Most of the customers have a water meter; the number of unmetered customers is negligible. As of April 30, 2018 there were 7,852 customers providing sewer charge revenue as follows:

	<u>Number of Customers</u>	<u>Sewer Charges</u>
Residential and commercial	7,803	\$ 5,185,297
Industrial and institutional	<u>49</u>	<u>9,558,636</u>
Total	<u>7,852</u>	<u>\$14,743,933</u>

**User Rates** - The rates in effect at April 30, 2018 were as follows:

Flow charge (100 cu. ft.)	\$ 6.64
BOD surcharge (lb.)	.40
SS surcharge (lb.)	.40
FOG surcharge (lb.)	.40
GW contaminated (100 cu. ft.)	13.87
Fixed charge (month)	43.91
Industrial pretreatment charges - increase	7.5%

**NOTE 12 - SEGMENT INFORMATION:**

**Kankakee Environmental Services Utility** - Accounts for the operation of the City sewer and solid waste systems. The City has issued revenue bonds to support its sewer utility activities. The fund financial statements report the Utility as a major fund. All segment report requirements are included in the fund financial statements.

**NOTE 13 - FEDERAL PROGRAM AUDITS:**

The City participates in a number of federally assisted grant programs, principal of which are the Community Development Block Grant, HOME Grants, Lead-based Paint Hazard Control Program and various other public safety grant programs. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of April 30, 2018, significant amounts of grant expenditures have not been audited by the grantors, but the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

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**NOTE 14 - COMMITMENTS:**

Lease Commitments

In July 1988, the City leased the Kankakee Dam for 60 years from the Illinois Department of Conservation for the purpose of constructing, operating and maintaining the Hydroelectric Plant. The annual lease payment is based on the number of kilowatt hours of electricity produced by the Hydroelectric Plant. The annual lease payment for the year ended April 30, 2018 was \$1,601.

Kankakee Environmental Services Utility entered into a lease agreement with Space Center Chicago, Inc. on October 5, 2001 to lease 34,922 square feet of office and warehouse space. The lease was scheduled to commence on December 15, 2001, and continue for a period of 240 months. The actual commencement date was April 2002. Rent consists of a base amount plus additional rent composed of operating expenses, amortization of tenant improvements and Common Area Maintenance charges. Rent expense for the year ended April 30, 2018 was \$108,200.

Kankakee Environmental Services Utility entered into a lease agreement with the Village of Manteno on February 20, 2006, to provide the means and use of the City's ability to transport and treat wastewater generated by the Village of Manteno and provide for the compensation by Manteno for the rights to utilize the collection and treatment capacity owned by Kankakee. The Village of Manteno will lease the transport and treatment capacity of 1,000,000 gallons per day, (365,000,000 gallons annually) from the City for a period of 20 years for a sum of \$150,000 per year. The annual lease payment received for the year ended April 30, 2018 was \$150,000.

Kankakee Environmental Services Utility entered into an intergovernmental agreement with the Village of Chebanse on April 5, 2004, to connect to the City's sewer system for providing sanitary sewer service for the residents of Chebanse. For the year ended April 30, 2018, the Utility received \$159,566 based upon the number of connections established for the residents of Chebanse.

Construction Commitments

The City has several active construction projects as of April 30, 2018. These projects and the City's commitment with contractors at April 30, 2018 are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Governmental activities:		
Traffic camera project	\$ 43,530	\$ 65,000
River Walk project	270,044	Not available
Streetscape project	13,104	2,031,101

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 15 - INVESTMENT IN JOINT VENTURE:**

Kankakee River Metropolitan Agency

Effective May 1, 1996, pursuant to a Municipal Joint Sewage Treatment Agency Intergovernmental Agreement, the City of Kankakee and the Villages of Aroma Park, Bourbonnais, and Bradley agreed to the establishment of an independent agency with authority to operate the Regional Wastewater Treatment Facility (RWTF), raise revenue and exercise other powers as necessary. The independent agency created is the Kankakee River Metropolitan Agency (KRMA). The agreement requires a seven member board comprised of four persons appointed by the Mayor of the City of Kankakee and one person appointed by the Mayor of each village. A majority of five affirmative votes is required to modify this agreement, modify the methodology or the amount of user charges, approve bond issues or any appropriation in excess of \$50,000 or to change the membership of the Agency. On April 22, 1999, KRMA acquired ownership of the RWTF.

As of April 30, 2018, the City has recorded in the Kankakee Environmental Services Utility an investment in the joint venture of \$4,052,280 relative to its investment in KRMA and a due to joint venture in the amount of \$1,578,911. During the year ended April 30, 2018, KRMA billed the Utility \$5,512,647 for treatment charges.

Financial statements of KRMA can be obtained from the office of the Kankakee River Metropolitan Agency at 1600 W. Brookmont Blvd., Kankakee, Illinois 60901. Pertinent financial information for the joint venture as of April 30, 2018 is as follows:

Statement of net position:	
Current assets	\$3,133,003
Restricted assets	2,250,471
Capital assets, net	<u>76,891,923</u>
Total assets	82,275,397
Deferred outflows of resources	<u>497,115</u>
Total assets and deferred outflows of resources	<u>82,772,512</u>
Current liabilities	3,991,360
Non-current liabilities	<u>68,460,878</u>
Total liabilities	<u>72,452,238</u>
Total net position	\$ <u>10,320,274</u>
Statement of revenues, expenses and changes in net position:	
Operating revenues	\$11,732,822
Operating expenses	9,002,943
Other income (expense), net	<u>(1,497,479)</u>
Change in net position	1,232,400
Ownership percentage	<u>54.42%</u>
Utility's share of change in net position (equity interest in joint venture income)	\$ <u>670,673</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

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**NOTE 15 - INVESTMENT IN JOINT VENTURE (Continued):**

Wi-Fi Kankakee, LLC

Effective May 15, 2006, pursuant to a joint operating agreement, the City and *Kankakee Daily Journal* (KDJ), a local newspaper company, formed a limited liability company named Wi-Fi Kankakee, LLC (Wi-Fi), with an equal ownership of 50 percent each for the City and KDJ. The purpose of Wi-Fi is to design, acquire, establish, install, operate, maintain and own a system by which authorized individual users (residents, businesses, and visitors) may obtain and use, within the boundaries of the City, wireless access to the internet. The agreement requires each item of Wi-Fi's income, gain, loss, deduction and credit be allocated equally to the City and KDJ.

As of April 30, 2018, the City has recorded in the Environmental Services Utility an investment in joint venture of \$(28,250) relative to its investment in Wi-Fi. A due from joint venture in the amount of \$35,191 is reported in the Environmental Services Utility from City paying for certain initial organizational costs of Wi-Fi.

Audited financial statements of Wi-Fi are not available. At April 30, 2018, the City has recorded in the Environmental Services Utility an equity interest in joint venture income (loss) of Wi-Fi in the amount of \$-0-.

**NOTE 16 - RISK MANAGEMENT AND LITIGATION:**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City utilizes conventional outside insurance to cover its exposure to such liabilities and worker's compensation claims with standard retention levels. In addition, a safety committee works at prevention activities to keep risk exposure at a minimum level through employee education and monitoring of risk control activities. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City had been named in two lawsuits in regards to its sales tax incentive agreements. Since 2000, the City had entered into various sales tax sharing agreements with several retail firms to generate additional revenue for the General Fund. These tax sharing programs were based on the retail firm's willingness to site a purchasing and/or a sales approval office within the boundaries of the City. These agreements provided for rebating a portion of the sales taxes generated on the transactions conducted within the City by the partnering firm. As April 30, 2018, the City has recorded \$7,275,146 in sales tax incentives owed to various firms, which are reflected in accounts payable in the General Fund in the accompanying financial statements. The lawsuits were settled in July 2019 and the City, subsequently, rebated all its obligations to the affected parties based on that settlement.

From time to time, the City is party to various other claims and legal proceedings. Although the outcome of such matters is presently not determinable, in the opinion of the City's Attorney and management, the resolution of such matters will not materially affect the financial condition of the City or any of the individual funds. Therefore, the General Fund contains no provision for additional estimated claims.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 17 - TAX ABATEMENTS:**

The City has entered into sales tax rebate agreements with certain eligible businesses in order to recruit, retain and improve local business facilities. These agreements provided for rebating a portion of the sales taxes generated on the transactions conducted within the City by these businesses. During the fiscal year ended April 30, 2018, \$344,024 in sales taxes were rebated under these agreements.

**NOTE 18 - DEFICIT FUND BALANCE:**

At April 30, 2018, the following funds had a deficit fund balance. This deficit is not in violation of any state law.

Tax Increment Financing District No. 6 Fund	\$92,278
General Obligation Bonds, Series 2012	27,413
Community Development Agency	4,857

**NOTE 19 - RESTATEMENT OF FUND EQUITY/NET POSITION:**

The City of Kankakee has restated its various fund equity/net position as of May 1, 2017, to close its motor vehicle parking fund to general fund, to recognize the notification of excess state sales tax received in prior years from Illinois Department of Revenue, to correct local sales tax revenue erroneously recognized in prior years, and to correct interfund transfers recorded as interfund liabilities in prior years.

	<u>Governmental Funds</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Governmental Activities</u>
Fund balance/Net position, May 1, 2017 as previously reported	\$4,520,756	\$4,892,547	\$(52,822,150)
Restated for:			
Closing of motor vehicle parking fund	129,227		129,227
Excess state sales tax income received	(823,254)		(823,254)
Local sales tax revenue	(162,076)		(162,076)
Interfund transfers booked as interfund liability	(910,767)	910,767	_____
Prior period adjustment	(1,766,870)	910,767	(856,103)
Fund balance/Net position, May 1, 2017, restated	\$2,753,886	\$5,803,314	\$(53,678,253)

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS:**

The City contributes to three defined benefit pension plans. The City participates in the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The City's Police Pension Plan and Firefighters' Pension Plan are single-employer pension plans.

**A. Pension Expense:**

The City and its component units, for the fiscal year ended April 30, 2018, recognized a pension expense of \$12,035,964. The pension expense is made up of the following components:

	<u>IMRF</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Service cost	\$ 636,507	\$1,381,803	\$1,061,699
Interest on total pension liability	3,169,558	4,595,436	3,839,317
Projected earning on pension plan investments	(2,783,802)	(1,458,880)	(724,907)
Employee contributions	(262,080)	(485,601)	(344,602)
Other contributions	-0-	(113)	(23,906)
Pension plan administrative expense	-0-	49,007	42,530
Other changes	831,908	-0-	-0-
Current period recognition of deferred outflows (inflows) of resources:			
Differences between expected and actual in measurement of total pension liability	(157,693)	(960,432)	(323,740)
Change in assumptions	(391,110)	2,143,592	1,937,334
Differences between projected and actual earnings on pension plan investments	(209,417)	302,428	169,195
Change in pension contributions which were made subsequent to pension liability measurement date	<u>1,936</u>	<u>-0-</u>	<u>-0-</u>
Total pension expense	\$ <u>835,807</u>	<u>\$5,567,240</u>	<u>\$5,632,917</u>
Governmental activities – pension expense	\$234,663	\$5,567,240	\$5,632,917
Business-type activities – pension expense	536,894	-0-	-0-
Component units - pension expense	<u>64,250</u>	<u>-0-</u>	<u>-0-</u>
Total pension expense	<u>\$835,807</u>	<u>\$5,567,240</u>	<u>\$5,632,917</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

**B. Deferred Outflows and inflows of Resources Related to Pension:**

The City, at April 30, 2018, had the following deferred outflows and inflows of resources related to pensions:

	<u>IMRF</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Deferred outflows of resources	\$ <u>1,657,025</u>	\$ <u>9,995,715</u>	\$ <u>10,571,630</u>
Deferred inflows of resources	\$ <u>4,223,191</u>	\$ <u>4,858,935</u>	\$ <u>2,383,411</u>
Deferred outflows of resources:			
Governmental activities	\$ 465,230	\$9,995,715	\$10,571,630
Business-type activities	1,064,416	-0-	-0-
Component units	<u>127,379</u>	<u>-0-</u>	<u>-0-</u>
Total deferred outflows of resources	\$ <u>1,657,025</u>	\$ <u>9,995,715</u>	\$ <u>10,571,630</u>
Deferred inflows of resources:			
Governmental activities	\$1,185,713	\$4,858,935	\$ 2,383,411
Business-type activities	2,712,834	-0-	-0-
Component units	<u>324,644</u>	<u>-0-</u>	<u>-0-</u>
Total deferred inflows of resources	\$ <u>4,223,191</u>	\$ <u>4,858,935</u>	\$ <u>2,383,411</u>

**C. Net Pension Liability:**

The components of the net pension liability as of April 30, 2018, were as follows:

	<u>IMRF</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Total pension liability	\$43,728,949	\$78,769,691	\$69,691,489
Plan fiduciary net position	<u>42,725,353</u>	<u>22,415,876</u>	<u>11,027,163</u>
Net pension liability	\$ <u>1,003,596</u>	\$ <u>56,353,815</u>	\$ <u>58,664,326</u>
Governmental activities - net pension liability	\$ 281,772	\$56,353,815	\$58,664,326
Business-type activities - net pension liability	644,676	-0-	-0-
Component units - net pension liability	<u>77,148</u>	<u>-0-</u>	<u>-0-</u>
Net pension liability	\$ <u>1,003,596</u>	\$ <u>56,353,815</u>	\$ <u>58,664,326</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>97.70%</u>	<u>28.46%</u>	<u>15.82%</u>

CITY OF KANKAKEE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2018

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**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

**D. Illinois Municipal Retirement Fund:**

**Plan Description**

The City contributes to the Illinois Municipal Retirement Fund (IMRF), which provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. IMRF is an agent-multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided**

The IMRF provides two tiers of pension benefits. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3 percent of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of 3 percent of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

**Employees Covered by Benefit Terms**

As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	152
Inactive Plan members entitled to but not yet receiving benefits	83
Active Plan members	<u>107</u>
Total	<u>342</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

**Contributions**

As set by statute, the City's employees are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2017 was 11.99 percent. For the fiscal year ended April 30, 2018, the City contributed \$696,033 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

The City has recorded an accrual of \$53,217 for its April 2018 contributions due to IMRF.

**Pension Expense and Deferred Outflows and inflows of Resources Related to Pension**

For the fiscal year ended April 30, 2018, the City recognized IMRF pension expense of \$835,807, including \$64,250 for the component units. The City and its component units at April 30, 2018, had the following deferred outflows and inflows of resources related to IMRF:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Deferrals at measurement date (December 31, 2017):		
Change in assumptions	\$ 7,380	\$ 933,876
Difference between expected and actual experience in measurement of the total pension liability	248,803	198,526
Difference between projected and actual earnings on Pension plan investments	<u>1,170,408</u>	<u>3,090,789</u>
Total deferrals at measurement date	1,426,591	4,223,191
Pension contributions made subsequent to measurement date	<u>230,434</u>	_____
Total deferrals April 30, 2018	<u>\$1,657,025</u>	<u>\$4,223,191</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

The amounts reported as deferred outflows resulting from pension contributions made subsequent to the measurement date in the above table will be recognized as reductions in the net pension liabilities for the year ending December 31, 2018. The remaining amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ 674,794
2019	517,895
2020	831,213
2021	<u>772,698</u>
Total	<u>\$2,796,600</u>

**Actuarial Assumptions**

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2017 using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2017
Actuarial cost method	Entry-age normal
Asset valuation method	Market
Assumptions:	
Inflation	2.50%
Salary increases	3.39% to 14.25%
Discount rate	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other information	There were no benefit changes during the year.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

**Investment Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These expected future real rate of return are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rate of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target</u>	<u>Long-term expected real rate of return</u>
Equities	37%	6.85%
International Equities	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternatives	7%	
Private Equity		7.35%
Hedge Funds		5.05%
Commodities		2.65%
Cash Equivalents	<u>1%</u>	2.25%
	<u>100%</u>	

**Single Discount Rate**

A single discount rate of 7.50 percent was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50 percent, the municipal bond rate is 3.31 percent and the resulting single discount rate is 7.50 percent.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

**Changes in the Net Pension Liability**

	Total Pension Liability <u>(A)</u>	Plan Fiduciary Net Position <u>(B)</u>	Net Pension Liability <u>(A) – (B)</u>
Balances at December 31, 2016	\$43,045,883	\$38,156,657	\$ 4,889,226
Changes for the year:			
Service cost	636,507		636,507
Interest on the total pension liability	3,169,558		3,169,558
Differences between expected and actual experience of the total pension liability	353,461		353,461
Changes of assumptions	(1,269,735)		(1,269,735)
Contributions – employer		697,961	(697,961)
Contributions – employees		262,080	(262,080)
Net investment income		6,647,288	(6,647,288)
Benefit payments, including refunds of employee contributions	(2,206,725)	(2,206,725)	
Other (Net transfer)	<u>                    </u>	<u>(831,908)</u>	<u>831,908</u>
Net changes	<u>683,066</u>	<u>4,568,696</u>	<u>(3,885,630)</u>
Balances at December 31, 2017	\$43,728,949	\$42,725,353	\$ 1,003,596

**Sensitivity of the Net Pension Liability to Changes in the Discount**

The following presents the plan's net pension liability, calculated using a single discount rate of 7.50 percent as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

	1% Lower <u>(6.50%)</u>	Current Discount <u>(7.50%)</u>	1% Higher <u>(8.50%)</u>
Net pension liability (asset)	\$5,969,034	\$1,003,596	\$3,086,883

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

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**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

**E. Police Pension Fund:**

**Plan Description**

The City's sworn police personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels and benefit provisions are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Plan as a pension trust fund. The City does not separately issue audited financial report for the Police Pension Plan.

The plan is governed by a five-member Board of Trustees. Two members of the Board are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

**Benefits Provided**

Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5 percent of final salary for each year of service up to 30 years, to a maximum of 75 percent of such salary.

Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5 percent of final salary for each year of service.

Surviving spouses receive 100 percent of final salary for fatalities resulting from an act of duty, or otherwise the greater of 50 percent of final salary or the employee's retirement benefit.

Employees disabled in the line of duty receive 65 percent of final salary.

The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years by 3 percent of the originally granted pension. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as 3 percent of the amount of the pension payable at the time of the increase.

For employees hired after January 1, 2011, the normal retirement age is attainment of age 55 and completion of 10 years of service. Early retirement age is attainment of age 50, completion of 10 years of service and the early retirement factor is 6 percent per year. The employee's accrued benefit is based on the employee's final eight-year average salary not to exceed \$106,800 (as indexed). Cost of living adjustments are simple increases, not compounded, of the lesser of three percent or 50 percent of the Consumer Price Index beginning the later of the anniversary and age 60. Surviving spouse's benefits are 66.67 percent of the employee's benefit at the time of death.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

**Employees Covered by Benefit Terms**

As of April 30, 2018, the following employees were covered by the benefit terms:

Inactive Plan members or beneficiaries currently receiving benefits	60
Inactive Plan members entitled to but not yet receiving benefits	-0-
Active Plan members	<u>67</u>
Total	<u>127</u>

**Contributions**

Employees are required by ILCS to contribute 9.91 percent of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and administrative costs as actuarially determined by an enrolled actuary. For the year ended April 30, 2018, the City contributed \$2,705,606 to the plan.

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension**

For the fiscal year ended April 30, 2018, the City recognized police pension expense of \$5,567,240. The City, at April 30, 2018, had the following deferred outflows and inflows of resources related to Police Pension:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Deferred Outflows (Inflows)</u>
Deferrals at measurement date (April 30, 2018):			
Change in assumptions	\$9,293,958	\$1,198,893	\$8,095,065
Difference between expected and actual experience in measurement of the total pension liability		3,547,322	(3,547,322)
Difference between projected and actual earnings on plan investments	<u>701,757</u>	<u>112,720</u>	<u>589,037</u>
Total deferrals at measurement date	<u>\$9,995,715</u>	<u>\$4,858,935</u>	<u>\$5,136,780</u>

The remaining amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending April 30,</u>	<u>Net Deferral Outflows (Inflows)</u>
2019	\$1,485,588
2020	805,560
2021	646,693
2022	992,071
2023	981,194
Thereafter	<u>225,674</u>
Total	<u>\$5,136,780</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

**Actuarial Methods and Assumptions**

The total pension liability was determined by an actuarial valuation performed as of April 30, 2018 using the following actuarial methods and assumptions:

Actuarial valuation date	May 1, 2018
Actuarial cost method	Entry-age normal (level % pay)
Asset valuation method	Market
Amortization target	100% funded over 20 years
Discount Rate used for the Total Pension Liability	6.21%
Long-Term Expected Rate of Return on Plan Assets	6.75%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.97
Projected Individual Pay Increases	4.00% - 17.64%
Projected Increase in Total Payroll	3.25%
Consumer Price Index (Urban)	2.50%
Inflation Rate Included	2.50%
 Mortality Rates	 RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate
Retirement Rates	L&A 2016 Illinois Police Retirement Rates Capped at age 65
Disability Rates	L&A 2016 Illinois Police Disability Rates
Termination Rates	L&A 2016 Illinois Police Termination Rates
Percent Married	80%

**Assumption Changes**

Assumptions changed from the prior year.

The assumed rate on High Quality 20 Year Tax-Exempt General Obligation (G.O.) Bond was 3.97% for the current year. The underlying index used was The Bond Buyer 20-Bond G.O. Index. The choice of index is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. The change was made to reflect the Actuary's understanding of the requirements of GASB under Statement 67 and Statement 68.

The discount rate used in the determination of the Total Pension Liability was changed from 7.00% to 6.21%. The discount rate is impacted by a couple of metrics. Any change in the underlying High Quality 20 Year Tax Exempt G.O. Bond Rate will impact the blended discount rate.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

In the current valuation, the demographic assumptions were changed to the tables shown on the prior page of this report. The changes were made based on a study of Police Officers and Police Pension Funds in Illinois. The assumptions impacted include:

- Mortality Rates
- Mortality Improvement Rates
- Retirement Rates
- Disability Rates
- Termination Rates

The mortality assumption was updated to include mortality improvements as stated in the most recently released MP-2016 table. In addition, the rates are being applied on a fully-generational basis. The spousal increase and duty death assumptions have also been updated.

In the current valuation, certain economic assumptions were changed to the rates shown on the previous page. The individual pay scale assumption was updated based on review of the settled bargaining agreement between the Illinois Fraternal Order of Police Labor Council and the City of Kankakee Patrol Officers, for the period May 1, 2017 through April 30, 2020. The long-term Expected Rate of Return on Plan Assets and projected increase in total payroll assumptions was also updated.

**Investment Policy**

The ILCS limits the Police Pension Fund investments to those allowable by the ILCS and require the Police Pension Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Police Pension Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Police Pension Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations' tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general store and separate accounts, mutual funds and corporate equity securities and real estate investment trusts. No changes were made during the current year to investment policy.

The Police Pension Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	38%	7.40%
Domestic Equities	40%	11.60%
International Equities	20%	11.20%
Cash	<u>2%</u>	5.90%
Total	<u>100%</u>	

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

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**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

ILCS limit the Police Pension Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Police Pension Fund's investments was determined using an asset allocation study conducted by the Police Pension Fund's investment management consultant in April 2018 in which the best estimated ranges of expected future real rate of return (including inflation) were developed by major asset class as of December 31, 2017. These ranges were combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return by the target asset allocation percentage. Best estimates or arithmetic real rates of returns excluding inflation for each major asset class included in the Police Pension Fund's target asset allocation as of April 30, 2018, are listed in the table above.

**Investment Valuations**

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities, and mutual funds.

**Investment Rate of Return**

For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.96%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Single Discount Rate**

The discount rate used to measure the total pension liability was 6.21 percent. The projections of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rate. Based on these assumptions, the Police Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Police Pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

**Changes in the Net Pension Liability**

	Total Pension Liability <u>(A)</u>	Plan Fiduciary Net Position <u>(B)</u>	Net Pension Liability <u>(A) – (B)</u>
Balances at April 30, 2017	\$69,481,441	\$20,670,902	\$48,810,539
Changes for the year:			
Service cost	1,381,803		1,381,803
Interest on the total pension liability	4,595,436		4,595,436
Differences between expected and actual experience of the total pension liability	(3,173,330)		(3,173,330)
Changes of assumptions	9,286,168		9,286,168
Contributions – employer		2,705,606	(2,705,606)
Contributions – employees		485,601	(485,601)
Other contributions		113	(113)
Net investment income		1,404,487	(1,404,487)
Administrative expense		(49,007)	49,007
Benefit payments, including refunds of employee contributions	(2,801,827)	(2,801,827)	<u>-0-</u>
Net changes	<u>9,288,250</u>	<u>1,744,973</u>	<u>7,543,277</u>
Balances at April 30, 2018	<u>\$78,769,691</u>	<u>\$22,415,875</u>	<u>\$56,353,816</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount**

The following presents the plan's net pension liability, calculated using a single discount rate of 6.21 percent as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

	1% Lower <u>(5.21%)</u>	Current Discount <u>(6.21%)</u>	1% Higher <u>(7.21%)</u>
Net pension liability	<u>\$68,560,918</u>	<u>\$56,353,815</u>	<u>\$46,515,160</u>

CITY OF KANKAKEE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
April 30, 2018

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**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

**F. Firefighters' Pension Fund:**

**Plan Description**

The City's sworn firefighter personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Plan as a pension trust fund. The City does not separately issue audited financial report for the Firefighters' Pension Plan.

The plan is governed by a five-member Board of Trustees. Two members of the Board are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active firefighter employees.

**Benefits Provided**

Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5 percent of such monthly salary for each additional month of service over 20 years up to 30 years, to a maximum of 75 percent of such monthly salary.

Employees with at least 10 years, but less than 20 years of credited service, may retire at or after age 60 and receive a reduced retirement benefit ranging from 15 percent of final salary for 10 years of service to 45.6 percent for 19 years of service.

Surviving spouses receive 100 percent of final salary for fatalities resulting from an act of duty, or otherwise the greater of 54 percent of final salary or the monthly retirement pension that the deceased firefighter was receiving at the time of death. Surviving children receive 12 percent of final salary. The maximum family survivor benefit is 75 percent of final salary.

Employees disabled in the line of duty receive 65 percent of final salary.

The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55, by 3 percent of the amount of the pension payable at the time of the increase.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

For employees hired after January 1, 2011, the annual retirement benefit is 2.5 percent of final average salary for each year of service up to 30 years, to a maximum of 75 percent of such salary, the normal retirement age is attainment of age 55 and completion of 10 years of service. Early retirement age is attainment of age 50, completion of 10 years of service and early retirement factor of 6 percent per year. The employee's accrued benefit is based on the employee's final eight-year average salary not to exceed \$106,800 (as indexed). Cost of living adjustments are simple increases, not compounded, of the lesser of 3 percent or 50 percent of Consumer Price Index beginning the later of the anniversary date and age 60. Surviving spouse's benefits are 66.67 percent of the employee's benefits at the time of death.

**Employees Covered by Benefit Terms**

As of April 30, 2018, the following employees were covered by the benefit terms:

Inactive Plan members or beneficiaries currently receiving benefits	70
Inactive Plan members entitled to but not yet receiving benefits	4
Active Plan members	<u>49</u>
Total	<u>123</u>

**Contributions**

Employees are required by ILCS to contribute 9.455 percent of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and administrative costs as actuarially determined by an enrolled actuary. For the year ended April 30, 2018, the City contributed \$2,646,701 to the plan.

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension**

For the fiscal year ended April 30, 2018, the City recognized firefighters' pension expense of \$5,632,917. The City, at April 30, 2018, had the following deferred outflows and inflows of resources related to Firefighters' Pension:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Deferred Outflows (Inflows)</u>
Deferrals at measurement date (April 30, 2018):			
Change in assumptions	\$ 9,629,488	\$1,153,768	\$8,475,720
Difference between expected and actual experience in measurement of the total pension liability	566,162	1,167,361	(601,199)
Difference between projected and actual earnings on investments	<u>375,980</u>	<u>62,282</u>	<u>313,698</u>
Total deferrals at measurement date	<u>\$10,571,630</u>	<u>\$2,383,411</u>	<u>\$8,188,219</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

The remaining amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending <u>April 30,</u>	Net Deferred <u>Outflows (Inflows)</u>
2019	\$1,782,786
2020	1,782,788
2021	1,766,019
2022	1,648,743
2023	<u>1,207,883</u>
Total	<u>\$8,188,219</u>

**Actuarial Methods and Assumptions**

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2018 using the following actuarial methods and assumptions:

Actuarial valuation date	May 1, 2018
Actuarial cost method	Entry-age normal (level % pay)
Asset valuation method	Market
Amortization target	100% funded over 20 years
Discount Rate used for the Total Pension Liability	6.05%
Long-Term Expected Rate of Return on Plan Assets High Quality 20 Year	6.75%
Tax-Exempt G.O. Bond Rate	3.97%
Projected Individual Pay Increases	4.00% - 8.38%
Projected Increase in Total Payroll	3.25%
Consumer Price Index (Urban)	2.50%
Inflation Rate Included	2.50%
Mortality Rates	RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate
Retirement Rates	L&A 2016 Illinois Firefighters Retirement Rates Capped at age 65
Disability Rates	L&A 2016 Illinois Firefighters Disability Rates
Termination Rates	L&A 2016 Illinois Firefighters Termination Rates
Percent Married	80%

**Assumption Changes**

Assumptions changed from the prior year.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

The assumed rate on High Quality 20 Year Tax-Exempt General Obligation (G.O.) Bonds was 3.97% for the current year. The underlying index used was The Bond Buyer 20-Bond G.O. Index. The choice of index is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 67 and Statement 68.

The discount rate used in the determination of the Total Pension Liability was changed from 7.00% to 6.05%. The discount rate is impacted by a couple of metrics. Any change in the underlying High Quality 20 Year Tax Exempt G.O. Bond Rate will impact the blended discount rate.

In the current valuation, the demographic assumptions were changed to the tables shown on the prior page of the report. The changes were made based on a study of Firefighters and Fire Pension Funds in Illinois.

The assumptions impacted include mortality rates, mortality improvement rates, retirement rates, disability rates, and termination rates

The mortality assumption was updated to include mortality improvements as stated in the most recently released MP-2016 table. In addition, the rates are being applied on a fully-generational basis. The spousal increase, duty disability, and duty death assumptions have also been updated.

In the current valuation, certain economic assumptions were changed to the rates shown on the previous page. The individual pay scale assumption was updated based on review of the settled bargaining agreement between the City of Kankakee, Illinois and the International Association of Fire Fighters AFL-CIO-CLC Local 653 effective May 1, 2018 through April 30, 2021. The long-term Expected Rate of Return of Plan Assets and projected increase in total payroll assumptions was also updated.

**Investment Policy**

The ILCS limits the Firefighters' Pension Fund investments to those allowable by the ILCS and require the Firefighters' Pension Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Firefighters' Pension Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classification by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Firefighters' Pension Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations' tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general store and separate accounts, mutual funds and corporate equity securities and real estate investment trusts. No changes were made during the current year to investment policy.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

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**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

ILCS limit the Firefighters' Pension Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The Firefighters' Pension Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	38%	7.40%
Domestic Equities	40%	11.00%
International Equities	20%	11.20%
Cash	<u>2%</u>	5.90%
Total	<u>100%</u>	

The long-term expected rate of return on the Firefighters' Pension Fund's investments was determined using an asset allocation study conducted by the Firefighters' Pension Fund's investment management consultant in April 2018 in which the best estimated ranges of expected future real rate of return (including inflation) were developed by major asset class as of December 31, 2017. These ranges were combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return by the target asset allocation percentage. Best estimates or arithmetic real rates of returns excluding inflation for each major asset class included in the Firefighters' Pension Fund's target asset allocation as of April 30, 2018 are listed in the table above.

**Investment Valuations**

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities, and mutual funds.

**Investment Rate of Return**

For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.9 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

**Single Discount Rate**

The discount rate used to measure the total pension liability was 6.05 percent. The projections of cash flows used to determine the rate discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rate. Based on these assumptions, the Firefighters Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Firefighters Pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability**

	Total Pension Liability <u>(A)</u>	Plan Fiduciary Net Position <u>(B)</u>	Net Pension Liability <u>(A) - (B)</u>
Balances at April 30, 2017	<u>\$58,448,162</u>	<u>\$10,438,860</u>	<u>\$48,009,302</u>
Changes for the year:			
Service cost	1,061,699		1,061,699
Interest on the total pension liability	3,839,317		3,839,317
Differences between expected and actual experience of the total pension liability	685,858		685,858
Changes of assumptions	8,795,230		8,795,230
Contributions – employer		2,646,701	(2,646,701)
Contributions – employees		344,602	(344,602)
Other contributions		23,906	(23,906)
Net investment income		754,401	(754,401)
Administrative expense		(42,530)	42,530
Benefit payments, including refunds of employee contributions	<u>(3,138,777)</u>	<u>(3,138,777)</u>	<u>-0-</u>
Net changes	<u>11,243,327</u>	<u>588,303</u>	<u>10,655,024</u>
Balances at April 30, 2018	<u>\$69,691,489</u>	<u>\$11,027,163</u>	<u>\$58,664,326</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

**Sensitivity of the Net Pension Liability to Changes in the Discount**

The following presents the plan's net pension liability, calculated using a single discount rate of 6.05 percent as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

	1% Lower <u>(5.05%)</u>	Current Discount <u>(6.05%)</u>	1% Higher <u>(7.05%)</u>
Net pension liability	<u>\$69,047,102</u>	<u>\$58,664,326</u>	<u>\$50,272,025</u>

**G. Pension Financial Statements:**

The following is a combining statement of plan net position as of April 30, 2018:

	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Totals</u>
<b>Assets:</b>			
Cash and short-term investments	\$ 1,115,445	\$ 792,256	\$ 1,907,701
Receivables, less allowance for uncollectible amounts:			
Employee contributions	20,970	14,402	35,372
Employer contributions	592,326	349,471	941,797
Interest	57,513	32,040	89,553
Investments, at fair value:			
Open-end mutual funds	7,811,567	4,002,852	11,814,419
Corporate stocks	6,189,719	2,566,273	8,755,992
U.S. Treasury and agency securities	2,908,000	1,640,157	4,548,157
Corporate bonds	3,414,987	1,713,800	5,128,787
Municipal bonds	326,319	168,722	495,041
Prepaid items	<u>                    </u>	<u>10,424</u>	<u>10,424</u>
Total assets	22,436,846	11,290,397	33,727,243
<b>Liabilities:</b>			
Benefits and other payables	<u>242,784</u>	<u>269,534</u>	<u>512,318</u>
Net position restricted for pensions	<u>\$22,194,062</u>	<u>\$11,020,863</u>	<u>\$33,214,925</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 20 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):**

The following is a combining statement of changes in plan net position for the year ended April 30, 2018:

	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 2,705,606	\$ 2,646,701	\$ 5,352,307
Employee	<u>506,570</u>	<u>353,787</u>	<u>860,357</u>
Total contributions	<u>3,212,176</u>	<u>3,000,488</u>	<u>6,212,664</u>
Investment income:			
Net change in fair value of investments	1,059,644	(614,075)	445,569
Interest and dividends	482,004	1,458,880	1,940,884
Less: investment expenses	<u>(137,018)</u>	<u>(75,683)</u>	<u>(212,701)</u>
Net investment income	<u>1,404,630</u>	<u>769,122</u>	<u>2,173,752</u>
Total additions	<u>4,616,806</u>	<u>3,769,610</u>	<u>8,386,416</u>
Deductions:			
Benefits	2,920,942	3,134,876	6,055,818
Refund of contributions	123,669	3,901	127,570
Administrative expenses	<u>49,036</u>	<u>46,780</u>	<u>95,816</u>
Total deductions	<u>3,093,647</u>	<u>3,185,557</u>	<u>6,279,204</u>
Change in net position	1,523,159	584,053	2,107,212
Net position restricted for pensions:			
May 1, 2017	<u>20,670,903</u>	<u>10,436,810</u>	<u>31,107,713</u>
April 30, 2018	<u>\$22,194,062</u>	<u>\$11,020,863</u>	<u>\$33,214,925</u>

**H. Significant Investments:**

There are no significant investments (other than those guaranteed or issued by the U.S. government) in any one organization that represent 5 percent or more of the net position available for benefits except for the following investments:

Police Pension Fund:

Harding Loeviner Int'l Eqty Inst	\$1,119,280
SPDR S&P 500 ETF Trust	1,982,405
SPDR S&P MIDCAP 400 ETF Trust	1,215,961
Vanguard FTSE Developer Markets	<u>1,561,942</u>
	<u>\$5,879,588</u>

Firefighters Pension Fund:

Harding Loviner Int'l Eqty Inst	\$ 586,034
SPDR S&P 400 ETF Trust	1,219,391
Vanguard International Equity Index Fund	<u>847,540</u>
	<u>\$2,652,965</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

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**NOTE 21 – OTHER POST-EMPLOYMENT BENEFITS (OPEB):**

**Plan Description**

In addition to providing the pension benefits described, the City provides post-employment health care benefits for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and any employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund; an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activities of the plan are reported in the City's governmental and business-type activities.

**Benefits Provided**

The City provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans or meet Consolidated Omnibus Budget Reconciliation Act (COBRA) requirements.

All health care benefits are provided through the City's health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; and prescriptions. Eligibility in the City-sponsored health care plan is not discontinued upon eligibility for federally sponsored health care benefits. The retirees may continue on the City's health plan as a supplement to other plans for which the retirees are eligible.

**Membership**

At April 30, 2018, membership consisted of:

Retirees and dependents	22
Actives fully eligible to retire	35
Actives not yet fully eligible to retire	<u>159</u>
Total	<u>216</u>

**Funding Policy**

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute 100% of the actuarially determined premium to the plan (except for the sewer operators of Local 399 and exempt employees of the Kankakee Environmental Services Utility retirees who contribute 20% of premium for up to the first three years only), to cover the cost of providing the benefits to the current members via the insured plan (pay as you go) which results in an implicit subsidy to the City as defined by the GASB Statement No. 45. For the fiscal year ending April 30, 2018, the City contributed \$219,520 toward the implicit subsidy. The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

**NOTE 21 – OTHER POST-EMPLOYMENT BENEFITS (Continued):**

**Annual OPEB Costs and Net OPEB Obligation**

The City had its actuarial valuation performed for the plan as of April 30, 2017. The net OPEB obligation has been updated through April 30, 2018. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Year Ending <u>April 30,</u>	Annual OPEB <u>Cost</u>	Employer <u>Contributions</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
2018	\$391,045	\$219,520	56.0%	\$1,675,549
2017	375,080	178,510	48.0%	1,504,024
2016	348,266	175,729	50.0%	1,307,455

The net OPEB obligation (NOPEBO) as of April 30, 2018, was calculated as follows:

Annual required contribution	\$ 381,018
Interest on net OPEB obligation	60,161
Adjustment to annual required contribution	<u>(50,134)</u>
Annual OPEB cost	391,045
Contributions made	<u>(219,520)</u>
Change in net OPEB obligation	171,525
Net OPEB obligation, May 1, 2017	<u>1,504,024</u>
Net OPEB obligation, April 30, 2018	<u>\$1,675,549</u>

**Funded Status and Funding Progress**

The funded status of the plan as of April 30, 2018 was as follows:

Actuarial accrued liability (AAL)	\$4,993,545
Actuarial value of plan assets	<u>-0-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$4,993,545</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0.0%</u>
Covered payroll (active plan members)	<u>\$14,755,517</u>
UAAL as a percentage of covered payroll	<u>33.84%</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2018**

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**NOTE 21 – OTHER POST-EMPLOYMENT BENEFITS (Continued):**

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2018 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate starting at 3.70 percent initially with the second year at 7.25 percent and 5.50 percent ultimately. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2018, was 30 years.

**NOTE 22 – SUBSEQUENT EVENTS:**

Local sales tax increase - In March 2018, the City Council approved an ordinance that imposes an additional 2% of local sales tax, effective July 1, 2018 on general merchandise sales that occur within the City. Revenues from this additional sales tax collected are to be restricted for City's contribution towards police and firefighters' pension plans.

Termination of TIF #1 - TIF District #1 was discontinued effective December 2017 as it has run its course. This TIF District was originally created to support the developments and improvements in the downtown Kankakee area and to repay any related debt, from the incremental property taxes generated after the creation of the TIF. Final receipts of any incremental property taxes are scheduled to be received in fiscal year ending April 30, 2019.

Kankakee Riverfront TIF District - The Kankakee Riverfront TIF district was created, effective July 1, 2019, under the provisions of Illinois Statute Section 65 ILCS 5/11-74.4-1. This section allows a municipality to recover development and improvement costs in a designated area from the incremental property taxes generated after the creation of the TIF District. The Kankakee Riverfront TIF is intended to assist in the implementation of the recently adopted Kankakee Riverfront Plan, to incent private investment on key properties, and provide resources for repair and renovation of existing business and homes.

East Court Street TIF District - The City is in the process of creating the East Court TIF District with a goal of facilitating physical improvements, removing blighted conditions, and assisting in the reconstruction and enhancement of the Court Street corridor at the I-57, Exit 312 interchange. The state compliance requirements regarding the creation of new TIF Districts are being implemented at present.

**REQUIRED SUPPLEMENTRY INFORMATION**



**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the year ended April 30, 2018**

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 11,627,112	\$ 11,692,612	\$ 11,328,064	\$ (364,548)
Licenses, permits and fees	3,532,000	3,397,000	3,547,459	150,459
Charges for services	499,000	399,000	260,057	(138,943)
Fines and penalties	463,500	463,500	425,873	(37,627)
Intergovernmental	8,002,879	8,002,879	8,348,263	345,384
Interest			120,527	120,527
Miscellaneous	360,000	360,000	290,582	(69,418)
<b>Total revenues</b>	<b>24,484,491</b>	<b>24,314,991</b>	<b>24,320,825</b>	<b>5,834</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	5,497,642	5,541,642	5,358,114	(183,528)
Public safety	18,643,749	18,418,749	17,655,635	(763,114)
Community development	106,050	90,050	65,020	(25,030)
Economic development	240,000	240,000	344,024	104,024
<b>Debt service:</b>				
Principal retirement	10,000	10,000	10,000	-0-
<b>Total expenditures</b>	<b>24,497,441</b>	<b>24,300,441</b>	<b>23,432,793</b>	<b>(867,648)</b>
<b>Excess of revenues over expenditures</b>	<b>(12,950)</b>	<b>14,550</b>	<b>888,032</b>	<b>873,482</b>
<b>Other financing sources (uses):</b>				
Issuance of capital lease			-	
Transfers to other funds			(1,208,818)	(1,208,818)
<b>Total other financing sources (uses)</b>	<b>-0-</b>	<b>-0-</b>	<b>(1,208,818)</b>	<b>(1,208,818)</b>
<b>Net change in fund balance</b>	<b>\$ (12,950)</b>	<b>\$ 14,550</b>	<b>(320,786)</b>	<b>\$ (335,336)</b>
Fund balance, May 1, 2017			4,520,756	
Prior period adjustment			(1,766,870)	
Fund balance, May 1, 2017, restated			2,753,886	
Fund balance, April 30, 2018			<u>\$ 2,433,100</u>	

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -**  
**BUDGETARY COMPARISON SCHEDULE**  
**April 30, 2018**

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**NOTE 1 - BUDGETARY ACCOUNTING:**

The City adopts annual budgets for the General Fund, Band Fund, Illinois Municipal Retirement Fund, Special Service Area No. 2, Special Service Area No. 3 and Special Service Area No. 5. For Community Development Agency, Motor Fuel Tax, and Tax Increment Financing District Funds, legally authorized non-appropriated budgets are utilized to control expenditures on a project (or designated purpose) basis and are carried forward each year until the project is completed or the grant award has been expended. No legally adopted budgets are prepared for capital projects funds and debt service funds. Expenditures for capital project funds are controlled on a project basis. Expenditures for debt service funds are controlled through general obligation bonds' indenture provisions. Budgets for enterprise funds serve as a spending guide for the City and do not constitute legally binding limitations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the City Council's budget committee submits to the City Council a proposed operating budget for the fiscal year, which had commenced May 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to August 1, the budget is legally enacted through passage of the annual appropriation ordinance. This ordinance places legal restrictions on expenditures at the department level for the General Fund and at the fund level for the special revenue funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.
4. Revenues are budgeted by source. Although legal restrictions on expenditures are established at the department level for the General Fund and at the fund level for special revenue funds, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets such as personal services, materials and supplies, capital outlay, contractual and debt service. Expenditures are budgeted by fund and department and classified by function, activity and/or program. Management may transfer budgeted amounts between line items within a department in the General Fund and within a fund in the special revenue funds without the approval of the City Council.
5. All budgets are adopted on a modified accrual basis. Unencumbered and unexpended appropriations lapse at fiscal year end.

**NOTE 2 – EXPENDITURES AND APPROPRIATIONS:**

Excess of expenditures over appropriations in individual funds for the year ended April 30, 2018 were as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Band Fund	16,460	16,000	460

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST-EMPLOYMENT BENEFIT PLAN**  
**April 30, 2018**

Actuarial Valuation Date April 30,	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) Entry-Age Normal ( b )	Funded Ratio ( a/b )	Unfunded Actuarial Accrued Liability (UAAL) ( b-a )	Active Members' Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll (( b-a ) / c )
2018	\$ -0-	\$ 4,993,545	0.00%	\$ 4,993,545	\$ 14,755,517	33.84%
2017	-0-	4,993,545	0.00%	4,993,545	14,546,161	34.33%
2016	-0-	4,484,377	0.00%	4,484,377	14,462,987	31.01%
2015	-0-	4,484,377	0.00%	4,484,377	14,308,160	31.34%
2014	-0-	4,352,020	0.00%	4,352,020	14,839,261	29.33%
2013	-0-	4,352,020	0.00%	4,352,020	14,730,118	29.55%
2012	-0-	5,835,321	0.00%	5,835,321	14,194,202	41.11%
2011	-0-	5,835,321	0.00%	5,835,321	14,375,604	40.59%
2010	-0-	3,220,549	0.00%	3,220,549	14,145,833	22.77%
2009	-0-	3,220,549	0.00%	3,220,549	12,852,862	25.06%

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**April 30, 2018**

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Calendar Year Ended December 31,	2017	2016	2015
Actuarially Determined Contribution	\$ 697,962	\$ 751,956	\$ 744,363
Contributions in Relation to the Actuarially Determined Contribution	697,962	751,956	744,363
Contribution Deficiency	\$ -0-	\$ -0-	\$ -0-
Covered-Employee Payroll	\$ 5,821,203	\$ 5,893,072	\$ 5,870,367
Contributions as a Percentage of Covered-Employee Payroll	11.99%	12.76%	12.68%

Since the City implemented GASB Statement No. 68 in 2016, more information will be displayed when it becomes available.

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**POLICE PENSION FUND**  
**April 30, 2018**

Fiscal Year Ended April 30,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 2,846,638	\$ 2,514,031	\$ 2,773,787	\$ 2,374,597
Contributions in Relation to the Actuarially Determined Contribution	<u>2,705,606</u>	<u>2,405,298</u>	<u>2,773,787</u>	<u>2,374,597</u>
Contribution Deficiency	<u>\$ 141,032</u>	<u>\$ 108,733</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Covered-Employee Payroll	\$ 5,097,954	\$ 4,937,486	\$ 4,984,771	\$ 4,993,793
Contributions as a Percentage of Covered-Employee Payroll	53.07%	48.72%	55.65%	47.55%

Since the City implemented GASB Statement No. 67 in 2015, more information will be displayed when it becomes available.

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FIREFIGHTERS' PENSION FUND**  
**April 30, 2018**

Fiscal Year Ended April 30,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 2,784,783	\$ 2,588,994	\$ 2,693,520	\$ 2,506,562
Contributions in Relation to the Actuarially Determined Contribution	<u>2,646,701</u>	<u>2,477,099</u>	<u>2,693,520</u>	<u>2,506,562</u>
Contribution Deficiency	<u>\$ 138,082</u>	<u>\$ 111,895</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Covered-Employee Payroll	\$ 3,836,360	\$ 3,715,603	\$ 3,607,849	\$ 3,618,844
Contributions as a Percentage of Covered-Employee Payroll	68.99%	66.67%	74.66%	69.26%

Since the City implemented GASB Statement No. 67 in 2015, more information will be displayed when it becomes available.

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OTHER POST-EMPLOYMENT BENEFIT PLAN**  
**April 30, 2018**

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<u>Year Ended April 30,</u>	<u>Annual Required Contribution (ARC)</u>	<u>Employer Contributions</u>	<u>Percentage Contributed</u>
2018	\$ 391,045	\$ 219,520	56.14%
2017	366,364	178,510	48.72%
2016	340,698	175,729	51.58%
2015	327,594	130,293	39.77%
2014	303,612	95,141	31.34%
2013	363,074	145,422	40.05%
2012	363,074	145,422	40.05%
2011	202,103	112,792	55.81%
2010	202,103	112,792	55.81%
2009	204,545	112,792	55.14%

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**April 30, 2018**

Calendar Year Ended December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>			
Service cost	\$ 636,507	\$ 629,778	\$ 653,578
Interest	3,169,558	3,066,036	2,991,986
Differences between expected and actual experience of the total pension liability	353,461	(216,014)	(706,106)
Changes of assumptions	(1,269,735)	(97,231)	47,628
Benefit payments, including refunds of employee contributions	<u>(2,206,725)</u>	<u>(2,023,160)</u>	<u>(1,840,460)</u>
Net change in total pension liability	683,066	1,359,409	1,146,626
Total pension liability - beginning	<u>43,045,883</u>	<u>41,686,474</u>	<u>40,539,848</u>
<b>Total pension liability - ending</b>	<u>43,728,949</u>	<u>43,045,883</u>	<u>41,686,474</u>
<b>Plan Fiduciary Net Position</b>			
Employer contributions	697,961	729,567	744,362
Employee contributions	262,080	267,181	264,166
Net investment income	6,647,288	2,494,935	186,420
Benefit payments, including refunds of employee contributions	(2,206,725)	(2,023,160)	(1,840,460)
Other (net transfer)	<u>(831,908)</u>	<u>(27,659)</u>	<u>(338,701)</u>
Net change in plan fiduciary net position	4,568,696	1,440,864	(984,213)
Plan fiduciary net position - beginning	<u>38,156,657</u>	<u>36,715,793</u>	<u>37,700,006</u>
<b>Plan fiduciary net position - ending</b>	<u>42,725,353</u>	<u>38,156,657</u>	<u>36,715,793</u>
<b>Employer's net pension liability</b>	<u>\$ (1,003,596)</u>	<u>\$ (4,889,226)</u>	<u>\$ (4,970,681)</u>
Plan fiduciary net position as a percentage of the total pension liability	97.70%	88.64%	88.08%
Covered-employee payroll	\$ 5,821,203	\$ 5,893,072	\$ 5,870,367
Employer's net pension liability as a percentage of covered-employee payroll	17.24%	82.97%	84.67%

Since the City implemented GASB Statement No. 68 in 2016, more information will be displayed when it becomes available.

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**POLICE PENSION FUND**  
**April 30, 2018**

Fiscal Year Ended April 30,	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service cost	\$ 1,381,803	\$ 1,285,713	\$ 1,248,064	\$ 1,224,284
Interest	4,595,436	4,772,986	4,279,987	3,894,319
Differences between expected and actual experience of the total pension liability	(3,173,330)	(1,187,865)	(778,728)	(967,116)
Changes of assumptions	9,286,168	(2,197,967)	4,956,063	3,901,100
Benefit payments, including refunds of employee contributions	(2,801,827)	(2,753,892)	(2,571,169)	(2,514,927)
Net change in total pension liability	9,288,250	(81,025)	7,134,217	5,537,660
Total pension liability - beginning	69,481,441	69,562,466	62,428,249	56,890,589
<b>Total pension liability - ending</b>	<b>78,769,691</b>	<b>69,481,441</b>	<b>69,562,466</b>	<b>62,428,249</b>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	2,705,606	2,405,298	2,773,787	2,374,596
Employee contributions	485,601	515,222	525,627	510,380
Other contributions	113			
Net investment income	1,404,487	1,523,591	(316,496)	1,084,640
Benefit payments, including refunds of employee contributions	(2,801,827)	(2,753,892)	(2,571,169)	(2,514,927)
Administrative expense	(49,007)	(35,499)	(37,626)	(35,584)
Net change in plan fiduciary net position	1,744,973	1,654,720	374,123	1,419,105
Plan fiduciary net position - beginning	20,670,902	19,016,182	18,642,059	17,222,954
<b>Plan fiduciary net position - ending</b>	<b>22,415,875</b>	<b>20,670,902</b>	<b>19,016,182</b>	<b>18,642,059</b>
<b>Employer's net pension liability</b>	<b>\$(56,353,816)</b>	<b>\$(48,810,539)</b>	<b>\$(50,546,284)</b>	<b>\$(43,786,190)</b>
Plan fiduciary net position as a percentage of the total pension liability	28.46%	29.75%	27.34%	29.86%
Covered-employee payroll	\$ 5,097,954	\$ 4,937,486	\$ 4,984,771	\$ 4,993,793
Employer's net pension liability as a percentage of covered-employee payroll	1105.42%	988.57%	1014.01%	876.81%

Since the City implemented GASB Statement No. 67 in 2015, more information will be displayed when it becomes available.

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**FIREFIGHTERS' PENSION FUND**  
**April 30, 2018**

Fiscal Year Ended April 30,	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service cost	\$ 1,061,699	\$ 1,045,241	\$ 1,013,349	\$ 1,100,080
Interest	3,839,317	4,100,479	3,669,410	3,362,539
Differences between expected and actual experience of the total pension liability	685,858	(1,708,118)	(418,230)	322,128
Changes of assumptions	8,795,230	(2,041,275)	4,907,632	2,509,056
Benefit payments, including refunds of employee contributions	<u>(3,138,777)</u>	<u>(3,052,887)</u>	<u>(2,975,162)</u>	<u>(2,844,710)</u>
Net change in total pension liability	11,243,327	(1,656,560)	6,196,999	4,449,093
Total pension liability - beginning	<u>58,448,162</u>	<u>60,104,722</u>	<u>53,907,723</u>	<u>49,458,630</u>
<b>Total pension liability - ending</b>	<u>69,691,489</u>	<u>58,448,162</u>	<u>60,104,722</u>	<u>53,907,723</u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	2,646,701	2,477,099	2,693,519	2,506,562
Employee contributions	344,602	353,974	350,502	354,696
Other contributions	23,906			
Net investment income	754,401	751,720	(227,950)	461,407
Benefit payments, including refunds of employee contributions	(3,138,777)	(3,052,887)	(2,975,162)	(2,844,710)
Administrative expense	<u>(42,530)</u>	<u>(39,424)</u>	<u>(58,967)</u>	<u>(92,081)</u>
Net change in plan fiduciary net position	588,303	490,482	(218,058)	385,874
Plan fiduciary net position - beginning	<u>10,438,860</u>	<u>9,948,378</u>	<u>10,166,436</u>	<u>9,780,562</u>
<b>Plan fiduciary net position - ending</b>	<u>11,027,163</u>	<u>10,438,860</u>	<u>9,948,378</u>	<u>10,166,436</u>
<b>Employer's net pension liability</b>	<u><u>\$(58,664,326)</u></u>	<u><u>\$(48,009,302)</u></u>	<u><u>\$(50,156,344)</u></u>	<u><u>\$(43,741,287)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	15.82%	17.86%	16.55%	18.86%
Covered-employee payroll	\$ 3,836,360	\$ 3,715,603	\$ 3,607,849	\$ 3,618,844
Employer's net pension liability as a percentage of covered-employee payroll	1529.17%	1292.10%	1390.20%	1208.71%

Since the City implemented GASB Statement No. 67 in 2015, more information will be displayed when it becomes available.

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF INVESTMENT RETURNS**  
**POLICE PENSION FUND**  
**April 30, 2018**

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<u>Year</u> <u>Ended</u> <u>April 30,</u>	<u>Annual Money-Weighted</u> <u>Rate of Return,</u> <u>Net of Investment Expense</u>
2018	6.96%
2017	8.20%
2016	(1.65%)
2015	6.28%

Since the City implemented GASB Statement No. 67 in 2015, more information will be displayed when it becomes available.

**CITY OF KANKAKEE, ILLINOIS  
SCHEDULE OF INVESTMENT RETURNS  
FIREFIGHTERS' PENSION FUND  
April 30, 2018**

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<u>Year Ended April 30,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2018	7.89%
2017	8.35%
2016	(2.04%)
2015	4.74%

Since the City implemented GASB Statement No. 67 in 2015, more information will be displayed when it becomes available.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION PLANS**  
**April 30, 2018**

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**NOTE 1 - ILLINOIS MUNICIPAL RETIREMENT FUND:**

**A. Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate**

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine 2017 Contribution Rates:**

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 26-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employers (two employers were financed over 30 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (based year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from



**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION PLANS**  
**April 30, 2018**

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**NOTE 1 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued):**

Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
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**Other Information:**

Notes	There were no benefit changes during the year.
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A detailed description of the actuarial assumptions and methods can be found in the December 31, 2018 Illinois Municipal Retirement Fund annual actuarial valuation report.

**NOTE 2 – POLICE PENSION FUND:**

Valuation date	May 1, 2018
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**Methods and assumptions used to determine contribution rates:**

Actuarial Cost Method	Entry-age Normal
Amortization Method	Level Percentage of Pay
Remaining Amortization Period	24 years
Asset Valuation Method	Market
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	7.00%
Mortality	RP-2014 projected to 2017
Other	

Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the May 1, 2018 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –**  
**PENSION PLANS**  
**April 30, 2018**

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**NOTE 3 – FIREFIGHTERS’ PENSION FUND:**

<b>Valuation date</b>	May 1, 2018
<b>Methods and assumptions used to determine contribution rates:</b>	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Pay
Remaining Amortization Period	24 years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	7.00%
Mortality	RP-2014 projected to 2017
Other	

Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the May 1, 2018 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES**



**CITY OF KANKAKEE, ILLINOIS  
MAJOR FUNDS**

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**General Fund**

Accounts for all financial resources traditionally associated with governments which are not required to be accounted for in another fund.

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**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF REVENUES AND COMPARISON TO BUDGET**  
**GENERAL FUND**  
**For the year ended April 30, 2018**  
**(With comparative totals for 2017)**

	Budgeted Amounts		2018	2017
	Original	Final	Actual	Actual
<b>Taxes:</b>				
Property taxes	\$ 7,992,112	\$ 8,092,612	\$ 7,816,476	\$ 7,356,765
Utility taxes	3,635,000	3,600,000	3,511,588	3,523,270
<b>Total taxes</b>	<b>11,627,112</b>	<b>11,692,612</b>	<b>11,328,064</b>	<b>10,880,035</b>
<b>Licenses, permits and fees:</b>				
Business licenses	30,000	30,000	38,102	23,555
Liquor licenses	120,000	120,000	132,650	124,230
Gambling licenses	135,000			
Vehicle sticker fees	475,000	475,000	451,231	475,781
Rental licenses	75,000	75,000	85,321	73,431
Other licenses	25,000	25,000	16,343	37,767
Franchise fees	300,000	300,000	374,609	362,170
Ambulance fees	875,000	875,000	1,020,662	799,386
Building permits and fees	500,000	500,000	309,366	408,689
Other permits and fees	22,000	22,000	122,388	87,280
Public safety fees	975,000	975,000	996,787	1,031,889
<b>Total licenses, permits and fees</b>	<b>3,532,000</b>	<b>3,397,000</b>	<b>3,547,459</b>	<b>3,424,178</b>
<b>Charges for services:</b>				
Environmental Services Utility				250
Community Development Agency	35,000	35,000	35,000	35,000
Fire Department	52,000	52,000	54,724	62,954
Police Department	12,000	12,000	8,976	7,551
Motor Fuel Tax Reimbursement	400,000	300,000	161,357	308,111
<b>Total charges for services</b>	<b>499,000</b>	<b>399,000</b>	<b>260,057</b>	<b>413,866</b>
Fines and penalties	434,000	463,500	425,873	408,483
<b>Intergovernmental:</b>				
State replacement income tax	675,000	675,000	639,903	764,748
State income tax	2,525,000	2,525,000	2,497,107	2,602,929
State sales tax	3,720,000	3,588,000	3,746,055	3,948,742
State gaming tax	275,000	350,000	404,743	353,957
Local use tax	550,000	550,000	714,342	677,762
Grants from various governmental agencies	264,879	264,879	296,113	337,127
Kankakee River Metropolitan Agency	50,000	50,000	50,000	50,000
<b>Total intergovernmental</b>	<b>8,059,879</b>	<b>8,002,879</b>	<b>8,348,263</b>	<b>8,735,265</b>
Interest	-0-	-0-	120,527	51,797
Miscellaneous revenues	360,000	360,000	290,582	541,614
<b>Total revenues</b>	<b>\$ 24,511,991</b>	<b>\$ 24,314,991</b>	<b>\$ 24,320,825</b>	<b>\$ 24,455,238</b>

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF EXPENDITURES AND COMPARISON TO BUDGET**  
**GENERAL FUND**

**For the year ended April 30, 2018**  
**(With comparative totals for 2017)**

	Budgeted Amounts		2018 Actual	2017 Actual
	Original	Final		
General city government:				
Council	\$ 168,000	\$ 172,000	\$ 159,649	\$ 161,032
Mayor	106,500	107,500	134,245	106,412
Commissions and boards	28,250	28,250	15,642	34,654
City clerk	159,993	159,993	130,529	135,991
Central services	448,021	448,021	395,303	398,003
Computer operations	49,000	49,000	31,832	22,641
Corporate counsel	135,000	120,000	77,926	229,340
Adjudication	93,778	93,778	87,311	86,976
City planning	40,000	65,000	72,018	133,850
Public buildings and grounds	-0-	-0-	1,515	3,689
Human relations	10,000	40,000	24,288	-0-
Group insurance	1,703,000	1,703,000	1,738,639	1,580,244
Liability and workers compensation insurance	1,400,000	1,400,000	1,192,971	1,242,054
Unemployment tax	50,000	50,000	47,148	46,294
Transportation support	76,000	76,000	78,199	74,402
Property tax rebates	350,000	350,000	386,453	319,707
Other	680,100	679,100	784,446	827,349
Total general city government	<u>5,497,642</u>	<u>5,541,642</u>	<u>5,358,114</u>	<u>5,402,638</u>
Public safety - police department:				
Administration and operations	6,399,381	6,384,381	6,178,214	6,667,370
Training	41,500	41,500	9,995	14,192
Records	200,000	200,000	185,181	193,923
Communications	957,525	957,525	930,133	786,784
Detention and custody	106,310	106,310	66,438	60,567
Pension contribution	2,846,769	2,846,769	2,705,826	2,405,298
Crossing guards	50,500	50,500	37,971	39,510
Total public safety - police department	<u>10,601,985</u>	<u>10,586,985</u>	<u>10,113,758</u>	<u>10,167,644</u>
Public safety - fire department:				
Administration	679,378	513,378	349,474	1,017,206
Training	131,818	131,818	150,130	137,716
Alarm and communications system	4,000	4,000	3,794	3,723
Supplies and maintenance	35,000	35,000	35,901	35,662
Fire prevention	282,549	282,549	273,253	280,178
Fire fighting force	2,499,114	2,499,114	2,366,589	2,345,823
Emergency service	972,700	972,700	1,039,222	1,020,151
Pension contribution	2,784,793	2,784,793	2,646,916	2,477,099
Fire department equipment	75,000	75,000	150,000	-0-
Total public safety - fire department	<u>7,464,352</u>	<u>7,298,352</u>	<u>7,015,279</u>	<u>7,317,558</u>

(Continued)

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF EXPENDITURES AND COMPARISON TO BUDGET**  
**GENERAL FUND**

(Continued)

**For the year ended April 30, 2018**  
**(With comparative totals for 2017)**

	Budgeted Amounts		2018	2017
	Original	Final	Actual	Actual
Public safety - code enforcement:				
Property maintenance	\$ 449,700	\$ 405,700	\$ 389,166	\$ 416,000
Building safety	107,712	107,712	112,692	110,045
Animal control	20,000	20,000	24,740	22,080
Total public safety - code enforcement	<u>577,412</u>	<u>533,412</u>	<u>526,598</u>	<u>548,125</u>
Total public safety	<u>18,643,749</u>	<u>18,418,749</u>	<u>17,655,635</u>	<u>18,033,327</u>
Community development:				
Community promotion	<u>106,050</u>	<u>90,050</u>	<u>65,020</u>	<u>264,582</u>
Economic development:				
Sales tax incentives	<u>240,000</u>	<u>240,000</u>	<u>344,024</u>	<u>92,714</u>
Debt service:				
Principal retirement	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Total expenditures	<u><u>\$ 24,497,441</u></u>	<u><u>\$ 24,300,441</u></u>	<u><u>\$ 23,432,793</u></u>	<u><u>\$ 23,803,261</u></u>

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**April 30, 2018**

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 7,003,905	\$ 500	\$ 7,004,405
Receivables, less allowance for uncollectible amounts:			
Property taxes	3,424,100	5,278,400	8,702,500
Due from other governmental agencies	96,489		96,489
Due from other funds	151,681	124,701	276,382
Due from component units	15,054		15,054
Accounts receivable	36,873		36,873
<b>Total assets</b>	<b><u>\$ 10,728,102</u></b>	<b><u>\$ 5,403,601</u></b>	<b><u>\$ 16,131,703</u></b>
<b>Liabilities</b>			
Accounts payable	\$ 58,907		\$ 58,907
Accrued wages payable	32,984		32,984
Due to other funds	568,817	\$ 35,700	604,517
<b>Total liabilities</b>	<b><u>660,708</u></b>	<b><u>35,700</u></b>	<b><u>696,408</u></b>
<b>Deferred Inflows of Resources</b>			
Deferred property tax revenue	3,424,100	5,278,400	8,702,500
Deferred loan receivable	32,367		32,367
<b>Total deferred inflows of resources</b>	<b><u>3,456,467</u></b>	<b><u>5,278,400</u></b>	<b><u>8,734,867</u></b>
<b>Fund Balance</b>			
Restricted for:			
Debt service		116,914	116,914
Street maintenance programs	791,857		791,857
Economic development	4,854,096		4,854,096
Culture and recreation	19,006		19,006
Retirement obligations	1,043,103		1,043,103
Unassigned (deficit)	(97,135)	(27,413)	(124,548)
<b>Total fund balance</b>	<b><u>6,610,927</u></b>	<b><u>89,501</u></b>	<b><u>6,700,428</u></b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b><u>\$ 10,728,102</u></b>	<b><u>\$ 5,403,601</u></b>	<b><u>\$ 16,131,703</u></b>

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the year ended April 30, 2018**

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Property taxes	\$ 3,293,688	\$ 4,078,822	\$ 7,372,510
Special assessments		323,879	323,879
Intergovernmental	1,933,564		1,933,564
Interest income	12,666	15,435	28,101
Miscellaneous	522,500		522,500
<b>Total revenues</b>	<b>5,762,418</b>	<b>4,418,136</b>	<b>10,180,554</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	746,704		746,704
Highways and streets	973,609		973,609
Community development	1,103,943		1,103,943
Culture and recreation	16,460		16,460
Economic development	183,696		183,696
<b>Debt service:</b>			
Principal retirement	500,000	5,228,000	5,728,000
Interest and fiscal charges	3,850	1,896,591	1,900,441
<b>Total expenditures</b>	<b>3,528,262</b>	<b>7,124,591</b>	<b>10,652,853</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,234,156</b>	<b>(2,706,455)</b>	<b>(472,299)</b>
<b>Other financing sources (uses):</b>			
Transfers from other funds		2,802,034	2,802,034
Transfers to other funds	(1,340,555)	(92,066)	(1,432,621)
<b>Total other financing sources (uses)</b>	<b>(1,340,555)</b>	<b>2,709,968</b>	<b>1,369,413</b>
<b>Net change in fund balances</b>	<b>893,601</b>	<b>3,513</b>	<b>897,114</b>
Fund balance (deficit), May 1, 2017	5,164,432	(271,885)	4,892,547
Prior period adjustment	552,894	357,873	910,767
Fund balance, May 1, 2017, restated	5,717,326	85,988	5,803,314
<b>Fund balance, April 30, 2018</b>	<b>\$ 6,610,927</b>	<b>\$ 89,501</b>	<b>\$ 6,700,428</b>

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**CITY OF KANKAKEE, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS**

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**SPECIAL REVENUE FUNDS**

**Band Fund**

Accounts for the revenues and expenditures related to the City's financial support provided to the Kankakee Municipal Band.

**Illinois Municipal Retirement Fund**

Accounts for the expenditures related to the state-administered retirement system which is available to general service employees and which is financed through taxation and contributions from employees, and the City (employer) FICA, Medicare, and state unemployment taxes, all of which are financed through taxation.

**Special Service Area No. 2**

Accounts for the revenues and expenditures related to the maintenance and repairs of ornamental street lights in the Riverview Historic District.

**Special Service Area No. 3**

Accounts for the revenues and expenditures related to the Coachlight Square lighting improvement project which was financed through local borrowing and property taxes.

**Special Service Area No. 5**

Accounts for the revenues and expenditures of maintenance and repairs to the street and roadway infrastructure in the East Side Business District.

**Community Development Agency**

Accounts for the revenues and expenditures of the Community Development Block Grant Program and various other federal grant programs.

**Tax Increment Financing Districts Nos. 1, 5, 6, 7, 8 and 9**

TIF Districts Nos. 1, 5, 6, 7 and 8 are trust funds established to finance redevelopment project costs in connection with various "blighted redevelopment project areas" throughout the City. The project areas are redeveloped through the use of incremental property tax revenues generated by related redevelopment projects.

**Motor Fuel Tax Fund**

Accounts for the expenditures related to state-approved projects which are financed from the local share of the state gasoline tax as collected and distributed by the State of Illinois.

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**April 30, 2018**

	<u>Band Fund</u>	<u>Illinois Municipal Retirement Fund</u>	<u>Special Service Area No. 2</u>	<u>Special Service Area No. 3</u>
<b>Assets</b>				
Cash and investments	\$ 19,006	\$ 1,086,632	\$ 45,487	\$ 59,649
Receivables, less allowance for uncollectible amounts:				
Property taxes	16,000	859,000	2,800	3,000
Due from other governmental agencies				
Due from other funds		8,499		
Due from component units		15,054		
Accounts receivable				
<b>Total assets</b>	<u>\$ 35,006</u>	<u>\$ 1,969,185</u>	<u>\$ 48,287</u>	<u>\$ 62,649</u>
<b>Liabilities</b>				
Accounts payable		\$ 34,098		
Accrued wages payable		32,984		
Due to other funds				
<b>Total liabilities</b>	<u>\$ -0-</u>	<u>67,082</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<b>Deferred Inflows of Resources</b>				
Deferred property tax revenue	16,000	859,000	2,800	3,000
Deferred loan receivable				
<b>Total deferred inflows of resources</b>	<u>16,000</u>	<u>859,000</u>	<u>2,800</u>	<u>3,000</u>
<b>Fund Balance</b>				
Restricted for:				
Street maintenance program				
Economic development			45,487	59,649
Culture and recreation	19,006			
Retirement obligations		1,043,103		
Unassigned (deficit)				
<b>Total fund balance (deficit)</b>	<u>19,006</u>	<u>1,043,103</u>	<u>45,487</u>	<u>59,649</u>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<u>\$ 35,006</u>	<u>\$ 1,969,185</u>	<u>\$ 48,287</u>	<u>\$ 62,649</u>

Special Service Area No. 5	Community Development Agency	Motor Fuel Tax Fund	Tax Increment Financing District No. 1 Fund	Tax Increment Financing District No. 5 Fund	Tax Increment Financing District No. 6 Fund
\$ 62,981	\$ 145,040	\$ 706,749	\$ 2,010,413	\$ 125	
21,300			1,070,000	28,000	\$ 174,000
	33,449	63,040 23,491	119,691		
	36,873				
<u>\$ 84,281</u>	<u>\$ 215,362</u>	<u>\$ 793,280</u>	<u>\$ 3,200,104</u>	<u>\$ 28,125</u>	<u>\$ 174,000</u>
	\$ 10,282	\$ 1,423	\$ 13,104		
	177,570		298,969		\$ 92,278
<u>\$ -0-</u>	<u>187,852</u>	<u>1,423</u>	<u>312,073</u>	<u>\$ -0-</u>	<u>92,278</u>
21,300			1,070,000	28,000	174,000
	32,367				
<u>21,300</u>	<u>32,367</u>	<u>-0-</u>	<u>1,070,000</u>	<u>28,000</u>	<u>174,000</u>
62,981		791,857	1,818,031	125	
	(4,857)				(92,278)
<u>62,981</u>	<u>(4,857)</u>	<u>791,857</u>	<u>1,818,031</u>	<u>125</u>	<u>(92,278)</u>
<u>\$ 84,281</u>	<u>\$ 215,362</u>	<u>\$ 793,280</u>	<u>\$ 3,200,104</u>	<u>\$ 28,125</u>	<u>\$ 174,000</u>

(Continued)

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**(Continued)**  
**April 30, 2018**

	Tax Increment Financing District No. 7 Fund	Tax Increment Financing District No. 8 Fund	Tax Increment Financing District No. 9 Fund	Totals
<b>Assets</b>				
Cash and investments	\$ 9,740	\$ 2,858,083		\$ 7,003,905
Receivables, less allowance for uncollectible amounts:				
Property taxes	3,000	1,241,000	\$ 6,000	3,424,100
Due from other governmental agencies				96,489
Due from other funds				151,681
Due from component units				15,054
Accounts receivable				36,873
<b>Total assets</b>	<b>\$ 12,740</b>	<b>\$ 4,099,083</b>	<b>\$ 6,000</b>	<b>\$ 10,728,102</b>
<b>Liabilities</b>				
Accounts payable				\$ 58,907
Accrued wages payable				32,984
Due to other funds				568,817
<b>Total liabilities</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>660,708</b>
<b>Deferred Inflows of Resources</b>				
Deferred property tax revenue	3,000	1,241,000	6,000	3,424,100
Deferred loan receivable				32,367
<b>Total deferred inflows of resources</b>	<b>3,000</b>	<b>1,241,000</b>	<b>6,000</b>	<b>3,456,467</b>
<b>Fund Balance</b>				
Restricted for:				
Street maintenance program				791,857
Economic development	9,740	2,858,083		4,854,096
Culture and recreation				19,006
Retirement obligations				1,043,103
Unassigned (deficit)				(97,135)
<b>Total fund balance (deficit)</b>	<b>9,740</b>	<b>2,858,083</b>	<b>-0-</b>	<b>6,610,927</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 12,740</b>	<b>\$ 4,099,083</b>	<b>\$ 6,000</b>	<b>\$ 10,728,102</b>

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**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For the year ended April 30, 2018**

	Band Fund	Illinois Municipal Retirement Fund	Special Service Area No. 2	Special Service Area No. 3
<b>Revenues:</b>				
Property taxes	\$ 15,998	\$ 816,367	\$ 2,811	\$ 2,464
Intergovernmental				
Interest income	3	66		
Miscellaneous				
<b>Total revenues</b>	<u>16,001</u>	<u>816,433</u>	<u>2,811</u>	<u>2,464</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government		635,003		
Highways and streets				
Community development				
Culture and recreation	16,460			
Economic development				
<b>Debt service:</b>				
Principal retirement				
Interest and fiscal charges				
<b>Total expenditures</b>	<u>16,460</u>	<u>635,003</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	(459)	181,430	2,811	2,464
<b>Other financing sources (uses):</b>				
Transfers to other funds	-0-	-0-	-0-	-0-
<b>Net change in fund balances</b>	<u>(459)</u>	<u>181,430</u>	<u>2,811</u>	<u>2,464</u>
Fund balance (deficit), May 1, 2017	19,465	861,673	42,676	57,185
Prior period adjustment	-0-	-0-	-0-	-0-
Fund balance (deficit), May 1, 2017, restated	<u>19,465</u>	<u>861,673</u>	<u>42,676</u>	<u>57,185</u>
<b>Fund balance (deficit), April 30, 2018</b>	<u>\$ 19,006</u>	<u>\$ 1,043,103</u>	<u>\$ 45,487</u>	<u>\$ 59,649</u>

Special Service Area No. 5	Community Development Agency	Motor Fuel Tax Fund	Tax Increment Financing District No. 1 Fund	Tax Increment Financing District No. 5 Fund	Tax Increment Financing District No. 6 Fund
\$ 20,095	\$ 1,230,461	\$ 703,103	\$ 1,033,599	\$ 26,959	\$ 178,334
3	3,853	6,753		2	14
	500,000				
<u>20,098</u>	<u>1,734,314</u>	<u>709,856</u>	<u>1,033,599</u>	<u>26,961</u>	<u>178,348</u>
	111,701				
	1,103,943	973,609			
			178,936	1,860	900
	500,000				
	3,850				
<u>-0-</u>	<u>1,719,494</u>	<u>973,609</u>	<u>178,936</u>	<u>1,860</u>	<u>900</u>
20,098	14,820	(263,753)	854,663	25,101	177,448
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(472,875)</u>	<u>(26,000)</u>	<u>(177,000)</u>
<u>20,098</u>	<u>14,820</u>	<u>(263,753)</u>	<u>381,788</u>	<u>(899)</u>	<u>448</u>
42,883	(19,677)	1,055,610	1,436,243	(179,476)	(452,225)
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>180,500</u>	<u>359,499</u>
<u>42,883</u>	<u>(19,677)</u>	<u>1,055,610</u>	<u>1,436,243</u>	<u>1,024</u>	<u>(92,726)</u>
<u>\$ 62,981</u>	<u>\$ (4,857)</u>	<u>\$ 791,857</u>	<u>\$ 1,818,031</u>	<u>\$ 125</u>	<u>\$ (92,278)</u>

(Continued)

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**

(Continued)

For the year ended April 30, 2018

	Tax Increment Financing District No. 7 Fund	Tax Increment Financing District No. 8 Fund	Tax Increment Financing District No. 9 Fund	Totals
<b>Revenues:</b>				
Property taxes	\$ 2,910	\$ 1,194,151		\$ 3,293,688
Intergovernmental				1,933,564
Interest income	21	1,951		12,666
Miscellaneous	22,500			522,500
<b>Total revenues</b>	<b>25,431</b>	<b>1,196,102</b>	<b>\$ -0-</b>	<b>5,762,418</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government				746,704
Highways and streets				973,609
Community development				1,103,943
Culture and recreation				16,460
Economic development	900	1,100		183,696
<b>Debt service:</b>				
Principal retirement				500,000
Interest and fiscal charges				3,850
<b>Total expenditures</b>	<b>900</b>	<b>1,100</b>	<b>-0-</b>	<b>3,528,262</b>
Excess (deficiency) of revenues over expenditures	24,531	1,195,002	-0-	2,234,156
<b>Other financing sources (uses):</b>				
Transfers to other funds	(43,308)	(621,372)	-0-	(1,340,555)
<b>Net change in fund balances</b>	<b>(18,777)</b>	<b>573,630</b>	<b>-0-</b>	<b>893,601</b>
Fund balance (deficit), May 1, 2017	15,622	2,284,453		5,164,432
Prior period adjustment	12,895	-0-	-0-	552,894
Fund balance (deficit), May 1, 2017, restated	28,517	2,284,453	-0-	5,717,326
<b>Fund balance (deficit), April 30, 2018</b>	<b>\$ 9,740</b>	<b>\$ 2,858,083</b>	<b>\$ -0-</b>	<b>\$ 6,610,927</b>

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**BAND FUND**  
**For the year ended April 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Property taxes	\$ 16,831	\$ 16,831	\$ 15,998	\$ (833)
Interest income			3	3
Total revenues	16,831	16,831	16,001	(830)
Expenditures:				
Current:				
Culture and recreation	16,000	16,000	16,460	460
Net change in fund balance	\$ 831	\$ 831	(459)	\$ (1,290)
Fund balance, May 1, 2017			19,465	
Fund balance, April 30, 2018			\$ 19,006	

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**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**For the year ended April 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Property taxes	\$ 858,961	\$ 858,961	\$ 816,367	\$ (42,594)
Interest income			66	66
Total revenues	858,961	858,961	816,433	(42,528)
Expenditures:				
Current:				
General government	858,000	858,000	635,003	(222,997)
Net change in fund balance	\$ 961	\$ 961	181,430	\$ 180,469
Fund balance, May 1, 2017			861,673	
Fund balance, April 30, 2018			\$ 1,043,103	

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**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SPECIAL SERVICE AREA NO. 2**  
**For the year ended April 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 2,822	\$ 2,822	\$ 2,811	\$ (11)
Expenditures:				
Current:				
Economic development	<u>2,800</u>	<u>2,800</u>	<u>-0-</u>	<u>(2,800)</u>
Net change in fund balance	<u>\$ 22</u>	<u>\$ 22</u>	2,811	<u>\$ 2,789</u>
Fund balance, May 1, 2017			<u>42,676</u>	
Fund balance, April 30, 2018			<u>\$ 45,487</u>	

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SPECIAL SERVICE AREA NO. 3**  
**For the year ended April 30, 2018**

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	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Property taxes	\$ 3,004	\$ 3,004	\$ 2,464	\$ (540)
Expenditures:				
Current:				
Economic development	3,000	3,000	-0-	(3,000)
Net change in fund balance	\$ 4	\$ 4	2,464	\$ 2,460
Fund balance, May 1, 2017			57,185	
Fund balance, April 30, 2018			\$ 59,649	

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**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SPECIAL SERVICE AREA NO. 5**  
**For the year ended April 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 20,380	\$ 20,380	\$ 20,095	\$ (285)
Interest income			3	3
	<u>20,380</u>	<u>20,380</u>	<u>20,098</u>	<u>(282)</u>
Total revenues				
Expenditures:				
Current:				
Economic development	<u>20,000</u>	<u>20,000</u>	<u>-0-</u>	<u>(20,000)</u>
Net change in fund balance	<u>\$ 380</u>	<u>\$ 380</u>	20,098	<u>\$ 19,718</u>
Fund balance, May 1, 2017			<u>42,883</u>	
Fund balance, April 30, 2018			<u>\$ 62,981</u>	

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**CITY OF KANKAKEE, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS**

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**DEBT SERVICE FUNDS**

**General Obligation Bonds**

Each series of general obligation bonds issued is set apart as an individual fund that is used to account for the accumulation of resources for the payment of debt principal, interest and related costs of each respective issue.

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**April 30, 2018**

	General Obligation Bonds, Series 2007	Indian Meadows Debt Service	General Obligation Bonds, Series 2008	General Obligation Bonds, Series 2009
<b>Assets</b>				
Cash and investments			\$ 500	
Receivables, less allowance for uncollectible amounts:				
Property taxes			898,300	\$ 2,844,700
Due from other funds				72,070
<b>Total assets</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 898,800</b>	<b>\$ 2,916,770</b>
<b>Liabilities</b>				
Due to other funds	\$ -0-	\$ -0-	\$ -0-	\$ 8,287
<b>Deferred Inflows of Resources</b>				
Deferred property tax revenue	-0-	-0-	898,300	2,844,700
<b>Fund Balance</b>				
Restricted for debt service			500	63,783
Unassigned (deficit)				
<b>Total fund balance (deficit)</b>	<b>-0-</b>	<b>-0-</b>	<b>500</b>	<b>63,783</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 898,800</b>	<b>\$ 2,916,770</b>

General Obligation Bonds, Series 2011	General Obligation Bonds, Series 2012	General Obligation Bonds, Series 2013	General Obligation Bonds, Series 2014	General Obligation Bonds, Series 2016	Totals
					\$ 500
\$ 224,200 2,086	\$ 452,700	\$ 309,600	\$ 434,900	\$ 114,000 50,545	5,278,400 124,701
<u>\$ 226,286</u>	<u>\$ 452,700</u>	<u>\$ 309,600</u>	<u>\$ 434,900</u>	<u>\$ 164,545</u>	<u>\$ 5,403,601</u>
\$ -0-	\$ 27,413	\$ -0-	\$ -0-	\$ -0-	\$ 35,700
<u>224,200</u>	<u>452,700</u>	<u>309,600</u>	<u>434,900</u>	<u>114,000</u>	<u>5,278,400</u>
2,086	(27,413)			50,545	116,914 (27,413)
<u>2,086</u>	<u>(27,413)</u>	<u>-0-</u>	<u>-0-</u>	<u>50,545</u>	<u>89,501</u>
<u>\$ 226,286</u>	<u>\$ 452,700</u>	<u>\$ 309,600</u>	<u>\$ 434,900</u>	<u>\$ 164,545</u>	<u>\$ 5,403,601</u>

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**For the year ended April 30, 2018**

	General Obligation Bonds, Series 2007	Indian Meadows Debt Service	General Obligation Bonds, Series 2008	General Obligation Bonds, Series 2009
<b>Revenues:</b>				
Property taxes	\$ 598,769		\$ 802,179	\$ 1,353,315
Special assessments		\$ 323,879		
Interest income	49	15,103	65	110
<b>Total revenues</b>	<b>598,818</b>	<b>338,982</b>	<b>802,244</b>	<b>1,353,425</b>
<b>Expenditures:</b>				
<b>Debt service:</b>				
Principal retirement	402,035	360,965	585,000	1,880,000
Interest and fiscal charges	227,965	15,036	259,020	558,625
<b>Total expenditures</b>	<b>630,000</b>	<b>376,001</b>	<b>844,020</b>	<b>2,438,625</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(31,182)</b>	<b>(37,019)</b>	<b>(41,776)</b>	<b>(1,085,200)</b>
<b>Other financing sources (uses):</b>				
Transfers from other funds	123,248	37,019	41,776	1,085,200
Transfers to other funds		(88,407)		
<b>Total other financing sources (uses)</b>	<b>123,248</b>	<b>(51,388)</b>	<b>41,776</b>	<b>1,085,200</b>
<b>Net change in fund balance</b>	<b>92,066</b>	<b>(88,407)</b>	<b>-0-</b>	<b>-0-</b>
<b>Fund balance (deficit), May 1, 2017</b>	<b>(92,066)</b>	<b>88,407</b>	<b>(69,984)</b>	<b>(222,225)</b>
<b>Prior period adjustment</b>	<b>-0-</b>	<b>-0-</b>	<b>70,484</b>	<b>286,008</b>
<b>Fund balance (deficit), May 1, 2017, restated</b>	<b>(92,066)</b>	<b>88,407</b>	<b>500</b>	<b>63,783</b>
<b>Fund balance (deficit), April 30, 2018</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 500</b>	<b>\$ 63,783</b>

General Obligation Bonds, Series 2011	General Obligation Bonds, Series 2012	General Obligation Bonds, Series 2013	General Obligation Bonds, Series 2014	General Obligation Bonds, Series 2016	Totals
\$ 213,157	\$ 431,806	\$ 176,413	\$ 394,834	\$ 108,349	\$ 4,078,822
17	36	15	32	8	323,879
213,174	431,842	176,428	394,866	108,357	4,418,136
224,275	1,045,000 108,510	255,000 52,360	575,000 221,450	125,000 229,350	5,228,000 1,896,591
224,275	1,153,510	307,360	796,450	354,350	7,124,591
(11,101)	(721,668)	(130,932)	(401,584)	(245,993)	(2,706,455)
11,101	725,181 (3,659)	130,932	401,584	245,993	2,802,034 (92,066)
11,101	721,522	130,932	401,584	245,993	2,709,968
-0-	(146)	-0-	-0-	-0-	3,513
123,693	13,194	(97,306)	(15,598)	-0-	(271,885)
(121,607)	(40,461)	97,306	15,598	50,545	357,873
2,086	(27,267)	-0-	-0-	50,545	85,988
<u>\$ 2,086</u>	<u>\$ (27,413)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 50,545</u>	<u>\$ 89,501</u>

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**CITY OF KANKAKEE, ILLINOIS  
FIDUCIARY FUNDS**

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**Police Pension Fund**

A pension trust which accounts for the police officers' pension fund. Revenue includes City contributions, contributions from participants and investment earnings.

**Firefighters' Pension Fund**

A pension trust which accounts for the firefighters' pension fund. Revenue includes City contributions, contributions from participants and investment earnings.

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**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**April 30, 2018**

	Police Pension Fund	Firefighters' Pension Fund	Totals
<b>Assets</b>			
Cash and short-term investments	\$ 1,115,445	\$ 792,256	\$ 1,907,701
Receivables, less allowance for uncollectible amounts:			
Employee contributions	20,970	14,402	35,372
Employer contributions	592,326	349,471	941,797
Interest	57,513	32,040	89,553
Investments, at fair value:			
Mutual funds	7,811,567	4,002,852	11,814,419
Corporate stocks	6,189,719	2,566,273	8,755,992
U. S. Treasury obligations	2,520,649	1,375,717	3,896,366
U. S. Agency obligations	387,351	264,440	651,791
Corporate bonds	3,414,987	1,713,800	5,128,787
Municipal bonds	326,319	168,722	495,041
Prepaid items		10,424	10,424
<b>Total assets</b>	<b>22,436,846</b>	<b>11,290,397</b>	<b>33,727,243</b>
<b>Liabilities</b>			
Benefits and other payables	242,784	269,534	512,318
<b>Net Position</b>			
Net position restricted for pensions	<u>\$ 22,194,062</u>	<u>\$ 11,020,863</u>	<u>\$ 33,214,925</u>

**CITY OF KANKAKEE, ILLINOIS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**For the year ended April 30, 2018**

	Police Pension Fund	Firefighters' Pension Fund	Totals
<b>Additions:</b>			
<b>Contributions:</b>			
Employer	\$ 2,705,606	\$ 2,646,701	\$ 5,352,307
Employee	506,570	353,787	860,357
<b>Total contributions</b>	<b>3,212,176</b>	<b>3,000,488</b>	<b>6,212,664</b>
<b>Investment income:</b>			
Net change in fair value of investments	1,059,644	(614,075)	445,569
Interest and dividends	482,004	1,458,880	1,940,884
	1,541,648	844,805	2,386,453
<b>Less: investment expense</b>	<b>(137,018)</b>	<b>(75,683)</b>	<b>(212,701)</b>
<b>Net investment income</b>	<b>1,404,630</b>	<b>769,122</b>	<b>2,173,752</b>
<b>Total additions</b>	<b>4,616,806</b>	<b>3,769,610</b>	<b>8,386,416</b>
<b>Deductions:</b>			
Benefits	2,920,942	3,134,876	6,055,818
Refunds of contributions	123,669	3,901	127,570
Administrative expenses	49,036	46,780	95,816
<b>Total deductions</b>	<b>3,093,647</b>	<b>3,185,557</b>	<b>6,279,204</b>
<b>Change in net position restricted for pensions</b>	<b>1,523,159</b>	<b>584,053</b>	<b>2,107,212</b>
<b>Net position restricted for pensions</b>			
May 1, 2017	20,670,903	10,436,810	31,107,713
April 30, 2018	<u>\$ 22,194,062</u>	<u>\$ 11,020,863</u>	<u>\$ 33,214,925</u>

**CITY OF KANKAKEE, ILLINOIS  
COMPONENT UNITS**

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**Kankakee Public Library**

Accounts for the revenues and expenses of the local public library. A majority of the revenues are from a property tax levy approved by the City Council.

**Special Service Area #1**

Accounts for activities to promote and develop downtown Kankakee. The major source of revenues is from a property tax levy approved by the City Council.

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**CITY OF KANKAKEE, ILLINOIS**  
**DISCRETELY PRESENTED COMPONENT UNIT - KANKAKEE PUBLIC LIBRARY**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET**  
**April 30, 2018**

	General Operating	Adjustment	Statement of Net Position
<b>Assets</b>			
Cash and investments	\$ 732,428		\$ 732,428
Receivables, less allowance for uncollectible amounts:			
Property taxes	1,773,000		1,773,000
Accounts receivable	27,310		27,310
Capital assets:			
Depreciable (net of accumulated depreciation)		\$ 5,935,206	5,935,206
<b>Total assets</b>	<b>2,532,738</b>	<b>5,935,206</b>	<b>8,467,944</b>
<b>Deferred Outflows of Resources</b>			
Deferred items related to Illinois Municipal Retirement Fund	-0-	127,379	127,379
<b>Total assets and deferred outflows of resources</b>	<b>\$ 2,532,738</b>	<b>\$ 6,062,585</b>	<b>\$ 8,595,323</b>
<b>Liabilities</b>			
Accounts payable	\$ 10,176		\$ 10,176
Unearned revenue	2,874		2,874
Due to primary government	111,751		111,751
Long-term liabilities:			
Due within one year		\$ 154,687	154,687
Due within more than one year		1,983,290	1,983,290
<b>Total liabilities</b>	<b>124,801</b>	<b>2,137,977</b>	<b>2,262,778</b>
<b>Deferred Inflows of Resources</b>			
Deferred property tax revenue	1,773,000		1,773,000
Deferred items related to Illinois Municipal Retirement Fund		324,644	324,644
<b>Total deferred inflows of resources</b>	<b>1,773,000</b>	<b>324,644</b>	<b>2,097,644</b>
<b>Fund Balance / Net Position</b>			
Net investment in capital assets		3,874,377	3,874,377
Unassigned / Unrestricted	634,937	(274,413)	360,524
<b>Total fund balance / net position</b>	<b>634,937</b>	<b>3,599,964</b>	<b>4,234,901</b>
<b>Total liabilities, deferred inflows of resources and fund balance / net position</b>	<b>\$ 2,532,738</b>	<b>\$ 6,062,585</b>	<b>\$ 8,595,323</b>

**CITY OF KANKAKEE, ILLINOIS**  
**DISCRETELY PRESENTED COMPONENT UNIT - KANKAKEE PUBLIC LIBRARY**  
**STATEMENT OF ACTIVITIES AND GOVERNMENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the year ended April 30, 2018**

	General Operating	Adjustment	Statement of Activities
Revenues:			
Property taxes	\$ 1,685,990		\$ 1,685,990
Charges for services	265,436		265,436
Intergovernmental	35,907		35,907
Interest	1,687		1,687
Other	20,884		20,884
	<u>2,009,904</u>		<u>2,009,904</u>
Total revenues	2,009,904	\$ -0-	2,009,904
Expenditures/expenses:			
Current:			
Culture and recreation	1,802,572	34,862	1,837,434
Debt service:			
Principal retirement	147,158	(147,158)	-0-
Interest and fiscal charges	107,057		107,057
	<u>2,056,787</u>	<u>(112,296)</u>	<u>1,944,491</u>
Total expenditures/expenses	2,056,787	(112,296)	1,944,491
Net change in fund balance / net position	(46,883)	112,296	65,413
Fund balance / net position, May 1, 2017	681,820	3,487,668	4,169,488
Fund balance / net position, April 30, 2018	<u>\$ 634,937</u>	<u>\$ 3,599,964</u>	<u>\$ 4,234,901</u>

**CITY OF KANKAKEE, ILLINOIS**  
**DISCRETELY PRESENTED COMPONENT UNIT - SPECIAL SERVICE AREA NO. 1**  
**STATEMENT OF NET POSITION AND GOVERNMENT FUND BALANCE SHEET**  
**April 30, 2018**

	General Operating	Adjustment	Statement of Net Position
<b>Assets</b>			
Cash and investments	\$ 124,095		\$ 124,095
Receivables, less allowance for uncollectible amounts:			
Property taxes	111,000		111,000
Accounts receivable	4,872		4,872
Capital assets:			
Depreciable (net of accumulated depreciation)		\$ 545,564	545,564
<b>Total assets</b>	<b>\$ 239,967</b>	<b>\$ 545,564</b>	<b>\$ 785,531</b>
<b>Liabilities</b>			
Accounts payable	\$ 3,082	\$ -0-	\$ 3,082
<b>Deferred Inflows of Resources</b>			
Deferred property tax revenue	111,000	-0-	111,000
<b>Fund Balance / Net Position</b>			
Net investment in capital assets		545,564	545,564
Unassigned / Unrestricted	125,885		125,885
<b>Total fund balance / net position</b>	<b>125,885</b>	<b>545,564</b>	<b>671,449</b>
<b>Total liabilities, deferred inflows of resources and fund balance / net position</b>	<b>\$ 239,967</b>	<b>\$ 545,564</b>	<b>\$ 785,531</b>

**CITY OF KANKAKEE, ILLINOIS**  
**DISCRETELY PRESENTED COMPONENT UNIT - SPECIAL SERVICE AREA NO. 1**  
**STATEMENT OF ACTIVITIES AND GOVERNMENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the year ended April 30, 2018**

	General Operating	Adjustment	Statement of Activities
Revenues:			
Property taxes	\$ 110,178		\$ 110,178
Interest	145		145
Other	30,112		30,112
Total revenues	140,435	\$ -0-	140,435
Expenditures/expenses:			
Current:			
General government	149,168	54,918	204,086
Net change in fund balance/net position	(8,733)	(54,918)	(63,651)
Fund balance/net position, May 1, 2017	134,618	600,482	735,100
Fund balance/net position, April 30, 2018	<u>\$ 125,885</u>	<u>\$ 545,564</u>	<u>\$ 671,449</u>

**CITY OF KANKAKEE, ILLINOIS**  
**PROPERTY TAXES RECEIVABLE**  
**2016 LEVY TO BE COLLECTED IN 2017**  
**April 30, 2018**

	<u>Taxes extended</u>	<u>Estimated losses</u>	<u>Estimated net taxes receivable</u>
Primary Government:			
General Fund	\$ 8,646,594	\$ 594	\$ 8,646,000
Special Revenue Funds:			
Band Fund	16,956	956	16,000
Illinois Municipal Retirement Fund	859,154	154	859,000
Special Service Area No. 2	2,890	90	2,800
Special Service Area No. 3	3,027	27	3,000
Special Service Area No. 5	21,400	100	21,300
Tax Increment Financing District #1	1,070,171	171	1,070,000
Tax Increment Financing District #5	28,189	189	28,000
Tax Increment Financing District #6	174,551	551	174,000
Tax Increment Financing District #7	3,044	44	3,000
Tax Increment Financing District #8	1,241,649	649	1,241,000
Tax Increment Financing District #9	6,600	600	6,000
Total Special Revenue Funds	<u>3,427,631</u>	<u>3,531</u>	<u>3,424,100</u>
Debt Service Funds	<u>5,278,799</u>	<u>399</u>	<u>5,278,400</u>
Total Primary Government	<u>\$ 17,353,024</u>	<u>\$ 4,524</u>	<u>\$ 17,348,500</u>
Component Units:			
Library	\$ 111,433	\$ 433	\$ 111,000
Special Service Area No. 1	<u>1,773,962</u>	<u>962</u>	<u>1,773,000</u>
Total Component Units	<u>\$ 1,885,395</u>	<u>\$ 1,395</u>	<u>\$ 1,884,000</u>

**CITY OF KANKAKEE, ILLINOIS**  
**PROPRIETARY FUND TYPES**  
**KANKAKEE ENVIRONMENTAL SERVICES UTILITY FUND**  
**SCHEDULE OF BOND RATE COVENANT CALCULATION**  
**April 30, 2018**

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Debt service requirements	\$ 1,668,573	
120% covenant	x <u>120%</u>	
Total required revenues	<u>2,002,288</u>	
Net revenues generated by sewer utility:		
Sewer charges	14,743,933	
Utility operations expenses	<u>(5,803,015)</u>	
Net revenues generated	8,940,918	
Sewer Utility's share of Kankakee River Metropolitan		
Agency's plant operations expenses	<u>(5,512,647)</u>	
Total net revenues available (expressed in dollars and as a percentage of debt service requirements)	<u>3,428,271</u>	<u>171%</u>
Bond covenant coverage over the required revenues	<u>\$ 1,425,983</u>	

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**CITY OF KANKAKEE, ILLINOIS  
 PROPRIETARY FUND TYPES  
 KANKAKEE ENVIRONMENTAL SERVICES UTILITY FUND  
 SCHEDULE OF REVENUE BONDS PAYABLE  
 April 30, 2018**

	Series 2009		Series 2010A		Series 2010B	
Date of issue	December 1, 2009		December 2, 2010		December 2, 2010	
Interest rates	2.00% to 5.80%		5.35% to 6.50%		2.00% to 3.90%	
Principal redemption date	May 1		May 1		May 1	
Interest payment dates	May 1 and November 1		May 1 and November 1		May 1 and November 1	
Original issue	\$ 4,000,000		\$ 2,700,000		\$ 2,740,000	
Paid to date	<u>1,695,000</u>		<u>-0-</u>		<u>1,390,000</u>	
Balance, April 30, 2018	<u>\$ 2,305,000</u>		<u>\$ 2,700,000</u>		<u>\$ 1,350,000</u>	
Date as follows:						
Year ending April 30,	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 280,000	\$ 118,283		\$ 163,755	\$ 250,000	\$ 44,920
2020	295,000	103,686		163,755	260,000	36,430
2021	310,000	87,875		163,755	270,000	27,023
2022	325,000	70,885		163,755	280,000	16,770
2023	345,000	52,623		163,755	290,000	5,655
2024	365,000	32,733	\$ 300,000	155,730		
2025	385,000	11,165	310,000	139,180		
2026			320,000	121,615		
2027			330,000	103,088		
2028			340,000	82,550		
2029			355,000	59,963		
2030			365,000	36,563		
2031			380,000	12,350		
2032						
2033						
2034						
2035						
2036						
	<u>\$ 2,305,000</u>	<u>\$ 477,250</u>	<u>\$ 2,700,000</u>	<u>\$ 1,529,814</u>	<u>\$ 1,350,000</u>	<u>\$ 130,798</u>

Series 2013A		Series 2013B		Series 2015	
August 6, 2013 2.91% to 5.13%		August 6, 2013 4.38% to 4.88%		August 27, 2015 3.00% to 4.50%	
May 1		May 1		May 1	
May 1 and November 1		May 1 and November 1		May 1 and November 1	
\$ 2,170,000		\$ 3,550,000		\$ 7,035,000	
<u>215,000</u>		<u>-0-</u>		<u>-0-</u>	
<u>\$ 1,955,000</u>		<u>\$ 3,550,000</u>		<u>\$ 7,035,000</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 220,000	\$ 87,090		\$ 164,750	\$ 55,000	\$ 284,775
230,000	80,248		164,750	145,000	283,125
235,000	71,439		164,750	220,000	278,775
245,000	62,438		164,750	225,000	272,175
260,000	50,727		164,750	230,000	265,425
270,000	38,300		164,750	240,000	258,525
285,000	25,393		164,750	250,000	251,325
210,000	10,773	\$ 95,000	164,750	305,000	241,325
		320,000	160,594	320,000	229,125
		330,000	146,594	350,000	216,325
		345,000	132,156	350,000	202,325
		365,000	117,063	365,000	188,325
		380,000	100,181	385,000	173,725
		400,000	82,606	660,000	158,325
		415,000	64,106	690,000	128,625
		440,000	43,875	715,000	101,025
		460,000	22,425	750,000	68,850
				780,000	35,100
<u>\$ 1,955,000</u>	<u>\$ 426,408</u>	<u>\$ 3,550,000</u>	<u>\$ 2,187,600</u>	<u>\$ 7,035,000</u>	<u>\$ 3,637,200</u>

(Continued)

**CITY OF KANKAKEE, ILLINOIS**  
**PROPRIETARY FUND TYPES**  
**KANKAKEE ENVIRONMENTAL SERVICES UTILITY FUND**  
**SCHEDULE OF REVENUE BONDS PAYABLE**  
(Continued)  
**April 30, 2018**

Totals	
Date of issue	
Interest rates	
Principal redemption date	
Interest payment dates	
Original issue	\$ 22,195,000
Paid to date	<u>3,300,000</u>
Balance, April 30, 2018	<u><u>\$ 18,895,000</u></u>

Date as follows:

Year ending April 30,	Principal	Interest	Totals
2019	\$ 805,000	\$ 863,573	\$ 1,668,573
2020	930,000	831,994	1,761,994
2021	1,035,000	793,617	1,828,617
2022	1,075,000	750,773	1,825,773
2023	1,125,000	702,935	1,827,935
2024	1,175,000	650,038	1,825,038
2025	1,230,000	591,813	1,821,813
2026	930,000	538,463	1,468,463
2027	970,000	492,807	1,462,807
2028	1,020,000	445,469	1,465,469
2029	1,050,000	394,444	1,444,444
2030	1,095,000	341,951	1,436,951
2031	1,145,000	286,256	1,431,256
2032	1,060,000	240,931	1,300,931
2033	1,105,000	192,731	1,297,731
2034	1,155,000	144,900	1,299,900
2035	1,210,000	91,275	1,301,275
2036	<u>780,000</u>	<u>35,100</u>	<u>815,100</u>
	<u><u>\$ 18,895,000</u></u>	<u><u>\$ 8,389,070</u></u>	<u><u>\$ 27,284,070</u></u>

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**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE**  
**April 30, 2018**

	Series 2008		Series 2009A		Series 2009B		
Date of issue	June 1, 2008		April 15, 2009		April 15, 2009		
Interest rates	3.45% to 5.25%		2.30% to 5.00%		3.00% to 5.00%		
Principal redemption date	January 1		January 1		January 1		
Interest payment dates	July 1 and January 1		July 1 and January 1		July 1 and January 1		
Original issue	\$ 6,930,000		\$ 10,180,000		\$ 14,905,000		
Paid to date	<u>1,325,000</u>		<u>1,455,000</u>		<u>12,580,000</u>		
Balance, April 30, 2018	<u>\$ 5,605,000</u>		<u>\$ 8,725,000</u>		<u>\$ 2,325,000</u>		
Due as follows:							
	April 30,	Principal	Interest	Principal	Interest	Principal	Interest
2019		\$ 670,000	\$ 228,308	\$ 1,025,000	\$ 384,553	\$ 1,500,000	\$ 96,102
2020		900,000	193,803	635,000	333,303	610,000	39,853
2021		900,000	159,603	660,000	306,633	35,000	9,353
2022		985,000	124,953	690,000	278,913	40,000	7,830
2023		1,075,000	86,538	715,000	249,933	45,000	6,090
2024		1,075,000	43,538	745,000	219,903	45,000	4,133
2025				780,000	187,868	50,000	2,175
2026				810,000	154,328		
2027				850,000	119,093		
2028				890,000	81,693		
2029				925,000	42,088		
2030							
2031							
2032							
2033							
2034							
2035							
2036							
		<u>\$ 5,605,000</u>	<u>\$ 836,743</u>	<u>\$ 8,725,000</u>	<u>\$ 2,358,308</u>	<u>\$ 2,325,000</u>	<u>\$ 165,536</u>

Series 2011A		Series 2011B		Series 2012	
April 27, 2011 2.50% to 4.90%		April 27, 2011 4.10%		March 13, 2012 2.00% to 2.50%	
January 1		January 1		January 1	
July 1 and January 1		July 1 and January 1		July 1 and January 1	
\$ 5,000,000		\$ 370,000		\$ 2,645,000	
<u>495,000</u>		<u>-0-</u>		<u>2,180,000</u>	
<u>\$ 4,505,000</u>		<u>\$ 370,000</u>		<u>\$ 465,000</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 440,000	\$ 209,105	\$ 370,000	\$ 15,170	\$ 465,000	\$ 11,625
600,000	209,105		15,170		
725,000	190,185				
855,000	164,385				
930,000	132,123				
955,000	92,365				
	46,795				
<u>\$ 4,505,000</u>	<u>\$ 1,044,063</u>	<u>\$ 370,000</u>	<u>\$ 30,340</u>	<u>\$ 465,000</u>	<u>\$ 11,625</u>

(Continued)

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE**  
**(Continued)**  
**April 30, 2018**

	Series 2012A		Series 2012B		Series 2013C	
Date of issue	October 11, 2012		November 1, 2012		December 23, 2013	
Interest rates	2.00% to 2.90%		2.00% to 3.00%		2.00% to 3.95%	
Principal redemption date	January 1		January 1		January 1	
Interest payment dates	July 1 and January 1		July 1 and January 1		July 1 and January 1	
Original issue	\$ 3,915,000		\$ 3,790,000		\$ 2,635,000	
Paid to date	<u>1,490,000</u>		<u>3,580,000</u>		<u>1,355,000</u>	
Balance, April 30, 2018	<u>\$ 2,425,000</u>		<u>\$ 210,000</u>		<u>\$ 1,280,000</u>	
Due as follows:						
April 30,	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 510,000	\$ 63,960	\$ 100,000	\$ 6,300	\$ 265,000	\$ 44,710
2020	520,000	51,210	110,000	3,300	270,000	36,760
2021	535,000	38,210			280,000	27,310
2022	320,000	24,300			170,000	17,510
2023	320,000	15,500			175,000	11,390
2024	220,000	6,380			120,000	4,740
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
	<u>\$ 2,425,000</u>	<u>\$ 199,560</u>	<u>\$ 210,000</u>	<u>\$ 9,600</u>	<u>\$ 1,280,000</u>	<u>\$ 142,420</u>

Series 2014		Series 2016A		Series 2016B	
December 30, 2014 2.00% to 4.00%		April 19, 2016 2.00% to 4.00%		April 19, 2016 4.00%	
January 1		January 1		January 1	
July 1 and January 1		July 1 and January 1		July 1 and January 1	
\$ 6,455,000		\$ 3,665,000		\$ 2,850,000	
<u>1,030,000</u>		<u>295,000</u>		<u>-0-</u>	
<u>\$ 5,425,000</u>		<u>\$ 3,370,000</u>		<u>\$ 2,850,000</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 615,000	\$ 204,200	\$ 140,000	\$ 112,850		\$ 114,000
665,000	185,750	150,000	109,350		114,000
730,000	165,800	170,000	105,600		114,000
785,000	136,600	175,000	100,500		114,000
860,000	105,200	190,000	95,250		114,000
685,000	70,800	600,000	89,550		114,000
1,085,000	43,400	625,000	71,550		114,000
		645,000	52,800	\$ 210,000	114,000
		675,000	27,000	220,000	105,600
				225,000	96,800
				240,000	87,800
				245,000	78,200
				255,000	68,400
				270,000	58,200
				280,000	47,400
				290,000	36,200
				300,000	24,600
				315,000	12,600
<u>\$ 5,425,000</u>	<u>\$ 911,750</u>	<u>\$ 3,370,000</u>	<u>\$ 764,450</u>	<u>\$ 2,850,000</u>	<u>\$ 1,527,800</u>

(Continued)

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE**  
(Continued)  
April 30, 2018

Totals

Original issue	\$ 63,340,000
Paid to date	<u>25,785,000</u>

April 30, 2018	<u><u>\$ 37,555,000</u></u>
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Due as follows:

<u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	\$ 5,290,000	\$ 1,490,883	\$ 6,780,883
2020	4,670,000	1,291,604	5,961,604
2021	3,910,000	1,116,694	5,026,694
2022	3,890,000	968,991	4,858,991
2023	4,235,000	816,024	5,051,024
2024	4,420,000	645,409	5,065,409
2025	3,495,000	465,788	3,960,788
2026	1,665,000	321,128	1,986,128
2027	1,745,000	251,693	1,996,693
2028	1,115,000	178,493	1,293,493
2029	1,165,000	129,888	1,294,888
2030	245,000	78,200	323,200
2031	255,000	68,400	323,400
2032	270,000	58,200	328,200
2033	280,000	47,400	327,400
2034	290,000	36,200	326,200
2035	300,000	24,600	324,600
2036	315,000	12,600	327,600
	<u><u>\$ 37,555,000</u></u>	<u><u>\$ 8,002,195</u></u>	<u><u>\$ 45,557,195</u></u>

**STATISTICAL SECTION**



**Table A-1**

**CITY OF KANKAKEE, ILLINOIS**  
**NET POSITION BY COMPONENT (Unaudited)**  
**Fiscal Years Ended April 30, 2009 to 2018**  
**(accrual basis of accounting)**  
**(amounts expressed in millions)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 45.3	\$ 43.7	\$ 46.9	\$ 42.8	\$ 49.1	\$ 44.7	\$ 45.9	\$ 48.0	\$ 48.4	\$ 51.3
Restricted	10.8	6.3	9.6	7.6	6.3	5.9	5.9	8.6	7.3	6.6
Unrestricted	<u>(47.5)</u>	<u>(41.1)</u>	<u>(45.6)</u>	<u>(40.0)</u>	<u>(44.2)</u>	<u>(33.0)</u>	<u>(29.6)</u>	<u>(110.3)</u>	<u>(108.5)</u>	<u>(114.2)</u>
Total governmental activities net position	<u>\$ 8.6</u>	<u>\$ 8.9</u>	<u>\$ 10.9</u>	<u>\$ 10.4</u>	<u>\$ 11.2</u>	<u>\$ 17.6</u>	<u>\$ 22.2</u>	<u>\$ (53.7)</u>	<u>\$ (52.8)</u>	<u>\$ (56.4)</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 24.9	\$ 21.3	\$ 22.3	\$ 21.8	\$ 20.9	\$ 20.1	\$ 20.6	\$ 19.6	\$ 18.1	\$ 16.5
Restricted	2.2	1.4	1.5	2.0	1.7	2.7	2.2	3.1	3.2	3.5
Unrestricted	<u>2.6</u>	<u>5.3</u>	<u>2.8</u>	<u>1.2</u>	<u>0.1</u>	<u>(3.5)</u>	<u>(2.5)</u>	<u>(3.4)</u>	<u>(4.2)</u>	<u>(4.9)</u>
Total business-type activities net position	<u>\$ 29.7</u>	<u>\$ 28.0</u>	<u>\$ 26.6</u>	<u>\$ 25.0</u>	<u>\$ 22.7</u>	<u>\$ 19.3</u>	<u>\$ 20.3</u>	<u>\$ 19.3</u>	<u>\$ 17.1</u>	<u>\$ 15.1</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 70.2	\$ 65.0	\$ 69.2	\$ 64.6	\$ 70.0	\$ 64.8	\$ 66.5	\$ 67.6	\$ 66.5	\$ 67.7
Restricted	13.0	7.7	11.1	9.6	8.0	8.6	8.1	11.7	10.5	10.1
Unrestricted	<u>(44.9)</u>	<u>(35.8)</u>	<u>(42.8)</u>	<u>(38.8)</u>	<u>(44.1)</u>	<u>(36.5)</u>	<u>(32.1)</u>	<u>(113.7)</u>	<u>(112.7)</u>	<u>(119.1)</u>
Total primary government net position	<u>\$ 38.3</u>	<u>\$ 36.9</u>	<u>\$ 37.5</u>	<u>\$ 35.4</u>	<u>\$ 33.9</u>	<u>\$ 36.9</u>	<u>\$ 42.5</u>	<u>\$ (34.4)</u>	<u>\$ (35.7)</u>	<u>\$ (41.3)</u>

Source: Audited Financial Statements

Note: There may be some slight differences in totals due to rounding.

**CITY OF KANKAKEE, ILLINOIS**  
**CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (Unaudited)**  
**Fiscal Years Ended April 30, 2009 to 2018**  
**(accrual basis of accounting)**  
**(amounts expressed in millions)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Program Revenues</b>										
Charges for services:										
General government	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.3	\$ 1.4	\$ 1.1	\$ 2.9	\$ 2.9	\$ 1.6	\$ 1.5
Public safety	0.6	0.6	0.6	0.5	0.6	0.6	0.7	1.0	2.3	2.5
Public works	0.4	0.6	0.1							
Community development	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Operating grants and contributions	4.0	3.4	4.3	3.9	3.2	3.0	2.7	3.1	2.7	2.3
Capital grants and contributions	<u>0.7</u>	<u>4.3</u>	<u>0.2</u>	<u>0.1</u>	<u>0.3</u>	<u>0.0</u>	<u>0.2</u>	<u>0.0</u>	<u>0.1</u>	<u>0.0</u>
Total program revenues	<u>7.0</u>	<u>10.2</u>	<u>6.5</u>	<u>5.9</u>	<u>5.6</u>	<u>4.8</u>	<u>6.6</u>	<u>7.0</u>	<u>6.7</u>	<u>6.4</u>
<b>Expenses</b>										
General government	\$ 8.6	\$ 8.3	\$ 8.8	\$ 8.2	\$ 7.8	\$ 7.8	\$ 8.0	\$ 11.8	\$ 6.9	\$ 7.3
Public safety	14.2	16.1	16.2	17.0	17.1	17.6	17.7	18.9	22.2	23.9
Public works	3.6	2.4	0.3							
Highways and streets	2.2	3.3	1.2	3.1	2.6	2.4	2.1	1.8	2.0	1.9
Community development	2.5	1.9	2.4	2.2	1.9	1.5	1.4	1.5	1.8	1.2
Culture and recreation	0.3	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Economic development	18.8	17.0	16.4	12.3	12.9	10.8	0.9	1.2	0.3	0.5
Interest and fiscal charges	<u>2.8</u>	<u>2.8</u>	<u>2.9</u>	<u>2.8</u>	<u>2.6</u>	<u>2.3</u>	<u>2.3</u>	<u>2.0</u>	<u>1.9</u>	<u>1.8</u>
Total expenses	<u>53.0</u>	<u>51.9</u>	<u>48.2</u>	<u>45.8</u>	<u>44.9</u>	<u>42.4</u>	<u>32.4</u>	<u>37.2</u>	<u>35.1</u>	<u>36.6</u>
Net revenue (expense)	<u>\$(46.0)</u>	<u>\$(41.7)</u>	<u>\$(41.7)</u>	<u>\$(39.9)</u>	<u>\$(39.3)</u>	<u>\$(37.6)</u>	<u>\$(25.8)</u>	<u>\$(30.2)</u>	<u>\$(28.4)</u>	<u>\$(30.2)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Property taxes	\$ 11.4	\$ 12.1	\$ 14.6	\$ 13.5	\$ 13.9	\$ 14.6	\$ 15.4	\$ 15.0	\$ 14.7	\$ 15.2
Special assessments	0.0	0.3	0.3	0.3	0.0	0.4	0.3	0.0	0.0	0.0
Illinois retailers' tax, net	24.4	21.1	21.3	18.7	18.6	16.5	6.0	4.7	3.9	3.7
Utility taxes	3.4	3.4	3.6	3.9	4.1	4.0	4.0	3.7	3.5	3.5
Other taxes	3.6	3.1	3.3	3.3	3.6	3.9	4.2	4.6	4.4	4.3
Intergovernmental, not restricted										
to specific programs	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Investment income	0.4	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1
Other	0.3	0.4	0.8	0.9	0.5	0.5	0.4	0.5	0.6	0.3
Contributions from developers										
Transfers	<u>(4.9)</u>	<u>1.5</u>	<u>(0.4)</u>	<u>(0.1)</u>	<u>0.1</u>	<u>3.9</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>0.3</u>	<u>0.2</u>
Total general revenues and other changes	<u>\$ 38.7</u>	<u>\$ 42.1</u>	<u>\$ 43.7</u>	<u>\$ 40.7</u>	<u>\$ 40.9</u>	<u>\$ 44.0</u>	<u>\$ 30.4</u>	<u>\$ 28.6</u>	<u>\$ 27.6</u>	<u>\$ 27.4</u>
Total change in net position	<u>\$( 7.3)</u>	<u>\$ 0.4</u>	<u>\$ 2.0</u>	<u>\$ 0.8</u>	<u>\$ 1.6</u>	<u>\$ 6.4</u>	<u>\$ 4.5</u>	<u>\$( 1.7)</u>	<u>\$( 0.8)</u>	<u>\$( 2.9)</u>

Note: There may be some slight differences in totals due to rounding.

**CITY OF KANKAKEE, ILLINOIS**  
**CHANGE IN NET POSITION - BUSINESS-TYPE ACTIVITIES**  
**AND TOTAL PRIMARY GOVERNMENT (Unaudited)**  
**Fiscal Years Ended April 30, 2009 to 2018**  
**(accrual basis of accounting)**  
**(amounts expressed in millions)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Business-type activities</b>										
Charges for services	\$ 10.0	\$ 12.6	\$ 12.0	\$ 12.6	\$ 12.7	\$ 16.6	\$ 17.4	\$ 17.3	\$ 17.9	\$ 17.6
Expenses	<u>12.2</u>	<u>14.2</u>	<u>13.9</u>	<u>14.3</u>	<u>14.6</u>	<u>15.7</u>	<u>16.6</u>	<u>17.8</u>	<u>18.6</u>	<u>18.8</u>
Net business-type revenues (expenses)	<u>(2.2)</u>	<u>(1.6)</u>	<u>(1.9)</u>	<u>(1.7)</u>	<u>(1.9)</u>	<u>0.9</u>	<u>0.7</u>	<u>(0.5)</u>	<u>(0.7)</u>	<u>(1.2)</u>
Other income and changes in net position:										
Investment income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.8
Contributions from developers										
Transfers	<u>4.9</u>	<u>1.2</u>	<u>0.8</u>	<u>0.1</u>	<u>(0.1)</u>	<u>(3.9)</u>	<u>0.1</u>	<u>0.1</u>	<u>(0.3)</u>	<u>(0.2)</u>
Total other income and changes in net position	<u>4.9</u>	<u>1.3</u>	<u>0.8</u>	<u>0.2</u>	<u>0.0</u>	<u>(3.8)</u>	<u>0.2</u>	<u>0.2</u>	<u>(0.3)</u>	<u>0.6</u>
Total change in net position	<u>2.7</u>	<u>(0.3)</u>	<u>(1.1)</u>	<u>(1.5)</u>	<u>(1.9)</u>	<u>(2.9)</u>	<u>1.0</u>	<u>(0.3)</u>	<u>(1.0)</u>	<u>(0.6)</u>
<b>Total Primary Government</b>										
Program revenues	\$ 17.0	\$ 22.7	\$ 18.5	\$ 18.5	\$ 18.3	\$ 21.3	\$ 24.0	\$ 24.4	\$ 25.0	\$ 24.2
Expenses	<u>(65.4)</u>	<u>(66.2)</u>	<u>(62.1)</u>	<u>(60.8)</u>	<u>(59.6)</u>	<u>(58.0)</u>	<u>(49.0)</u>	<u>(54.9)</u>	<u>(53.7)</u>	<u>(55.5)</u>
Net revenues (expenses)	(48.4)	(43.5)	(43.6)	(42.3)	(41.3)	(36.7)	(25.0)	(30.5)	(28.7)	(31.2)
General revenues and other changes in net position	<u>43.8</u>	<u>43.4</u>	<u>42.9</u>	<u>40.3</u>	<u>40.8</u>	<u>40.2</u>	<u>30.5</u>	<u>28.6</u>	<u>27.3</u>	<u>28.0</u>
Total change in net position	<u>\$ (4.6)</u>	<u>\$ (0.1)</u>	<u>\$ (0.7)</u>	<u>\$ (2.0)</u>	<u>\$ (0.5)</u>	<u>\$ 3.5</u>	<u>\$ 5.5</u>	<u>\$ (1.9)</u>	<u>\$ (1.4)</u>	<u>\$ (3.2)</u>

Source: Audited Financial Statements

Note: There may be some slight differences in totals due to rounding.

Table A-4

**CITY OF KANKAKEE, ILLINOIS**  
**FUND BALANCES, GOVERNMENTAL FUNDS (Unaudited)**  
**Fiscal Years Ended April 30, 2009 to 2018**  
**(accrual basis of accounting)**  
**(amounts expressed in millions)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Nonspendable	\$ 0.9	\$ 0.5	\$ 0.5	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.5	\$ 0.4	\$ 0.3	\$ 0.3
Unassigned	<u>1.3</u>	<u>0.0</u>	<u>1.0</u>	<u>1.4</u>	<u>2.4</u>	<u>3.1</u>	<u>5.1</u>	<u>3.5</u>	<u>4.2</u>	<u>2.1</u>
Total General Fund	<u>\$ 2.2</u>	<u>\$ 0.5</u>	<u>\$ 1.5</u>	<u>\$ 1.8</u>	<u>\$ 2.8</u>	<u>\$ 3.5</u>	<u>\$ 5.6</u>	<u>\$ 3.9</u>	<u>\$ 4.5</u>	<u>\$ 2.4</u>
All Other Governmental Funds										
Restricted for:										
Capital projects fund	\$ 7.9	\$ 4.4	\$ 8.0	\$ 5.0	\$ 3.1	\$ 1.5	\$ 0.8	\$ 3.1	\$ 2.2	\$ 0.8
Unexpended street maintenance				1.3	1.4	1.8	1.5	1.5	1.1	0.8
Economic development				0.9	1.3	1.8	2.5	3.1	3.9	4.9
Culture & recreation				0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retirement obligations				0.4	0.5	0.5	0.6	0.7	0.9	1.0
Community development				0.2	0.2	0.1	0.1	0.1		
Special revenue funds	1.9	1.6	1.3							
Debt service funds	1.0	0.3	0.3	0.4	0.4	0.8	1.2	1.0	0.2	0.1
Unassigned, reported in:										
Special revenue funds	0.7	0.3	0.8	(0.1)	(0.4)	(0.3)	(0.4)	(0.6)	(1.1)	(0.1)
Debt service funds	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total all other governmental funds	<u>\$ 11.5</u>	<u>\$ 6.6</u>	<u>\$ 10.4</u>	<u>\$ 8.1</u>	<u>\$ 6.5</u>	<u>\$ 6.2</u>	<u>\$ 6.3</u>	<u>\$ 8.9</u>	<u>\$ 7.2</u>	<u>\$ 6.5</u>
Total, all governmental funds	<u>\$ 13.7</u>	<u>\$ 7.1</u>	<u>\$ 11.9</u>	<u>\$ 9.9</u>	<u>\$ 9.3</u>	<u>\$ 9.7</u>	<u>\$ 11.9</u>	<u>\$ 12.8</u>	<u>\$ 11.7</u>	<u>\$ 8.9</u>

Source: Audited Financial Statements

Note: There may be some slight differences in totals due to rounding.

Table A-5

**CITY OF KANKAKEE, ILLINOIS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (Unaudited)**  
**Fiscal Years Ended April 30, 2009 to 2018**  
**(modified accrual basis of accounting)**  
**(amounts expressed in millions)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Taxes	\$ 42.9	\$ 39.8	\$ 42.7	\$ 38.8	\$ 40.1	\$ 39.0	\$ 29.5	\$ 27.9	\$ 26.6	\$ 26.7
Special assessments	0.3	0.3	0.3	0.3	0.0	0.4	0.3	0.3	0.3	0.3
Licenses, fees and permits	1.1	1.2	1.3	1.4	1.6	1.3	3.1	3.4	3.4	3.5
Intergovernmental	4.7	3.6	4.5	4.1	3.6	3.0	3.0	3.1	2.7	2.3
Charges for services	0.7	0.8	0.3	0.2	0.2	0.1	0.2	0.1	0.4	0.3
Fines and penalties	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.4
Investment earnings	0.4	0.1	0.1	0.1	0.5	0.1	0.1	0.1	0.1	0.1
Other revenues	0.3	0.7	0.8	0.9	0.0	0.5	0.4	0.5	0.7	0.8
<b>Total revenues</b>	<b>\$ 50.8</b>	<b>\$ 46.9</b>	<b>\$ 50.4</b>	<b>\$ 46.2</b>	<b>\$ 46.3</b>	<b>\$ 44.9</b>	<b>\$ 37.0</b>	<b>\$ 35.8</b>	<b>\$ 34.6</b>	<b>\$ 34.6</b>
<b>Expenditures</b>										
General government	\$ 8.2	\$ 7.6	\$ 7.2	\$ 6.8	\$ 6.7	\$ 7.1	\$ 6.8	\$ 7.1	\$ 7.1	\$ 6.5
Public safety	22.8	16.0	16.1	16.9	17.0	17.4	17.4	18.6	18.2	17.8
Public works	3.5	2.6	0.3							
Highways and streets	4.0	2.8	1.3	2.2	1.7	1.4	1.3	1.2	1.1	1.9
Community development	2.5	1.9	2.4	2.2	1.9	1.5	1.4	1.5	1.9	1.2
Culture and recreation	0.3	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Economic development	18.8	16.5	16.4	12.4	12.9	10.8	0.9	1.2	0.3	0.5
Debt service:										
Principal retirement	3.9	4.2	4.6	4.8	4.9	4.6	4.8	4.9	5.6	5.7
Interest and fiscal charges	3.4	2.7	3.1	2.9	2.8	2.4	2.4	2.1	1.9	1.9
<b>Total expenditures</b>	<b>\$ 67.4</b>	<b>\$ 54.4</b>	<b>\$ 51.4</b>	<b>\$ 48.4</b>	<b>\$ 47.9</b>	<b>\$ 45.2</b>	<b>\$ 35.0</b>	<b>\$ 36.6</b>	<b>\$ 36.1</b>	<b>\$ 35.5</b>
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing	\$ 17.6		\$ 5.0					\$ 3.0		
Proceeds from refunding	15.1		1.7	\$ 4.8	\$ 7.9	\$ 2.7	\$ 6.8	3.8		
Payments to escrow agent	(11.0)		(1.7)	(4.7)	(7.7)	(5.7)	(6.7)	(3.7)		
Proceeds from disposal of capital assets										
Transfers in	4.7	\$ 4.4	4.5	2.9	3.0	6.3	1.8	2.7	\$ 1.9	\$ 2.8
Transfers out	(9.6)	(2.9)	(3.7)	(3.0)	(2.9)	(2.3)	(1.9)	(2.8)	(1.7)	(2.6)
<b>Total other financing sources (uses)</b>	<b>\$ 16.8</b>	<b>\$ 1.5</b>	<b>\$ 5.8</b>	<b>\$ 0.0</b>	<b>\$ 0.3</b>	<b>\$ 1.0</b>	<b>\$ 0.0</b>	<b>\$ 3.0</b>	<b>\$ 0.2</b>	<b>\$ 0.2</b>
<b>Net change in fund balances</b>	<b>\$ 0.2</b>	<b>\$ (6.0)</b>	<b>\$ 4.8</b>	<b>\$ (2.2)</b>	<b>\$ (1.3)</b>	<b>\$ 0.7</b>	<b>\$ 2.0</b>	<b>\$ 2.2</b>	<b>\$ (1.3)</b>	<b>\$ (0.8)</b>
<b>Capital outlay (included in expenditures above)</b>	<b>\$ 12.2</b>	<b>\$ 1.6</b>	<b>\$ 1.6</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ 0.6</b>	<b>\$ 0.3</b>	<b>\$ 0.9</b>	<b>\$ 1.0</b>	<b>\$ 1.4</b>
<b>Debt service as a percentage of non-capital expenditures</b>	<b>13.2%</b>	<b>13.1%</b>	<b>15.5%</b>	<b>15.9%</b>	<b>16.1%</b>	<b>15.7%</b>	<b>20.7%</b>	<b>19.6%</b>	<b>21.4%</b>	<b>22.4%</b>

Source: Audited Financial Statements

Note: There may be some slight differences in totals due to rounding.

Table B-1

**CITY OF KANKAKEE, ILLINOIS**  
**ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (Unaudited)**  
**LEVY YEARS 2008 - 2017**  
**(amounts expressed in thousands)**

Levy Year						Valuation, <u>City of Kankakee</u>		Ratio, Assessed/ Actual	City Direct Rate <sup>1</sup>
	Residential <sup>2</sup>	Commercial <sup>2</sup>	Industrial <sup>2</sup>	Farm <sup>2</sup>	Railroad <sup>2</sup>	Assessed <sup>2</sup>	Actual <sup>2</sup>		
2017	\$ 112,361	78,823	\$ 19,310	\$ 539	\$ 2,335	213,369	640,108	33.3%	6.040
2016	\$ 110,239	79,094	\$ 19,775	\$ 524	\$ 2,437	212,069	636,206	33.3%	6.040
2015	\$ 115,988	81,793	\$ 21,914	\$ 467	\$ 2,534	222,696	668,089	33.3%	7.040
2014	122,677	80,826	22,082	425	2,269	228,279	684,838	33.3%	6.879
2013	130,167	80,839	22,486	395	2,310	236,198	708,594	33.3%	6.817
2012	147,614	81,104	21,058	371	2,256	252,403	757,209	33.3%	6.156
2011	164,041	79,539	21,613	374	2,185	267,752	803,255	33.3%	5.448
2010	182,769	82,501	21,676	448	1,887	289,282	867,845	33.3%	4.880
2009	182,470	83,328	21,645	428	1,682	289,554	868,661	33.3%	4.785
2008	183,737	81,298	20,377	467	1,382	287,261	861,782	33.3%	3.997

Source: Office of the Kankakee County Clerk

Note: State law prescribes an assessment ratio of 33% of actual value.

<sup>1</sup>City direct rate is per \$100 EAV

<sup>2</sup>Amounts expressed in thousands

Note: There may be some slight differences in totals due to rounding.

Table B-2

**CITY OF KANKAKEE, ILLINOIS**  
**PROPERTY TAX RATES - PER \$100 ASSESSED VALUATION, DIRECT AND OVERLAPPING GOVERNMENT (Unaudited)**  
**LEVY YEARS 2008 - 2017**

LEVY YEAR	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>City Direct Rates</b>										
<b>General Fund:</b>										
General Corporate	\$0.008	\$0.008	\$0.006	\$0.007	\$0.008	\$0.009	\$0.010	\$0.010	\$0.011	\$0.011
Fire Protection	0.087	0.086	0.163	0.183	0.201	0.225	0.242	0.259	0.270	0.268
Police Protection	0.067	0.067	0.173	0.194	0.213	0.238	0.254	0.269	0.281	0.279
Firemen's Pension	0.547	0.797	0.753	0.826	0.936	1.087	1.181	1.252	1.406	1.533
Police Pension	0.501	0.699	0.661	0.792	0.897	1.014	1.119	1.216	1.438	1.543
School Crossing Guard	0.010	0.010	0.011	0.012	0.013	0.014	0.015	0.015	0.016	0.016
Liability Insurance	0.370	0.369	0.401	0.452	0.496	0.554	0.598	0.639	0.667	0.662
Audit	0.013	0.013	0.015	0.017	0.019	0.021	0.022	0.022	0.023	0.023
Debt Service	1.550	1.812	1.773	1.961	2.295	2.485	2.207	2.076	2.167	2.646
<b>Total General Fund</b>	<b>\$3.153</b>	<b>\$3.861</b>	<b>\$3.956</b>	<b>\$4.444</b>	<b>\$5.078</b>	<b>\$5.646</b>	<b>\$5.647</b>	<b>\$5.758</b>	<b>\$6.279</b>	<b>\$6.981</b>
<b>Special Revenue Funds</b>										
Parks	\$0.014	\$0.014	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Band	0.006	0.006	0.006	0.007	0.007	0.008	0.008	0.008	0.009	0.009
IMRF	0.203	0.280	0.295	0.323	0.355	0.382	0.401	0.415	0.434	0.431
Library	0.621	0.624	0.623	0.674	0.716	0.781	0.824	0.858	0.896	0.889
<b>Total Special Revenue Funds</b>	<b>\$0.844</b>	<b>\$0.924</b>	<b>\$0.924</b>	<b>\$1.004</b>	<b>\$1.078</b>	<b>\$1.171</b>	<b>\$1.232</b>	<b>\$1.282</b>	<b>\$1.338</b>	<b>\$1.329</b>
<b>Total City Direct Rate</b>	<b>\$3.997</b>	<b>\$4.785</b>	<b>\$4.880</b>	<b>\$5.448</b>	<b>\$6.156</b>	<b>\$6.817</b>	<b>\$6.879</b>	<b>\$7.040</b>	<b>\$7.618</b>	<b>\$8.309</b>
<b>Special District and Overlapping Unit Rates</b>										
Special Service Area No. 1	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000
Special Service Area No. 2	0.039	0.040	0.040	0.044	0.049	0.057	0.059	0.060	0.060	0.060
Special Service Area No. 3	0.952	0.083	0.083	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Special Service Area No. 5	0.300	0.300	0.300	0.145	0.154	0.163	0.174	0.181	0.196	0.206
Kankakee Township (including Road & Bridge)	0.511	0.515	0.533	0.569	0.618	0.674	0.702	0.722	0.753	0.766
Kankakee School Dist. No. 11	4.294	4.319	4.325	4.695	4.491	5.377	5.656	5.925	6.198	6.267
Kankakee Valley Airport Authority	0.039	0.038	0.038	0.040	0.041	0.044	0.045	0.045	0.045	0.044
Kankakee Valley Park District	0.518	0.519	0.526	0.568	0.618	0.464	0.702	0.730	0.766	0.760
Kankakee County Forest Preserve District	0.056	0.057	0.059	0.060	0.600	0.060	0.060	0.060	0.060	0.060
Kankakee County	0.816	0.807	0.833	0.890	0.953	1.022	1.053	1.142	1.133	1.137
Kankakee Community College District #520	0.377	0.384	0.396	0.404	0.417	0.451	0.461	0.485	0.486	0.503
<b>Total Overlapping Units</b>	<b>\$9.902</b>	<b>\$9.062</b>	<b>\$9.133</b>	<b>\$9.515</b>	<b>\$10.041</b>	<b>\$10.411</b>	<b>\$11.011</b>	<b>\$11.450</b>	<b>\$11.797</b>	<b>\$11.902</b>
<b>Overall Tax Rate</b>	<b>\$13.899</b>	<b>\$13.847</b>	<b>\$14.013</b>	<b>\$14.963</b>	<b>\$16.197</b>	<b>\$17.228</b>	<b>\$17.890</b>	<b>\$18.489</b>	<b>\$19.415</b>	<b>\$20.211</b>

**Note:** Each taxing unit levies a total dollar amount. The rate is then determined by the County by dividing the levy by the taxable equalized assessed value of the property within each taxing unit's district.

Source: Tax bills for respective years

Note: There may be some slight differences due to rounding.

**Table B-3**

**CITY OF KANKAKEE  
PRINCIPAL PROPERTY TAXPAYERS (Unaudited)  
LEVY YEARS 2008 AND 2017 (10 YEARS, PRIOR AND CURRENT LEVY YEAR)**

<u><b>Taxpayer</b></u>	<u>Levy year 2008</u>			<u>Levy year 2017</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Walmart	\$ 2,550,146	8		\$ 3,638,933	1	1.71%
BASF Cognis Corporation	4,983,222	1	2.56%	2,958,332	2	1.39%
Great Oak LLC	3,331,940	2	1.14%			
Riverstone Hotel Partners LLC	2,878,702	4	1.01%			
Riverside Senior Living Center	2,849,634	5	1.00%	2,849,634	3	1.34%
IKO Midwest, Inc.				2,839,129	4	1.33%
Presence Properties (Med Centers)				2,702,837	5	1.27%
Riverwoods Preservation, LP	2,609,679	6	0.88%	2,609,679	6	1.22%
Space Center Chicago, Inc.	2,557,311	7	0.90%	2,557,311	7	1.20%
Cor Unum	2,169,030	9	0.76%	2,169,030	8	1.02%
Kohl Apartments			0.67%	1,711,248	9	0.80%
Armstrong World Industries, Inc.	2,989,650	3	1.02%	1,658,502	10	0.78%
Heritage Executive Center, Inc.	2,116,658	10	0.74%			
Total	<u>\$ 29,035,972</u>		<u>10.11%</u>	<u>\$ 25,694,635</u>		<u>12.04%</u>
Total EAV	<u>\$ 287,260,631</u>			<u>\$ 213,369,479</u>		

Source: Kankakee County Supervisor of Assessments

**CITY OF KANKAKEE, ILLINOIS  
PROPERTY TAX LEVIES AND COLLECTIONS (Unaudited)  
LEVY YEARS 2008 - 2017**

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<b>Tax Levy Year</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy Amount</b>	<b>Percentage of Levy</b>
2017	\$ 16,603,108	\$ 16,142,313	97.2%
2016	15,120,153	14,438,400	95.5%
2015	14,591,758	14,021,562	96.1%
2014	14,698,858	14,366,873	97.7%
2013	15,107,818	14,613,899	96.7%
2012	14,542,067	14,338,748	98.6%
2011	13,699,916	13,878,101	101.3%
2010	13,293,730	13,273,991	99.9%
2009	12,300,212	12,328,309	100.2%
2008	10,438,232	10,325,580	98.9%

Property taxes levied during the current fiscal year are not extended and/or collected until the subsequent fiscal year. Therefore, no property taxes are collected for the most recent tax levy year at the close of the current fiscal year.

Property taxes not paid at the time of the payment deadline are sold by the County Treasurer at auction. The proceeds from the sale of the unpaid taxes are remitted by the County to the City by the end of each calendar year. Therefore, there are no tax collections for subsequent years. The property owners then have two years to purchase the taxes back through the County before title to the property passes to the holder of the paid taxes.

The County Clerk rounds the levy to assure the full levy is extended. Periodically, this results in property tax collections slightly greater than 100% for a particular levy year.

**CITY OF KANKAKEE, ILLINOIS**  
**OUTSTANDING DEBT (PRINCIPAL AND INTEREST) BY TYPE AND LEGAL DEBT MARGIN (Unaudited)**  
**Fiscal Years Ended April 30, 2009 to 2018**

Fiscal Year Ended	Governmental Activities		Business-type Activities			Total Primary Government (A+B+E)	Total Debt per Capita	Total Debt as a % of Personal Income
	General Obligation Bonds (A)	Installment Loans (B) <sup>2</sup>	Revenue Bonds (C)	Other Loans (D)	Total Business-type (C+D+E)			
2018	\$ 37,555,000	\$ 70,000	\$ 18,895,000	\$ 3,693,577 <sup>3</sup>	22,588,577	60,213,577	2,187	5.5%
2017	42,422,035	940,965	19,625,000	\$ 3,874,442 <sup>3</sup>	23,499,442	66,862,442	2,428	6.4%
2016	47,674,531	1,297,580	20,125,000	\$ 3,921,202 <sup>3</sup>	24,046,202	73,018,313	2,652	7.1%
2015	49,294,656	1,640,416	13,570,000		13,570,000	64,505,072	2,342	6.3%
2014	53,687,327	1,970,020	14,035,000		14,035,000	69,692,347	2,531	7.1%
2013	60,842,327	2,286,919	8,315,000	\$ 4,350,000 <sup>1</sup>	12,665,000	75,794,246	2,752	7.8%
2012	65,302,327	2,591,617	8,765,000	\$ 4,000,000 <sup>1</sup>	12,765,000	80,658,944	2,929	8.6%
2011	69,687,327	2,884,600	9,205,000		9,205,000	81,776,927	2,970	8.9%
2010	68,912,327	3,166,333	6,795,000		6,795,000	78,873,660	2,869	8.9%
2009	72,817,327	3,484,556	2,970,000		2,970,000	79,271,883	2,884	9.0%

<sup>1</sup>Line of credit

<sup>2</sup>Installment loan

<sup>3</sup>Illinois EPA Loan

COMPUTATION OF LEGAL DEBT MARGIN -

The City of Kankakee, Illinois is a "Home Rule" unit as established by the 1970 Illinois Constitution. As a Home Rule Community, no statutory debt limit exists.

**Table C-2**

**CITY OF KANKAKEE, ILLINOIS**  
**RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING (Unaudited)**  
**Fiscal Years Ended April 30, 2009 to 2018**

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<u>Fiscal Year Ended</u>	<u>GO Bonds</u>	<u>GO Debt Per Capita</u>	<u>GO Debt as a % of Personal Income</u>	<u>GO Debt as a % of Actual Property EAV</u>	<u>GO Debt as a % of Actual Property Value</u>	<u>Revenue Coverage, Utility Bonds</u>
2018	\$ 37,555,000	\$ 1,364	3.4%	17.6%	5.9%	2.05
2017	42,422,035	\$ 1,541	4.0%	19.9%	6.6%	2.36
2016	47,674,531	\$ 1,731	4.6%	22.3%	7.4%	2.39
2015	49,294,656	1,790	4.8%	21.6%	7.2%	2.55
2014	53,687,327	1,950	5.5%	22.7%	7.6%	2.82
2013	60,842,327	2,209	6.3%	24.1%	8.0%	1.06
2012	65,302,327	2,371	7.0%	24.4%	8.1%	2.48
2011	69,687,327	2,531	7.4%	24.1%	8.0%	0.69
2010	68,912,327	2,507	7.7%	23.8%	7.9%	3.80
2009	72,817,327	2,649	8.3%	25.3%	8.4%	0.19

Population and personal income from Table D-1

Source of Revenue coverage calculation: City Records

**CITY OF KANKAKEE, ILLINOIS  
STATEMENT OF DIRECT AND OVERLAPPING DEBT (Unaudited)  
April 30, 2018**

<u>Jurisdiction</u>	<u>Outstanding Debt</u>	<u>Estimate</u>	
		<u>Percent</u>	<u>Applicable to City Amount</u>
<b>Direct</b>			
City of Kankakee <sup>(1)</sup>	\$ 37,555,000	100.00%	\$ 37,555,000
<b>Overlapping <sup>(2)</sup></b>			
Kankakee School District No. 111	34,410,000	64.30%	22,125,630
Herscher School District No. 2	18,270,000	0.71%	129,717
Bradley School District No. 61	2,395,000	5.01%	119,990
Bradley-Bourbonnais High School District No. 307	4,180,000	1.50%	62,700
Clifton School District No. 4	8,528,294	1.82%	155,215
Bourbonnais Township Park District	3,217,715	1.69%	54,379
Kankakee Community College Dist. No. 520	10,215,000	9.81%	1,002,092
Kankakee County <sup>3</sup>		12.22%	-
Total Overlapping Debt	<u>81,216,009</u>		<u>23,649,722</u>
Total Net Direct and Overlapping Debt			<u>\$ 61,204,722</u>

2017 Equalized Assessed Valuation (EAV)	\$ 213,369,479
2017 Estimated Full Valuation	\$ 640,108,437
Population - 2010 Census	27,537
Full Valuation per Capita	\$ 23,245

Debt Ratios

	<u>% EAV</u>	<u>% Full Value</u>	<u>Per Capita</u>
Net Direct Debt: \$ 37,555,000	17.60%	5.87%	\$ 1,364
Net Direct and Overlapping Debt: \$ 61,204,722	28.68%	9.56%	\$ 2,223

(1) Net direct debt is exclusive of self-supporting debt

(2) Debt Information current to December 2017; overlapping bonded debt; source is Kankakee County

(3) The County's bonded debt totals \$11,630,000 all of which is self-supporting

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF UTILITY REVENUE SUPPORTED BOND COVERAGE (UNAUDITED)**  
**Fiscal Years Ended April 30, 2009 to 2018**

<u>Fiscal Year (1)</u>	<u>Sewer Revenue</u>	<u>Sewer Expense (2)</u>	<u>Net Revenues Available for Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage (3)</u>
2018	\$ 14,743,933	\$11,315,662	\$ 3,428,271	\$ 805,000	\$ 863,573	1,668,573	2.05
2017	14,868,500	11,043,874	3,824,626	730,000	890,792	1,620,792	2.36
2016	13,647,571	10,492,966	3,154,605	500,000	818,309	1,318,309	2.39
2015	12,193,849	9,331,313	2,862,536	480,000	642,685	1,122,685	2.55
2014	11,502,262	8,526,303	2,975,959	465,000	589,788	1,054,788	2.82
2013	9,293,626	8,374,382	919,244	450,000	420,195	870,195	1.06
2012	9,426,813	7,284,586	2,142,227	440,000	424,515	864,515	2.48
2011	8,626,955	7,212,080	2,409,054	3,030,000	438,202	3,468,202	0.69
2010	7,872,919	6,392,731	1,480,188	175,000	214,788	389,788	3.80
2009	7,692,088	7,053,293	638,795	3,078,923	356,250	3,435,173	0.19

(1) Beginning Fiscal Year 2014, principal and interest payments on revenue bonds have been made on their due date at the beginning of the following fiscal year and recorded as payables due within one year in the Proprietary Fund Statement of Net Position.

(2) Total operating expenses exclusive of depreciation.

(3) Net revenues available for debt service divided by debt service payments.

Table D-1

**CITY OF KANKAKEE, ILLINOIS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS (Unaudited)**  
**Fiscal Years Ended April 30, 2009 to 2018**

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<u>Fiscal Year Ended</u>	<u>Population</u> <sup>1</sup>	<u>Per Capita Personal Income</u> <sup>2</sup>	<u>Total Personal Income</u>	<u>Unemployment Rate</u> <sup>3</sup>
2018	27,537	\$ 39,862	1,097,679,894	4.8%
2017	27,537	38,171	1,051,114,827	4.7%
2016	27,537	37,400	1,029,883,800	6.1%
2015	27,537	37,400	1,029,883,800	6.0%
2014	27,537	35,657	981,886,809	8.6%
2013	27,537	35,147	967,842,939	11.3%
2012	27,537	34,013	936,615,981	14.5%
2011	27,537	33,379	919,157,523	15.0%
2010	27,491	32,379	890,131,089	16.7%
2009	27,491	32,008	879,931,928	15.5%

<sup>1</sup> Census Bureau, 2010

<sup>2</sup> U.S. Bureau of Economic Analysis for Kankakee Metro Statistical Area

<sup>3</sup> April 2018, Illinois Department of Employment Security

**Table D-2**

**CITY OF KANKAKEE, ILLINOIS**  
**LARGEST REGIONAL EMPLOYERS (Unaudited)**  
**Fiscal Years Ended April 30, 2009 and April 30, 2018**

<u>Employer</u>	2009			2018		
	<u>Number of Employees</u>	<u>Rank</u>	<u>% of Total County Population</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>% of Total County Population</u>
Riverside Healthcare	2,100	1	2.0%	3,015	1	2.7%
CSL Behring	575	7	0.6%	1,600	2	1.4%
CIGNA (Connecticut General Insurance)	778	4	0.7%	1,200	3	1.1%
Shapiro Developmental Center	1,240	2	1.2%	1,150	4	1.0%
AMITA Healthcare - St. Mary's Hospital	800	3	0.8%	1,136	5	1.0%
Kankakee School District No. 111	760	5	0.7%	950	6	0.8%
Van Drunen Farms	370		0.4%	720	7	0.6%
Kankakee County Government	536	9	0.5%	551	8	0.5%
Olivet Nazarene University	450	10	0.4%	550	9	0.5%
Baker & Taylor Company	736	6	0.7%	540	10	0.5%
Nucor Steel <sup>1</sup>			0.0%	500	11	0.4%
Kankakee Community College	551	8	0.5%	444	12	0.4%
Indian Oaks Academy <sup>1</sup>				364	13	0.3%
Illinois Veterans Home <sup>1</sup>				341	14	0.3%
Del Monte Fresh Produce, N.A., Inc. <sup>1</sup>				312	15	0.3%
<b>Total</b>	<b>8,896</b>		<b>8.6%</b>	<b>13,373</b>		<b>11.8%</b>

<sup>1</sup>Employer was not in top 15 in calendar 2009

Source: Economic Alliance of Kankakee County  
City of Kankakee records from fiscal 2009 audit

**Table E-1**

**CITY OF KANKAKEE, ILLINOIS**  
**FULL-TIME EQUIVALENT EMPLOYEES (Unaudited)**  
**Fiscal Years Ended April 30, 2009 to 2018**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>General Government</b>										
Mayor and Council	16.0	16.0	16.0	16.0	16.0	17.0	17.0	17.0	17.0	16.0
Human Resources	1.5	1.5	1.5	1.5	1.5	1.5	-	-	-	1.0
Clerk	3.0	3.0	3.0	2.5	2.5	2.5	2.5	2.5	3.0	2.0
<b>Finance/Central Services</b>										
Accounting	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0
Billing and Collections	1.5	1.5	1.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
<b>Legal</b>										
Counsel and Legal	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0
Adjudication	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0
<b>Senior Aides</b>	2.0	2.0	-	-	-	-	-	-	-	-
<b>Public Safety</b>										
Police										
Officers	74.0	74.0	70.0	69.0	70.0	69.0	67.0	68.0	68.0	67.0
Civilians	13.0	13.0	12.0	7.0	7.5	9.0	4.0	4.0	4.0	4.5
Fire										
Firefighters and Officers	58.0	58.0	56.0	52.0	53.0	51.0	48.0	48.0	48.0	47.0
Civilians	2.0	2.0	2.0	1.0	1.0	3.0	2.0	2.0	2.0	2.0
Code	15.0	15.0	12.0	9.0	9.0	12.0	10.0	9.0	10.0	8.0
<b>Public Works</b>										
Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Garage	4.0	4.0	4.0	3.0	3.0	3.0	3.0	1.0	4.0	2.0
Streets, Alleys, and Solid Waste	21.0	21.0	22.0	25.0	29.0	24.0	24.0	22.0	22.0	26.0
Parks	1.0	1.0	-	-	-	-	-	-	-	-
<b>Community Development Agency</b>	9.0	9.0	9.0	9.0	7.0	5.5	6.0	6.0	4.0	2.0
<b>Environmental Services Utility</b>										
Administration and clerical	3.0	3.0	2.0	1.0	5.0	5.0	5.0	5.0	6.0	4.0
Lab	5.0	5.0	5.0	6.0	6.0	4.0	4.0	6.0	5.0	5.0
Sewer services	9.0	9.0	9.0	9.0	7.0	6.0	9.0	9.0	11.0	10.0
Technical services	11.0	11.0	11.0	9.0	8.0	5.0	4.0	4.0	6.0	6.0
Building maintenance	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
Plant operations and maintenance	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u>262.0</u>	<u>262.0</u>	<u>248.0</u>	<u>232.5</u>	<u>238.0</u>	<u>230.0</u>	<u>218.0</u>	<u>216.0</u>	<u>222.5</u>	<u>213.0</u>

Source: City records

Note: There may be some slight differences in totals due to rounding

**CITY OF KANKAKEE, ILLINOIS**  
**OPERATING INDICATORS (Unaudited)**  
**Fiscal Years Ended April 30, 2009 to April 30, 2018**

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public Safety										
Police										
Total arrests	2,366	2,225	2,038	2,038	2,230	1,494	1,498	1,391	1,397	1,345
Traffic citations	5,279	3,540	5,260	5,260	3,330	4,217	5,296	5,983	7,482	3,885
Fire										
Fire runs	2,727	2,328	2,509	5,377	5,372	4,299	5,569	5,547	5,891	5,907
Structure fires	144	173	123	88	57	168	51	48	145	175
EMS calls	3,723	3,768	3,782	3,658	3,685	3,941	4,391	4,468	4,786	4,891
Public Works										
Street Sweepings (tons)	1,079	903	478	478	475	568	603	689	662	555
Non-demolition waste (tons)	922	613	656	656	665	774	672	839	881	295
Wastewater										
Number of customers										
Residential and commercial	8,043	7,907	7,985	7,957	7,683	7,683	7,683	7,566	7,250	7,803
Industrial and institutional	40	40	40	44	45	46	46	46	45	49
Sewer charges (in thousands of \$'s)										
Residential	\$ 2,737	\$ 3,222	\$ 3,373	\$ 3,718	\$ 3,491	\$ 4,065	\$ 4,167	\$ 4,460	\$ 4,391	\$ 5,185
Industrial	\$ 4,372	\$ 4,729	\$ 5,076	\$ 5,709	\$ 5,355	\$ 7,437	\$ 7,220	\$ 9,188	\$ 8,240	\$ 9,559
Treatment capacity (MGD)	14	14	14	14	14	25	25	25	25	25
Present Load (MGD)	8	8	8	8	8	12	16	18	18	16

Source: City records

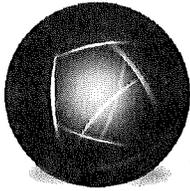
**CITY OF KANKAKEE, ILLINOIS**  
**CAPITAL ASSET STATISTICS (Unaudited)**  
**Fiscal Years Ended April 30, 2009 to April 30, 2018**

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	25	25	25	25	25	22	22	24	24	24
Fire										
Stations	7	7	7	7	7	7	7	7	7	7
Front-line apparatus	7	7	7	7	7	7	7	7	7	7
Public works										
Streets (miles)	270	270	270	270	270	270	270	270	270	270
Alleys (miles)	113	113	113	113	113	113	113	113	113	113
Bridges	17	17	17	17	17	17	17	17	17	17
Sidewalks (miles)	222	222	222	222	222	222	222	222	222	222
Streetlights	192	192	192	192	192	192	192	192	192	192
Traffic signals (intersections)	33	33	33	33	33	33	33	33	33	33
Storm sewers (miles)	122	122	122	122	122	122	122	122	122	122
Wastewater										
Sanitary sewers (miles)	145	145	145	145	145	145	145	145	145	145

Source: City records

**SINGLE AUDIT SECTION**





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and City Council  
City of Kankakee, Illinois

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kankakee, Illinois (the City), as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated November 10, 2019. Our report includes a reference to other auditors who audited the financial statements of Kankakee River Metropolitan Agency, a joint venture, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-01 that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City's Response to Findings**

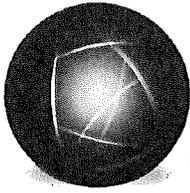
City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Groskreutz, Abraham, Eskleman & Geretse LLC*

Kankakee, Illinois  
November 10, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Mayor and City Council  
City of Kankakee, Illinois

**Report on Compliance for Each Major Federal Program**

We have audited the City of Kankakee, Illinois' (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended April 30, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2018.

### ***Other Matter***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-101. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-101, that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Groskreutz, Abraham, Eskleman & Geretse LLC*

Kankakee, Illinois  
November 10, 2019

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended April 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b><u>MAJOR PROGRAMS</u></b>			
<u>Department of Housing and Urban Development</u>			
Lead-Based Paint Abatement	14.900	ILL HB 0590-14	\$ 766,966
Total Major Programs			<u>766,966</u>
<b><u>OTHER PROGRAMS</u></b>			
<u>Environmental Protection Agency</u>			
Passed-through Stantec Consulting Services Inc.: Small Business Liability Relief and Brownfields Revitalization Act	66.818	BF-00E01381	<u>30,775</u>
Total Environment Protection Agency			<u>30,775</u>
<u>Department of Transportation</u>			
Passed-through Illinois Department of Transportation:			
Highway Planning and Construction	20.205	C-93-121-12	29,691
Highway Safety Project	20.600	OP170040	12,448
Highway Safety Project	20.600	OP180028	<u>10,480</u>
Total Department of Transportation			<u>52,619</u>
<u>Department of Housing and Urban Development</u>			
Community Development Block Grant:			
Program year 2018	14.218	B-18-MC-17-0026	1,600
Program year 2016	14.218	B-16-MC-17-0026	181,784
Program year 2015	14.218	B-15-MC-17-0026	<u>85,712</u>
Total Department of Housing and Urban Development			<u>269,096</u>

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
(Continued)  
For the year ended April 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>Department of Justice</u>			
JAG Program Cluster:			
FY2016 Justice Assistance Grant Program	16.738	2016-DJ-BX-1093	\$ 9,007
Passed-through Illinois Criminal Justice Information Authority:			
Edward Byrne Memorial Justice Assistance	16.738	415705	68,396
Edward Byrne Memorial Justice Assistance	16.738	414005	58,899
			<u>127,295</u>
Total Department of Justice			<u>136,302</u>
<u>Department of Homeland Security</u>			
Fire Prevention and Safety	97.044	EMW-2013-FP-00119	680
Total Department of Homeland Security			<u>680</u>
<u>National Endowment for the Humanities</u>			
Passed-through Illinois State Library:			
Project Next Generation - Civic Awareness Project	45.310	18-3014-PNG	14,126
Total National Endowment for the Humanities			<u>14,126</u>
Total Other Programs			<u>503,598</u>
Total Federal Awards			<u>\$1,270,564</u>

**CITY OF KANKAKEE, ILLINOIS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended April 30, 2018**

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**SIGNIFICANT ACCOUNTING POLICIES:**

The City's accounting records are maintained in accordance with the accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board.

The significant accounting policies followed by the City are as follows:

Reporting Entity

The financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Under modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers grant revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual basis of accounting.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until earned.

Subrecipients

The City did not have any subrecipients.

Other information

The City did not receive any federal insurance or non-cash assistance.

10% De Minimis Indirect Cost Rate

The City has elected the 10% de minimis indirect cost rate.

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended April 30, 2018**

**SECTION I – SUMMARY OF AUDITORS RESULTS:**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?   X   yes        no

Significant deficiency(ies) identified that are not considered to be material weakness(es)?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?        yes   X   no

Significant deficiency(ies) identified that are not considered to be material weakness(es)?   X   yes       

Type of auditors report issued on compliance for major programs: Unqualified

Any audit finding disclosed that are required to be reported in accordance with 2CFR 200.516(a)?   X   yes        no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.900	Lead-Based Paint Abatement

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?        yes   X   no

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(Continued)**  
**For the year ended April 30, 2018**

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**SECTION II – FINANCIAL STATEMENT FINDINGS:**

**Finding 2018-01 - Preparation and Filing of Financial Statements**

**Criteria:** City of Kankakee should ensure its Comprehensive Annual Financial Report (CAFR) that includes its financial statements, note disclosures, required supplementary information, and other financial schedules is accurate and issued within the required timelines to satisfy the audit requirements imposed by federal and state laws and regulations, grants, contracts, and long-term debt agreements.

**Condition and Context:** The management of the City is responsible for establishing and maintaining the City's accounting systems and preparing accurate and timely financial reports, including the City's CAFR. Illinois statutes (65 ILCS 5/, 55 ILCS 5, and 50 ILCS 310) require the City to submit an Annual Financial Report (AFR) to the Illinois Comptroller's Office with its annual CAFR attached. Also, an Annual TIF Report is due to the State each year. City's general obligations bonds and revenue bonds require annual audits and reports every year. Most of these reports and their submissions are due within 180 days of the City's fiscal year end, with extensions available. In addition, a single audit, with its reporting package and data collection form, is due within 9 months of the fiscal year end to the Federal Clearing House because of the City's participation in federal awards.

**Effect:** City's CAFR for the year ended April 30, 2018 was not completed until November 2019. As a result, City did not comply with the various reporting and submission requirements listed above in a timely manner. Delays in financial reporting may result in rating agencies lowering the State's ratings for bonds and certificates of participation. Also, the State's single audit reporting package will be issued late (see finding 2018-101), which could result in a loss of federal funding.

**Cause:** Internal controls were not properly designed, executed, and monitored to ensure a timely preparation of reports and records for audit purposes. The City administration had changed hands and the City Comptroller, who is charged with the reporting functions, was asked to take on extra duties. This coupled with the shortage in accounting staffing and resources have delayed current year's financial reporting.

**Recommendation:** We recommend that the management create policies and procedures to ensure that audits are started and completed in a timely fashion for all reporting and submission purposes. Accounting and finance department should consider additional hiring and or reorganization and reassignment of duties to effectuate a timely closing of the books and preparation of financial statements.

**Responsible Official's Response and Corrective Action Planned:** We have reviewed the finding and concur with the observations and comments. We are in the process of making the necessary reassignments and changes to focus on the timely preparation of financial statements in the coming year. We will work closely with our independent auditors to ensure the completion of audit within the specified timeline

**CITY OF KANKAKEE, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(Continued)**  
**For the year ended April 30, 2018**

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:**

**Finding 2018-101 – Compliance and Internal Control Deficiency over Reporting of Data Collection Form**

CFDA Title and Number: ALL  
Federal Agency: ALL  
Federal Award Year: 2017

**Criteria:** Section 200.512(a) of the Uniform Guidance states that an audit must be completed and the data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of the audit period.

**Condition:** The City did not complete the audit and submit the data collection form and reporting package within nine months after the end of the fiscal year.

**Questioned Costs:** None

**Effect or Potential Effect:** The City did not meet the audit and reporting requirements as provided in Section 200.512(a). Thus the City was not in compliance with Uniform Guidance reporting requirements.

**Cause:** The City did not have policies in place to have an audit completed or data collection form submitted before the deadline. City's audit for the year ended April 30, 2018 was not completed until November 2019.

**Recommendation:** The City should implement policies and procedures to have the audit completed and data collection form filed before the deadline.

**Responsible Official's Response and Corrective Action Planned:** The City will work closely with the independent auditor to ensure single audits are completed within the specified timeline.

**SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS:**

No findings were reported.