

City of Kankakee, Illinois

Comprehensive
Annual Financial Report
for the Fiscal Year Ended
April 30, 2019

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

**CITY OF KANKAKEE, ILLINOIS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED APRIL 30, 2019**

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INTRODUCTORY SECTION

City of Kankakee, Illinois
Elected and Appointed Officers and Officials
April 30, 2019

Mayor

Chasity Wells-Armstrong

City Clerk

Anjanita Dumas

Council Members

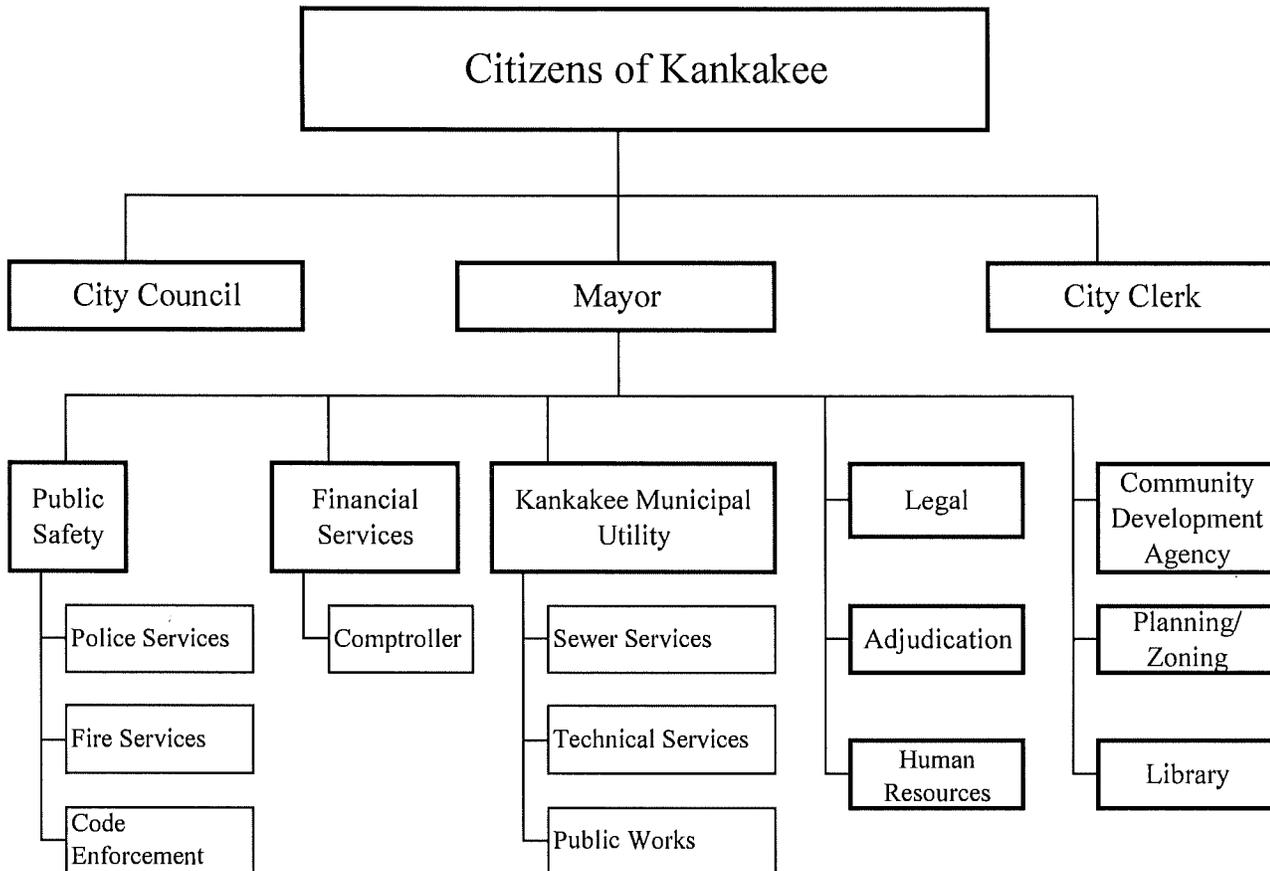
Dennis Baron	Gloria Kennedy
P. Carl Brown	Carmen Lewis
David Crawford	Cherry Malone-Marshall
Christopher Curtis	Michael O'Brien
James A. Faford	Larry A. Osenga
Stacy Gall	Tyler D. Tall, Sr.
Danita Grant Swanson	Fred Tetter

Appointed Officials

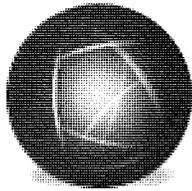
Willie J. Hunt	Deputy Police Chief
Damon Schuldt	Fire Chief
Peter Schiel	ESU Superintendent
Odelson and Sterk, LTD	Corporation Counsel
Elizabeth Kubal	City Comptroller
Kristine Schmitz	Adjudication Director
James Ellexson	Human Resources Director
Tomora Nelson	Code Official
Neil Piggush	City Engineer
Michael Hoffman	City Planner
Barbi Brewer-Watson	Community Development Exec. Director
Steve Bertrand	Library Director
Bert Dear	Assistant Superintendent-Public Works
Dennis Doyle	Assistant Superintendent-Public Works

City of Kankakee, Illinois

Organizational Structure



FINANCIAL SECTION



**GROSCKREUTZ
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

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, 2019, 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 \$4,222,419 as of April 30, 2019, and the equity in its net income was \$198,389 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.

1949 West Court Street
Kankakee, Illinois 60901
Phone: (815) 933-7781

216 Hack Street
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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses; and modified certain disclosures in the notes to financial statements and the required supplementary information as discussed in Note 19 to the basic financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information 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 fund financial statements and supplemental schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and supplemental schedules 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 fund financial statements and supplemental schedules 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 fiscal year 2018 financial statements and, in our prior year report dated November 10, 2019, 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.

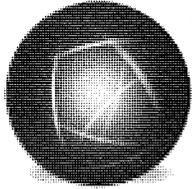
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2020, 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, Eschman & Geretse LLC

Kankakee, Illinois
August 3, 2020

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**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, 2019, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated August 3, 2020. 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.

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 certain deficiencies in internal control, described in the schedule of findings on pages 159-160 as item 2019-01 and 2019-02, that we consider to be material weaknesses.

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

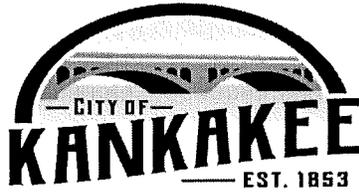
City's response to the findings identified in our audit is described in the schedule of findings. City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Groszkreutz, Abraham, Eskleman & Genetse LLC

Kankakee, Illinois
August 3, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS APRIL 30, 2019

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, 2019. 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 \$(57.3) million net position at the end of the fiscal year 2019 due to the continued following of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* (see more on page 8).
- The City's Total governmental funds reported combined ending fund balances of \$16.2 million. This is a increase of \$6.1 million from the previous fiscal year.
- The City's total bonded debt has begun a steady decrease. The governmental total bonded debt decreased by \$6.1 million with the City's representing \$5.3 million and the Environmental Service Utility's (ESU) representing \$0.8 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 17, 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 18-19 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, including the discretely presented component units, are found on pages 17-19.

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 20 and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances on page 22 provide reconciliations on pages 21 and 23 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 2019, and two additional governmental funds were reported on as component units. Information for the City's major governmental funds; the General Fund, the Capital Projects Fund, and the Tax Increment Financing District No. 8 (TIF #8) Fund are presented separately in the Governmental Funds Balance Sheet on page 20 and in the Governmental Fund, Statement of Revenues, Expenditures, and Changes in Fund Balances on page 22. Financial information for the other 20 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 109 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 24-28 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 29 and 30.

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 92-105 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 34-91 of this report.

STATEMENT OF NET POSITION

The City of Kankakee's combined net position decreased by \$0.3 million - from \$(41.3) to \$(41.6) million during 2019. This change is the result of the \$(0.9) million decrease and \$0.6 million increase 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 2019 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 17. 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, 2019 and 2018 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Assets						
Current and Other Assets	\$39.4	\$38.3	\$11.5	\$10.4	\$50.9	\$44.7
Capital Assets	<u>78.8</u>	<u>80.5</u>	<u>32.9</u>	<u>33.7</u>	<u>111.7</u>	<u>118.2</u>
Total Assets	<u>118.2</u>	<u>118.8</u>	<u>44.4</u>	<u>44.1</u>	<u>162.6</u>	<u>162.9</u>
Deferred Outflows of Resources	<u>29.2</u>	<u>21.5</u>	<u>4.1</u>	<u>1.1</u>	<u>33.3</u>	<u>22.6</u>
Total Assets and Deferred Outflows of Resources	<u>147.4</u>	<u>140.3</u>	<u>48.5</u>	<u>45.2</u>	<u>195.9</u>	<u>185.5</u>
Liabilities						
Long-term Debt Outstanding	175.4	159.7	27.9	24.8	203.3	184.5
Other Liabilities	<u>11.6</u>	<u>11.3</u>	<u>2.8</u>	<u>2.6</u>	<u>14.4</u>	<u>13.9</u>
Total Liabilities	<u>187.0</u>	<u>171.0</u>	<u>30.7</u>	<u>27.4</u>	<u>217.7</u>	<u>198.4</u>
Deferred Inflows of Resources	<u>17.7</u>	<u>25.8</u>	<u>2.1</u>	<u>2.7</u>	<u>19.8</u>	<u>28.5</u>
Total Liabilities and Deferred Inflows of Resources	<u>204.7</u>	<u>196.8</u>	<u>32.8</u>	<u>30.1</u>	<u>237.5</u>	<u>226.9</u>
Net Position						
Net investment in capital assets	53.3	51.3	16.4	16.5	69.7	67.8
Restricted	8.3	6.5	3.7	3.5	12.0	10.0
Unrestricted	<u>(118.9)</u>	<u>(114.2)</u>	<u>(4.4)</u>	<u>(4.9)</u>	<u>(123.3)</u>	<u>(119.10)</u>
Total Net Position	<u>(\$57.3)</u>	<u>(\$56.4)</u>	<u>\$15.7</u>	<u>\$15.1</u>	<u>(\$41.6)</u>	<u>(\$41.3)</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 17.

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 \$(0.9) million as the FY’19 balance was \$(57.3) million, total assets and deferred outflows of resources increasing \$7.1 million and total liabilities and deferred outflows of resources increasing \$7.9 million, as a result of the following these shifts in assets and liabilities:

- cash increased \$4.7 million (25.7% to FY’19 balance of \$23 million)
- long-term liabilities, specifically due within more than one year, increased \$16.2 million in FY’19
- deferred outflows of resources specifically deferred items related to pensions increased \$7.7 million
- deferred inflows of resources, specifically deferred items related to pensions decreased \$2.8 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 increased \$0.6 million (4.3% to FY’19 balance of \$15.7 million), with total assets deferred outflows of resources increasing by \$3.3 million (7.2% to FY’19 balance of \$48.5 million) and total liabilities increasing by \$2.7 million (8.6% to FY’19 balance of \$32.8 million). The following major shifts in the Utility fund assets and liabilities included:

- cash increased \$1.1 million due to the reduced expenses of ESU and increased sewer rates
- capital assets decreased (\$0.8) million due to standard and ordinary depreciation.
- investment in joint venture increased \$0.2 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’19 increased by \$3.1 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, 2019 and 2018 (in millions)

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

	Governmental			Business-type			Total Primary		
	Activities			Activities			Government Activities		
	2019	2018	Change	2019	2018	Change	2019	2018	Change
Program Revenues									
Charges for service	\$3.9	\$4.2	\$ (0.3)	\$19.1	\$17.6	\$ 1.5	\$23.0	\$21.8	\$ 1.2
Capital grants/ contributions	0.1	0.1	0.0				0.1	0.1	0.0
Operating grants/ contributions	1.4	2.2	(0.8)	0.1	0.1	0.0	1.5	2.3	(0.8)
General Revenues									
Property taxes	16.9	15.2	1.7				16.9	15.2	1.7
State Sales taxes	4.0	3.7	0.3				4.0	3.7	0.3
Home Rule Sales tax	4.8	0.0	4.8				4.8	0.0	4.8
Utility taxes	3.7	3.5	0.2				3.7	3.5	0.2
Other taxes	4.6	4.3	0.3				4.6	4.3	0.3
Intergovernmental	0.0	0.0	0.0				0.0	0.0	0.0
Investment income	0.3	0.2	0.1				0.3	0.2	0.1
Other	0.6	0.3	0.3	0.3	0.8	(0.5)	0.9	1.1	(0.5)
Equity interest in joint venture	<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 Revenues	<u>40.3</u>	<u>33.7</u>	<u>6.6</u>	<u>19.5</u>	<u>18.5</u>	<u>1.0</u>	<u>59.8</u>	<u>52.2</u>	<u>7.3</u>
Program Expenses									
General government	6.9	7.3	(0.4)				6.9	7.3	(0.4)
Public safety	28.1	23.9	4.2				28.1	23.9	4.2
Highways and streets	1.4	1.9	(0.5)				1.4	1.9	(0.5)
Community development	0.5	1.2	(0.7)				0.5	1.2	(0.7)
Culture and recreation	0.0	0.0	0.0				0.0	0.0	0.0
Economic development	1.4	0.5	0.9				1.4	0.5	0.9
Interest and fiscal charges	1.4	1.8	(0.4)	0.0	0.0	0.0	1.4	1.8	(0.4)
Proprietary fund expenses	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>17.9</u>	<u>18.8</u>	<u>(0.9)</u>	<u>17.9</u>	<u>18.8</u>	<u>(0.9)</u>
Total Expenses	<u>39.7</u>	<u>36.6</u>	<u>3.1</u>	<u>17.9</u>	<u>18.8</u>	<u>(0.9)</u>	<u>57.6</u>	<u>55.4</u>	<u>2.2</u>
Changes in Net Position before Transfers	0.6	(2.9)	3.5	1.6	(0.3)	1.9	2.2	(3.2)	5.4
Transfers	<u>0.3</u>	<u>0.2</u>	<u>0.1</u>	<u>(0.3)</u>	<u>(0.2)</u>	<u>(0.1)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Changes in Net Position	<u>\$ 0.9</u>	<u>\$ (2.7)</u>	<u>\$ 3.6</u>	<u>\$1.3</u>	<u>\$ (0.5)</u>	<u>\$1.8</u>	<u>\$2.2</u>	<u>\$ (3.2)</u>	<u>\$5.4</u>

Governmental Activities – Statement of Activities Summary

The City posted an increase in net position from governmental activities before transfers of \$0.6 million compared to a decrease of \$(2.9) 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

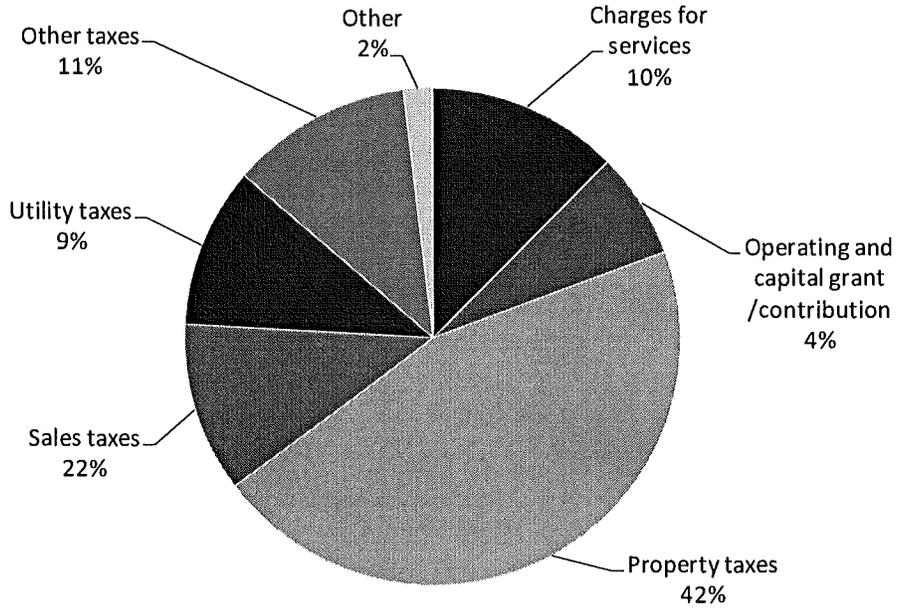
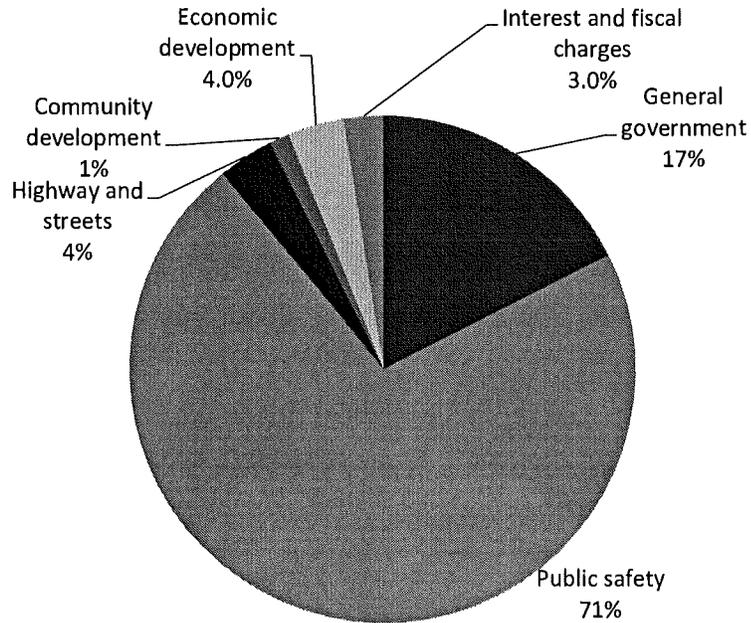


Chart 2: Composition of expenditures from governmental activities



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 increased from FY'18 to FY'19 by \$1.0 million. The increase in ESU's operating revenue was due to increased industrial usage and the general increase to sewer rates. ESU realized a gain from its equity interest its joint venture with the Kankakee Municipal Regional Agency (KRMA) in the amount of \$0.2 million for FY '19 raising the total equity interest to \$4.2 million. KRMA operates the regional sewer treatment plant. ESU also had decreased expenses of \$0.9 million in FY '19 as compared to FY '18 due to less administration expenses and the restructuring of salary expenses. Overall, an increase of \$1.3 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 a decrease of \$(0.2) million in net position from the previous year largely due to increased expenses by the library in preparation of increased minimum wage.

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

For the fiscal year ended April 30, 2019, the governmental funds reflect a combined fund balance of \$16.2 million, an increase of \$6.1 million or (60.0%) from the prior fiscal year. Any major changes within the individual funds are analyzed below. Of the total fund balance for all governmental funds, \$2.7 million (16.7%) 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 increased \$5.4 million. The substantial increase was due to the passage of a home rule sales tax dedicated to funding the City's police and fire pensions. 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 only saw a slight increase of \$0.1 million to this liability section. The Capital Projects Fund balance decreased (\$0.2) million from the FY'18 balance of \$0.9 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 52 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 102. 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 ten 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' 19. The FY' 20 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 '20 budget included an increase of revenues of \$1.9 million from various taxes and fees, and an increase \$1.7

million of expenses due to insurance and operational increases relating to 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'20 budget that includes a \$0.02 million surplus.

A summary comparison of the General Fund budget to actual results can be found on page 92, and a more detailed comparison can be found on pages 106-108. Interfund transfers are listed in Footnote 7.

State sales tax remained consistent to the budget in FY '19 on the revenue side by ending with \$4.0 million as compared to the \$3.7 million budget. State income tax was collected just as was expected and also remained consistent finishing at \$2.7 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

	Original Budget	Final Budget	Actual	Over/(Under) Final Budget
Revenues	\$ 24,609,473	\$ 24,807,006	\$ 30,665,180	\$ 5,858,174
Expenditures	<u>\$ 24,913,478</u>	<u>\$ 25,071,978</u>	<u>\$ 25,250,555</u>	<u>\$ 178,577</u>
Excess of Revenues over Expenditures	\$ (304,005)	\$ (264,972)	\$ 5,414,625	\$ 5,679,597
Other Financing Sources (Uses)				
Transfers from other funds	\$ 408,096	\$ 708,096	\$ 204,984	\$ (503,112)
Transfers to other funds	<u> </u>	<u> </u>	<u>\$ (175,147)</u>	<u>\$ (175,147)</u>
Net Changes in Fund Balance	<u>\$ 104,091</u>	<u>\$ 443,124</u>	<u>\$ 5,444,462</u>	<u>\$ 5,001,338</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 2019 decreased by (\$2.5) million to \$111.7 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, 2019 and 2018**

(in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 5.7	\$ 5.7	\$ 0.6	\$ 0.7	\$ 6.3	\$ 6.4
Construction in progress	1.3	1.3	0.1	-	1.4	1.3
Buildings	11.4	11.6	5.3	5.0	16.7	16.6
Equipment	0.1	0.2	0.5	0.5	0.6	0.7
Vehicles	1.1	1.2	0.5	0.6	1.6	1.8
Land improvements	3.2	3.5	-	-	3.2	3.5
Leasehold improvements	-	-	0.2	0.2	0.2	0.2
Infrastructure	<u>56.0</u>	<u>57.0</u>	<u>25.7</u>	<u>26.7</u>	<u>81.7</u>	<u>83.7</u>
Total Capital Assets, net	<u>\$ 78.8</u>	<u>\$ 80.5</u>	<u>\$ 32.9</u>	<u>\$ 33.7</u>	<u>\$ 111.7</u>	<u>\$ 114.2</u>

Additional information on the City's capital assets can be found in Note 9 on pages 50-52.

LONG-TERM DEBT

At fiscal year end, the City's governmental activities had an overall increase of \$13.9 million, or 8.6% in debt. The City had a net increase of \$19.1 million for the net pension liability from \$115.3 million in FY '18 to \$134.4 million in FY '19. The general obligation bonds decreased (\$5.3) million keeping on schedule as designed. Employee related costs such as compensated absences and post-employment obligations increased \$0.2 million.

Business-type activity debt had an overall increase of \$2.5 million in debt. The main component of the debt increase was the net pension liability that was \$0.6 million in FY' 18 and increased to \$4.0 million in FY' 19. The ESU had a decrease in revenue bonds of (\$0.4) million and the Illinois EPA loan decreased by (\$0.2) million. Other employee related costs such as compensated absences and post-employment obligations increased for a total of \$0.1 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, 2019 and 2018
(in millions, as adjusted for premiums and deferred losses)

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 32.7	\$ 38.0	-	-	\$ 32.7	\$ 38.0
Revenue bonds	-	-	\$18.2	\$19.0	18.2	19.0
Line of Credit	-	-	-	-	-	-
Illinois EPA Loan	-	-	3.5	3.7	3.5	3.7
Installment notes	0.1	0.1	-	-	0.1	0.1
Capital Lease Obligation	0.1	0.2	-	-	0.1	0.2
Unfunded employer pension contributions	134.4	115.3	4.1	0.7	138.5	116.0
Compensated absences	5.0	4.8	1.1	1.0	6.1	5.8
Net other post-employment benefit obligations	3.1	1.2	1.0	0.4	4.1	1.6
Total Debt	\$ 175.4	\$ 159.6	\$27.9	\$24.8	\$203.3	\$ 184.4

Additional information related to the City's long-term debt can be found in Note 11 on pages 53-63.

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 '20, but the equalized assessed valuation (EAV) which grew to \$219 million for a total of 3% growth. This was the first time since 2009 that an increase to the equalized assessed valuation (EAV) occurred in a measurable manner. The City continued to use a combination of attrition, reduction in spending and general restructuring as the primary steps to balance the FY '20 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 five 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 '19 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. The largest decision came in March of 2018, effective July 1, 2018 when the City Council voted in a 2% home rule sale tax to be applied to the police and fire pensions thereby reducing the burden of property taxes to the residents.

ESU increased its rates for sewer services beginning May 1, 2019 by 5.0% to a rate of \$7.50 per 100 cubic feet of water used. Rates were raised again in May 2020 by 5.5% to \$7.91 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 2019 was 4.3% compared to 4.8% for 2018. The City is greatly pleased as this more closely mirrors the national and state unemployment rates and for a period of three 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.

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BASIC FINANCIAL STATEMENTS

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF NET POSITION
April 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and investments	\$ 23,028,840	\$ 1,932	\$ 23,030,772	\$ 772,736
Restricted cash and investments		4,688,107	4,688,107	
Receivables, less allowance for uncollectible amounts:				
Property taxes	12,022,700		12,022,700	1,889,000
Utility taxes	493,356		493,356	
Due from joint ventures		35,191	35,191	
Due from other governmental agencies	2,658,032	166,665	2,824,697	
Internal balances	(39,757)	39,757	-	
Due from component units	122,134		122,134	
Accounts receivable	667,420	2,136,973	2,804,393	11,509
Materials inventory	7,352	33,735	41,087	
Prepaid items	380,206	172,731	552,937	9,132
Capital assets:				
Non-depreciable	7,020,067	695,245	7,715,312	
Depreciable (net of accumulated depreciation)	71,818,434	32,175,912	103,994,346	6,303,307
Investment in joint venture		4,222,419	4,222,419	
Total assets	<u>118,178,784</u>	<u>44,368,667</u>	<u>162,547,451</u>	<u>8,985,684</u>
Deferred Outflows of Resources				
Deferred charge on refunding loss	398,949	65,735	464,684	
Deferred items related to pensions	28,715,456	4,011,825	32,727,281	712,144
Deferred items related to other post-employment liability	44,773	14,924	59,697	
Total deferred outflows of resources	<u>29,159,178</u>	<u>4,092,484</u>	<u>33,251,662</u>	<u>712,144</u>
Liabilities				
Accounts payable	8,689,036	305,062	8,994,098	6,618
Accrued wages payable	530,248	206,584	736,832	
Accrued interest payable	432,100	422,103	854,203	
Due to joint venture		1,794,871	1,794,871	
Due to primary government				122,134
Due to other government agencies	823,254		823,254	
Employer pension contribution payable	939,397		939,397	
Unearned grant revenue	3,925		3,925	4,400
Unearned licenses and fees	146,666		146,666	
Long-term liabilities:				
Due within one year	6,794,671	1,062,191	7,856,862	162,601
Due within more than one year	168,585,653	26,872,105	195,457,758	2,461,631
Total liabilities	<u>186,944,950</u>	<u>30,662,916</u>	<u>217,607,866</u>	<u>2,757,384</u>
Deferred Inflows of Resources				
Deferred property tax revenue	12,022,700		12,022,700	1,889,000
Deferred items related to pensions	5,631,733	2,095,521	7,727,254	371,978
Total deferred inflows of resources	<u>17,654,433</u>	<u>2,095,521</u>	<u>19,749,954</u>	<u>2,260,978</u>
Net Position				
Net investment in capital assets	53,348,773	16,356,242	69,705,015	4,397,165
Restricted for:				
Capital projects	648,430		648,430	
Debt service	72,571	3,709,586	3,782,157	
Economic development	5,266,358		5,266,358	
Street maintenance programs	1,092,237		1,092,237	
Culture and recreation	18,756		18,756	
Retirement obligations	1,224,150		1,224,150	
Unrestricted	<u>(118,932,696)</u>	<u>(4,363,114)</u>	<u>(123,295,810)</u>	<u>282,301</u>
Total net position	<u>\$ (57,261,421)</u>	<u>\$ 15,702,714</u>	<u>\$ (41,558,707)</u>	<u>\$ 4,679,466</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF ACTIVITIES
For the year ended April 30, 2019

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
<u>Governmental Activities</u>				
General government	\$ 6,862,202	\$ 1,435,476	\$ 3,513	\$ 75,000
Public safety	28,107,135	2,423,452	318,087	
Highways and streets	1,372,818		699,016	
Community development	482,113	35,000	382,029	
Culture and recreation	16,660			
Economic development	1,447,146			
Interest and fiscal charges	1,409,778			
Total governmental activities	<u>39,697,852</u>	<u>3,893,928</u>	<u>1,402,645</u>	<u>75,000</u>
<u>Business-Type Activities</u>				
Sewer utility	12,843,497	16,100,545		
Solid waste utility	5,089,588	3,024,758	103,535	
Total business-type activities	<u>17,933,085</u>	<u>19,125,303</u>	<u>103,535</u>	<u>-0-</u>
Total primary government	<u>\$ 57,630,937</u>	<u>\$ 23,019,231</u>	<u>\$ 1,506,180</u>	<u>\$ 75,000</u>
Component units:				
Library	\$ 2,284,414	\$ 329,383	\$ 55,614	
Special Service Area No. 1	191,858			
Total component units	<u>\$ 2,476,272</u>	<u>\$ 329,383</u>	<u>\$ 55,614</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
 Home rule sales tax
 State sales tax
 State gaming tax
 Other
Investment income
Other
Total
Transfers
Changes in net position
Net position, May 1, 2018
Prior period adjustment
Net position, May 1, 2018, restated
Net position, April 30, 2019

Net (Expense) Revenue and Change in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (5,348,213)		\$ (5,348,213)	
(25,365,596)		(25,365,596)	
(673,802)		(673,802)	
(65,084)		(65,084)	
(16,660)		(16,660)	
(1,447,146)		(1,447,146)	
(1,409,778)		(1,409,778)	
<u>(34,326,279)</u>		<u>(34,326,279)</u>	
	\$ 3,257,048	3,257,048	
	(1,961,295)	(1,961,295)	
<u>-0-</u>	<u>1,295,753</u>	<u>1,295,753</u>	
<u>(34,326,279)</u>	<u>1,295,753</u>	<u>(33,030,526)</u>	
			\$ (1,899,417)
			(191,858)
			<u>(2,091,275)</u>
16,883,434		16,883,434	1,824,350
3,762,748		3,762,748	
692,258		692,258	
2,673,539		2,673,539	
814,188		814,188	
4,750,039		4,750,039	
4,009,573		4,009,573	
455,662		455,662	
50,000		50,000	
276,702		276,702	2,512
594,429	291,046	885,475	37,529
<u>34,962,572</u>	<u>291,046</u>	<u>35,253,618</u>	<u>1,864,391</u>
<u>281,088</u>	<u>(281,088)</u>	<u>-0-</u>	<u>-0-</u>
<u>917,381</u>	<u>1,305,711</u>	<u>2,223,092</u>	<u>(226,884)</u>
<u>(56,392,624)</u>	<u>15,062,434</u>	<u>(41,330,190)</u>	<u>4,906,350</u>
<u>(1,786,178)</u>	<u>(665,431)</u>	<u>(2,451,609)</u>	<u>-0-</u>
<u>(58,178,802)</u>	<u>14,397,003</u>	<u>(43,781,799)</u>	<u>4,906,350</u>
<u>\$ (57,261,421)</u>	<u>\$ 15,702,714</u>	<u>\$ (41,558,707)</u>	<u>\$ 4,679,466</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2019

	General Fund	Capital Projects Fund	Tax Increment Financing District No. 8 Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 14,494,064	\$ 518,346	\$ 3,397,220	\$ 4,619,210	\$ 23,028,840
Receivables, less allowance for uncollectible amounts:					
Property taxes	5,385,000		1,051,000	5,586,700	12,022,700
Utility taxes	493,356				493,356
Due from other governmental agencies	2,541,437			116,595	2,658,032
Due from other funds	266,598	159,990		149,077	575,665
Due from component units	105,885			16,249	122,134
Accounts receivable	555,689	59,338		52,393	667,420
Materials inventory	7,352				7,352
Prepaid items	380,206				380,206
Total assets	<u>\$ 24,229,587</u>	<u>\$ 737,674</u>	<u>\$ 4,448,220</u>	<u>\$ 10,540,224</u>	<u>\$ 39,955,705</u>
Liabilities					
Accounts payable	\$ 8,349,545	\$ 9,951	\$ 825	\$ 328,715	\$ 8,689,036
Accrued wages payable	496,497			33,751	530,248
Due to other governmental agencies	823,254				823,254
Due to other funds	57,741	79,293		478,388	615,422
Employer pension contribution payable	939,397				939,397
Unearned grant revenue	3,925				3,925
Unearned licenses and fees	146,666				146,666
Total liabilities	<u>10,817,025</u>	<u>89,244</u>	<u>825</u>	<u>840,854</u>	<u>11,747,948</u>
Deferred Inflows of Resources					
Deferred property tax revenue	5,385,000		1,051,000	5,586,700	12,022,700
Unavailable loan receivable				32,367	32,367
Total deferred inflows of resources	<u>5,385,000</u>	<u>-0-</u>	<u>1,051,000</u>	<u>5,619,067</u>	<u>12,055,067</u>
Fund Balance					
Nonspendable	387,558				387,558
Restricted for:					
Debt service				72,571	72,571
Street maintenance programs				1,092,237	1,092,237
Economic development			3,396,395	1,869,963	5,266,358
Culture and recreation				18,756	18,756
Retirement obligations				1,224,150	1,224,150
Capital projects		648,430			648,430
Committed for pension funding	4,750,039				4,750,039
Unassigned (deficit)	2,889,965			(197,374)	2,692,591
Total fund balance	<u>8,027,562</u>	<u>648,430</u>	<u>3,396,395</u>	<u>4,080,303</u>	<u>16,152,690</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 24,229,587</u>	<u>\$ 737,674</u>	<u>\$ 4,448,220</u>	<u>\$ 10,540,224</u>	<u>\$ 39,955,705</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
April 30, 2019

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

Total fund balance - governmental funds		\$ 16,152,690
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		78,838,501
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	\$ (32,661,943)	
Installment notes	(60,000)	
Capital lease obligations	(110,109)	
Net pension liability	(134,432,770)	
Compensated absences	(4,967,000)	
Net other post-employment benefit obligations	(3,148,502)	
Total long-term liabilities (See Note 11)	(175,380,324)	
Deferred charge on bond refunding loss not recorded in funds		398,949
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.		28,760,229
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.		(5,631,733)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
Interest payable		(432,100)
Certain long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Loan receivable		32,367
Net position of governmental activities		\$ (57,261,421)

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the year ended April 30, 2019

	General Fund	Capital Projects Fund	Tax Increment Financing District No. 8 Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 8,456,471		\$ 1,241,649	\$ 7,185,314	\$ 16,883,434
Utility taxes	3,762,748				3,762,748
Licenses, permits and fees	3,399,882				3,399,882
Charges for services	85,468				85,468
Fines and penalties	408,330				408,330
Intergovernmental	13,759,009	\$ 3,513		1,081,045	14,843,567
Interest income	249,858		4,206	22,638	276,702
Contributions		75,000			75,000
Miscellaneous	543,414	33,100		22,500	599,014
Total revenues	<u>30,665,180</u>	<u>111,613</u>	<u>1,245,855</u>	<u>8,311,497</u>	<u>40,334,145</u>
Expenditures:					
Current:					
General government	5,770,880	4,501		806,887	6,582,268
Public safety	18,718,316	56,494			18,774,810
Highways and streets				413,954	413,954
Community development	64,605			417,508	482,113
Culture and recreation				16,660	16,660
Economic development	611,754	238,951	70,406	526,035	1,447,146
Debt service:					
Principal retirement	85,000	458		5,290,000	5,375,458
Interest and fiscal charges		3,020		1,490,883	1,493,903
Total expenditures	<u>25,250,555</u>	<u>303,424</u>	<u>70,406</u>	<u>8,961,927</u>	<u>34,586,312</u>
Excess (deficiency) of revenues over expenditures	<u>5,414,625</u>	<u>(191,811)</u>	<u>1,175,449</u>	<u>(650,430)</u>	<u>5,747,833</u>
Other financing sources (uses):					
Issuance of capital lease		35,567			35,567
Transfers from other funds	204,984			1,775,524	1,980,508
Transfers to other funds	(175,147)		(637,137)	(887,136)	(1,699,420)
Total other financing sources (uses)	<u>29,837</u>	<u>35,567</u>	<u>(637,137)</u>	<u>888,388</u>	<u>316,655</u>
Net change in fund balance	5,444,462	(156,244)	538,312	237,958	6,064,488
Fund balance, May 1, 2018	<u>2,583,100</u>	<u>804,674</u>	<u>2,858,083</u>	<u>3,842,345</u>	<u>10,088,202</u>
Fund balance, April 30, 2019	<u>\$ 8,027,562</u>	<u>\$ 648,430</u>	<u>\$ 3,396,395</u>	<u>\$ 4,080,303</u>	<u>\$ 16,152,690</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, 2019

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

Net change in fund balance - total governmental funds	\$ 6,064,488
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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.

Expenditure for capital assets	46,119
Loss on disposal of capital assets	(39,823)
Depreciation	(1,713,804)

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.

Principal payments on bonds payable	5,290,000
Principal payments on long-term notes payable	10,000
Principal payments on capital leases	75,458

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.

Amortized bond premium	100,829
Amortized deferred loss	(84,603)
Change in accrued interest on long-term debts	67,900
Net change in compensated absences payable	(141,000)
Change in net pension liability for pension plans	(19,132,856)
Change in deferred outflows of resources for pension plans	7,682,881
Change in deferred inflows of resources related to pensions	2,796,326
Change in deferred outflows of resources for other post employment liability	44,773
Change in net other post-employment benefit obligations payable	(113,740)

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.

Proceeds from capital lease issued	(35,567)
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Change in net position of governmental activities	\$ 917,381
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See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2019

	Enterprise Fund
	Kankakee
	Environmental
	Services
	Utility
Assets	
Current assets:	
Cash and investments	\$ 1,932
Restricted cash and investments	2,183,647
Receivables, less allowance for uncollectible amounts:	
Due from joint venture	35,191
Due from other funds	142,250
Due from other governmental agencies	166,665
Accounts receivable	2,136,973
Inventory	33,735
Prepaid items	172,731
Total current assets	4,873,124
Non-current assets:	
Restricted cash and investments	2,504,460
Capital assets:	
Non-depreciable	695,245
Depreciable (net of accumulated depreciation)	32,175,912
Investment in joint venture	4,222,419
Total non-current assets	39,598,036
Total assets	44,471,160
Deferred Outflows of Resources	
Deferred charge on refunding loss	65,735
Deferred items related to Illinois Municipal Retirement Fund	4,011,825
Deferred items related to other post-employment benefit liabilities	14,924
Total deferred outflows of resources	4,092,484

(Continued)

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(Continued)
April 30, 2019

	Enterprise Fund Kankakee Environmental Services Utility
Liabilities	
Current liabilities:	
Accounts payable	\$ 305,062
Accrued wages payable	206,584
Accrued interest	422,103
Due to joint venture	1,794,871
Due to other funds	102,493
Accrued employee absences	434,000
Illinois EPA loan payable due within one year	188,191
Revenue bonds payable due within one year	440,000
 Total current liabilities	 3,893,304
Non-current liabilities:	
Accrued employee absences	671,300
Net other post-employment benefit liabilities	1,049,501
Net pension liability	4,045,326
Illinois EPA loan payable, less portion due within one year	3,320,894
Revenue bonds payable, less portion due within one year	17,785,084
 Total non-current liabilities	 26,872,105
 Total liabilities	 30,765,409
 Deferred Inflows of Resources	
Deferred items related to Illinois Municipal Retirement Fund	2,095,521
 Net Position	
Net investment in capital assets	16,356,242
Restricted for debt service	3,709,586
Unrestricted	(4,363,114)
 Total net position	 \$ 15,702,714

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the year ended April 30, 2019

	Enterprise Fund
	Kankakee
	Environmental
	Services
	Utility
Operating revenues:	
Charges for services:	
Sewer charges	\$ 16,100,545
Solid waste charges	2,870,323
Public works revenue	154,435
Total operating revenues	19,125,303
Operating expenses:	
Utility operations:	
Sewer utility:	
Administration	2,259,177
Sanitary sewers	1,187,506
Lab and industrial services	695,113
Technical services	596,494
Total sewer utility	4,738,290
Solid waste and public works	5,089,588
Total utility operations	9,827,878
Treatment charges	5,726,426
Depreciation	1,460,914
Total operating expenses	17,015,218
Operating income	2,110,085
Nonoperating revenues (expenses):	
Equity interest in joint venture	
operating income	198,389
Bond interest rebates	68,622
Interest and debt-related expenses	(917,867)
Intergovernmental	103,535
Miscellaneous income	24,035
Total nonoperating revenues (expenses)	(523,286)
Income before transfers	1,586,799
Transfers out	(281,088)
Change in net position	1,305,711
Net position, May 1, 2018	15,062,434
Prior period adjustment	(665,431)
Net position, May 1, 2018, restated	14,397,003
Net position, April 30, 2019	\$ 15,702,714

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended April 30, 2019

	Enterprise Fund Kankakee Environmental Services Utility
Cash flows provided (used) by operating activities:	
Receipts from customers and users	\$ 19,497,691
Receipts from other funds	(16,255)
Payments to suppliers	(11,673,638)
Payments to employees	(3,901,039)
Net cash provided (used) by operating activities	3,906,759
Cash flows provided (used) by noncapital financing activities:	
Transfers to other City funds	(281,088)
Cash flows provided (used) by capital and related financing activities:	
Acquisition and construction of capital assets	(642,469)
Repayment of loan from governmental entity	(184,492)
Repayment of revenue bonds	(805,000)
Interest and debt-related expenses	(932,598)
Bond interest rebates received	68,622
Net cash provided (used) by capital and related financing activities	(2,495,937)
Net change in cash and cash equivalents	1,129,734
Cash and cash equivalents, May 1, 2018	3,560,305
Cash and cash equivalents, April 30, 2019	\$ 4,690,039
Reconciliation of cash and cash equivalents to the statement of net position:	
Cash and investments	\$ 1,932
Restricted cash and investments, current	2,183,647
Restricted cash and investments, noncurrent	2,504,460
Cash and cash equivalents, April 30, 2019	\$ 4,690,039

(Continued)

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
For the year ended April 30, 2019

	Enterprise Fund
	Kankakee
	Environmental
	Services
	Utility
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 2,110,085
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	1,460,914
Other revenues	127,570
(Increase) decrease in operating assets and deferred outflows of resources:	
Accounts receivable	233,434
Due from other funds	66,308
Due from other governmental agencies	(54,925)
Inventory	(5,757)
Deferred outflows of resources - IMRF	(2,947,409)
Deferred outflows of resources - other post-employment benefits	(14,924)
Increase (decrease) in operating liabilities and deferred inflows of resources	
Accounts payable	(169,763)
Accrued wages payable	(2,431)
Due to joint venture	215,960
Accrued employee absences	82,700
Due to other funds	(16,255)
Net pension liability - IMRF	3,400,650
Deferred inflows of resources - IMRF	(617,312)
Net other post-employment benefit liabilities	37,914
Net cash provided (used) by operating activities	\$ 3,906,759
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	\$ (7,327)
Equity interest in joint venture operating income	\$ 198,389

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
April 30, 2019

Assets

Cash and short-term investments	\$ 3,140,399
Receivables, less allowance for uncollectible amounts:	
Employee contributions	36,039
Employer contributions	939,397
Interest	76,197
Investments, at fair value:	
Mutual funds	14,102,910
Corporate stocks	7,333,618
U.S. Treasury obligations	3,834,765
U.S. Agency obligations	1,022,656
Corporate bonds	5,118,997
Municipal bonds	308,279
Prepaid items	<u>10,510</u>
 Total assets	 35,923,767

Liabilities

Benefits and other payables	<u>532,693</u>
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Net Position

Net position restricted for pensions	<u><u>\$ 35,391,074</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, 2019

Additions:	
Contributions:	
Employer	\$ 5,937,619
Employee	911,081
Total contributions	<u>6,848,700</u>
Investment income:	
Net change in fair value of investments	497,297
Interest and dividends	<u>1,596,445</u>
	2,093,742
Less: investment expense	<u>(212,373)</u>
Net investment income	<u>1,881,369</u>
Total additions	<u>8,730,069</u>
Deductions:	
Benefits	6,183,941
Refunds of contributions	277,195
Administrative expense	<u>92,783</u>
Total deductions	<u>6,553,919</u>
Change in net position restricted for pensions	2,176,150
Net position restricted for pensions	
May 1, 2018	<u>33,214,924</u>
April 30, 2019	<u><u>\$ 35,391,074</u></u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
April 30, 2019

	Kankakee Public Library	Special Service Area No. 1	Totals
Assets			
Cash and investments	\$ 647,127	\$ 125,609	\$ 772,736
Receivables, less allowance for uncollectible amounts:			
Property taxes	1,773,000	116,000	1,889,000
Accounts receivable	11,509	-0-	11,509
Prepaid items	8,875	257	9,132
Capital assets:			
Depreciable (net of accumulated depreciation)	<u>5,812,661</u>	<u>490,646</u>	<u>6,303,307</u>
Total assets	<u>8,253,172</u>	<u>732,512</u>	<u>8,985,684</u>
Deferred Outflows of Resources			
Deferred items related to pensions	<u>712,144</u>	<u>-0-</u>	<u>712,144</u>
Liabilities			
Accounts payable	2,279	4,339	6,618
Unearned grant revenue	4,400		4,400
Due to primary government	122,134		122,134
Long-term liabilities:			
Due within one year	162,601		162,601
Due within more than one year	<u>2,461,631</u>		<u>2,461,631</u>
Total liabilities	<u>2,753,045</u>	<u>4,339</u>	<u>2,757,384</u>
Deferred Inflows of Resources			
Deferred property tax revenue	1,773,000	116,000	1,889,000
Deferred items related to pensions	<u>371,978</u>		<u>371,978</u>
Total deferred inflows of resources	<u>2,144,978</u>	<u>116,000</u>	<u>2,260,978</u>
Net Position			
Net investment in capital assets	3,906,519	490,646	4,397,165
Unrestricted	<u>160,774</u>	<u>121,527</u>	<u>282,301</u>
Total net position	<u>\$ 4,067,293</u>	<u>\$ 612,173</u>	<u>\$ 4,679,466</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the year ended April 30, 2019

	Program Revenues	
Expenses	Charges for Services	Operating Grants
Kankakee Public Library:		
Culture and recreation	\$ 2,184,885	\$ 329,383
Interest and fiscal charges	99,529	\$ 55,614
Special Service Area No. 1:		
General government	191,858	
Total	\$ 2,476,272	\$ 329,383
		\$ 55,614

General Revenues:

Property taxes levied for general purposes

Interest

Other

Total

Changes in net position

Net position, May 1, 2018

Net position, April 30, 2019

Net (Expense) Revenue and Change in Net Position		
<u>Kankakee Public Library</u>	<u>Special Service Area No. 1</u>	<u>Total</u>
\$ (1,799,888)		\$ (1,799,888)
(99,529)		(99,529)
	\$ (191,858)	(191,858)
<u>(1,899,417)</u>	<u>(191,858)</u>	<u>(2,091,275)</u>
1,716,782	107,568	1,824,350
2,113	399	2,512
<u>12,914</u>	<u>24,615</u>	<u>37,529</u>
<u>1,731,809</u>	<u>132,582</u>	<u>1,864,391</u>
(167,608)	(59,276)	(226,884)
<u>4,234,901</u>	<u>671,449</u>	<u>4,906,350</u>
<u>\$ 4,067,293</u>	<u>\$ 612,173</u>	<u>\$ 4,679,466</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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, 2019

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.

The City's financial statements include two fiduciary component units:

Police Pension Employees Retirement System - The City's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The City and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Accordingly, the PPERS is fiscally dependent on the City. Separate financial statements are not available for the PPERS.

Firefighters' Pension Employees Retirement System - The City's firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary and two elected firefighters' employees constitute the pension board. The City and FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Accordingly, the FPERS is fiscally dependent on the City. Separate financial statements are not available for the FPERS.

Joint Ventures – The City of Kankakee has two investments in joint ventures which are reported on the equity method of accounting. See Note 15 for details.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

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.

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 2019.

Tax Increment Financing District No. 8 Fund - This fund is used to account for revenues derived from the property tax on increased assessed valuation of properties located near Interstate 57, exit 308 and Routes 45/52. Established in 2003, the funds are used within the district to encourage infill and redevelopment of these areas such as upgrading utilities and infrastructure, providing incentive for building renovations, and preparing land for redevelopment.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

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 2017 levy is recognized as revenue for the year ended April 30, 2019.

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.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

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.

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.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

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.

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.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

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.

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.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

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 recorded at acquisition value at the date of donation.

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

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."

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

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.

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.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

O. 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 deferred outflows related to pension and OPEB expense to be recognized in future periods and unamortized bond refunding charges.

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. Deferred inflows of resources on the Statement of Net Position consist of property taxes levied for a future period and deferred inflows related to pensions. The Governmental Funds Balance Sheet reports property taxes levied for a future period and unavailable revenue.

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 custodial credit risk for deposits with financial institutions is the risk that in the event of bank's failure, the City deposits may not be returned to it. 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, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued):

At April 30, 2019, the carrying amount of the City's deposits for governmental and business-type activities was \$5,859,527 and the bank balance was \$7,952,807 of which \$91,075 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, 2019, the carrying amount of deposits of fiduciary activities was \$704,473 and the bank balance was \$706,531 of which \$88,022 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, 2019, the carrying amount of deposits of the City's component units was \$772,636 and the bank balance was \$942,783 of which \$549,334 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, 2019. 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.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More than 10
Governmental and business-type activities:					
Uncategorized investments:					
Illinois Funds	\$ 8,768,328	\$ 8,768,328			
Illinois Metropolitan Investment	145,127	145,127			
Money market	<u>9,923,570</u>	<u>9,923,570</u>	—	—	—
	<u>18,837,025</u>	<u>18,837,025</u>	\$ -0-	\$ -0-	\$ -0-
Fiduciary activities:					
Categorized investments:					
U.S. Treasury obligation	3,834,765	265,720	2,143,880	1,425,165	
U.S. Government agencies	1,022,656	81	328,939	374,961	318,675
Municipal bonds	308,280	125,159	167,845	15,276	
Corporate bonds	5,118,997	235,705	3,589,573	1,293,719	
Uncategorized investments:					
Mutual funds	14,103,310	14,103,310			
Money market	2,435,926	2,435,926			
Common stock (1)	<u>7,333,618</u>				
	<u>34,157,552</u>	<u>17,165,901</u>	<u>6,230,237</u>	<u>3,109,121</u>	<u>318,675</u>
Total investments	<u>\$52,994,577</u>	<u>\$36,002,926</u>	<u>\$6,230,237</u>	<u>\$3,109,121</u>	<u>\$318,675</u>

(1) Risk disclosures do not apply to equities.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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, 2019:

<u>Investment by Fair Value Level</u>	<u>April 30, 2019</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	\$ 3,834,765	\$ 3,834,765	
U.S. agency obligations	1,022,656		\$1,022,656
Municipal bonds	308,280		308,280
Corporate bonds	5,118,997		5,118,997
Equity securities			
Common stock	7,333,618	7,333,618	
Mutual funds	<u>14,103,310</u>	<u>14,103,310</u>	_____
Total investments measured at fair value	<u>\$31,721,626</u>	<u>\$ 25,271,693</u>	<u>\$6,449,933</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, 2019

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 2017 were due, payable, and collected in two installments in June and September 2018.

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 2017 were intended to finance the fiscal year 2019 expenditures. Accordingly, the City recognized revenue during the year ended April 30, 2019 for collections from the calendar year 2017 levy if it was received by June 30, 2019. Property taxes levied for calendar year 2018, which will be collected in fiscal year 2020, are recorded as receivables and deferred revenue as of April 30, 2019. The 2019 tax levy, which attaches as an enforceable lien on property as of January 1, 2019, has not been recorded as a receivable as of April 30, 2019, as the tax had not yet been levied by the City and was not be levied until December 2019, and therefore, the levy is not measurable at April 30, 2019.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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, 2019. The analysis shows that the collection of approximately \$415,424 of these accounts is doubtful. An allowance for uncollectible accounts for this amount has been recorded. At April 30, 2019, 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, 2020.

Accounts receivable at April 30, 2019, are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Activities</u>
Governmental activities:				
Trash collection	\$ 160,024			\$ 160,024
Franchise fees	158,007			158,007
Public safety fees	220,087			220,087
Economic development loans			\$ 230,273	230,273
Other receivables	<u>202,595</u>	<u>\$59,338</u>	<u>15,520</u>	<u>277,453</u>
Total	740,713	59,338	245,793	1,045,844
Less: allowance for doubtful accounts	(185,024)	-0-	(193,400)	(378,424)
Accounts receivable, net	<u>\$ 555,689</u>	<u>\$59,338</u>	<u>\$ 52,393</u>	<u>\$ 667,420</u>
			<u>Environmental Services Utility</u>	
Business-type activities:				
Sewer charges		\$1,757,080		
Garbage collection		364,951		
Other receivables		<u>51,942</u>		
Total		2,173,973		
Less: allowance for doubtful accounts		(37,000)		
Accounts receivable, net		<u>\$2,136,973</u>		
			<u>Kankakee Public Library</u>	
Component units:				
Sponsorships and other		\$ 8,069		
Room/venue rental		<u>3,440</u>		
Total		11,509		
Less: allowance for doubtful accounts		-0-		
Accounts receivable, net		<u>\$11,509</u>		

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES:

Interfund balances at April 30, 2019 consisted of the following:

Primary government:	
Governmental funds:	
Due to General Fund from:	
Capital Projects Fund	\$ 79,293
Nonmajor governmental funds	<u>187,305</u>
	<u>\$266,598</u>
Component units:	
Library	<u>\$105,885</u>
Due to Capital Projects Fund from:	
Nonmajor governmental funds	<u>\$159,990</u>
Due to nonmajor governmental funds from:	
General Fund	\$ 23,491
Kankakee Environmental Services Utility	102,493
Nonmajor governmental funds	<u>23,093</u>
Total	<u>\$149,077</u>
Component units:	
Library	<u>\$16,249</u>
Enterprise funds:	
Due to Kankakee Environmental Services Utility from:	
General Fund	\$ 34,250
Nonmajor governmental funds	<u>108,000</u>
	<u>\$142,250</u>

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:	
Home rule sales tax	\$1,162,472
Sales tax	846,748
State replacement tax	188,811
Gaming tax	45,828
Various grants	<u>297,578</u>
Total General Fund	<u>\$2,541,437</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

Nonmajor governmental funds:	
CDBG Grant	\$ 9,761
HAP Grant	45,882
Motor Fuel Taxes	<u>60,952</u>
Total nonmajor governmental funds	<u>116,595</u>
Total governmental activities	<u>\$2,658,032</u>
Business-type activities:	
Kankakee Environmental Services Utility:	
Kankakee Township	\$130,835
State of Illinois	<u>35,830</u>
Total Business-type activities	<u>\$166,665</u>

NOTE 7 - INTERFUND TRANSFERS:

Fund Transferred From	Funds Transferred To	
	General Fund	Nonmajor Governmental
General Fund		\$ 175,147
Tax Increment Financing District No. 8		637,137
Kankakee Environmental Services Utility		281,088
Nonmajor Governmental	<u>\$204,984</u>	<u>682,152</u>
	<u>\$204,984</u>	<u>\$1,775,524</u>

The following paragraphs provide information concerning the various interfund transfers for the year ended April 30, 2019:

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

General Fund	\$ 75,147
Tax Increment Financing District No. 8	637,137
Kankakee Environmental Services Utility	160,845
Tax Increment Financing District No. 1	504,038
Tax Increment Financing District No. 6	172,000
Tax Increment Financing District No. 7	6,114

Kankakee Environmental Service Utility transferred funds to the following funds to provide for expenditures incurred in prior years:

Tax Increment Financing District No. 1	\$29,967
Tax Increment Financing District No. 6	90,276

Tax Increment Financing District No. 1 transferred \$204,984 to General Fund to provide for legal and accounting fees incurred on behalf the District in prior years.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

NOTE 8 - DEFICIT FUND BALANCE:

At April 30, 2019, the following funds had a deficit fund balance. This deficit is not in violation of any state law.

Tax Increment Financing District No. 5 Fund	\$ 599
Community Development Agency	196,775

NOTE 9 - CAPITAL ASSETS:

A summary of changes in capital assets of the City and its component units for the year ended April 30, 2019 is as follows:

	<u>Balance</u> <u>May 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30,</u> <u>2019</u>
Primary government:				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,721,138			\$ 5,721,138
Construction in progress	<u>1,298,929</u>	—	—	<u>1,298,929</u>
Total capital assets not being depreciated	<u>7,020,067</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	<u>7,020,067</u>
Capital assets being depreciated:				
Buildings	14,282,745			14,282,745
Equipment	1,343,383	10,552		1,353,935
Vehicles	4,745,953	35,567	271,073	4,510,447
Land improvements	5,797,793			5,797,793
Infrastructure	<u>79,720,293</u>	—	—	<u>79,720,293</u>
Total capital assets being depreciated	<u>105,890,167</u>	<u>46,119</u>	<u>271,073</u>	<u>105,665,213</u>
Less accumulated depreciation:				
Buildings	2,696,463	211,613		2,908,076
Equipment	1,117,877	100,398		1,218,275
Vehicles	3,476,821	183,628	231,250	3,429,199
Land improvements	2,343,688	259,301		2,602,989
Infrastructure	<u>22,729,376</u>	<u>958,864</u>	—	<u>23,688,240</u>
Total accumulated depreciation	<u>32,364,225</u>	<u>1,713,804</u>	<u>231,250</u>	<u>33,846,779</u>
Total capital assets being depreciated, net	<u>73,525,942</u>	<u>(1,667,685)</u>	<u>39,823</u>	<u>71,818,434</u>
Governmental activities, Capital assets, net	\$ <u>80,546,009</u>	\$ <u>(1,667,685)</u>	\$ <u>39,823</u>	\$ <u>78,838,501</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

NOTE 9 - CAPITAL ASSETS (Continued):

Depreciation expense for governmental activities for the year ended April 30, 2019 was charged to functions as follows:

General government	\$ 443,196
Public safety	311,744
Highways and streets	<u>958,864</u>
	<u>\$1,713,804</u>

	Balance May 1, 2018	Additions	Deletions	Balance April 30, 2019
Business-type activities:				
Kankakee Environmental Services Utility:				
Capital assets not being depreciated:				
Land	\$ 652,263			\$ 652,263
Construction in progress	<u> </u>	\$ 42,982	—	<u>42,982</u>
Total capital assets not being depreciated	<u>652,263</u>	<u>42,982</u>	\$-0-	<u>695,245</u>
Capital assets being depreciated:				
Buildings	12,850,459			12,850,459
Equipment	3,895,003	141,222		4,036,225
Vehicles	3,281,604	126,540		3,408,144
Leasehold improvements	289,696			289,696
Infrastructure	<u>41,670,707</u>	<u>331,725</u>	—	<u>42,002,432</u>
Total capital assets being depreciated	<u>61,987,469</u>	<u>599,487</u>	-0-	<u>62,586,956</u>
Less accumulated depreciation:				
Buildings	7,315,235	266,488		7,581,723
Equipment	3,438,309	124,471		3,562,780
Vehicles	2,705,315	164,134		2,869,449
Leasehold improvements	117,126	7,019		124,145
Infrastructure	<u>15,374,145</u>	<u>898,802</u>	—	<u>16,272,947</u>
Total accumulated depreciation	<u>28,950,130</u>	<u>1,460,914</u>	-0-	<u>30,411,044</u>
Total capital assets being depreciated, net	<u>33,037,339</u>	<u>(861,427)</u>	-0-	<u>32,175,912</u>
Business-type activities, capital assets, net	<u>\$33,689,602</u>	<u>\$(818,445)</u>	\$-0-	<u>\$32,871,157</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

NOTE 9 - CAPITAL ASSETS (Continued):

	<u>Balance</u> May 1, 2018	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> April 30, 2019
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	1,952,682	107,812		2,060,494
Equipment	59,489			59,489
Leasehold improvements	<u>165,665</u>	<u>14,733</u>	—	<u>180,398</u>
Total accumulated depreciation	<u>2,177,836</u>	<u>122,545</u>	-0-	<u>2,300,381</u>
Component unit-Kankakee Public Library, capital assets, net	<u>5,935,206</u>	(122,545)	-0-	<u>5,812,661</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>580,568</u>	<u>54,918</u>	-0-	<u>635,486</u>
Component unit-Special Service Area No. 1, capital assets, net	<u>545,564</u>	(54,918)	-0-	<u>490,646</u>
Component units, capital assets, net	<u>\$6,480,770</u>	\$(177,463)	\$-0-	<u>\$6,303,307</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.

The Department was to recoup the monthly repayments from the City's future local sales tax distributions proceeds. As of April 30, 2019, the Department has not recouped any amounts from the City's monthly sales tax receipts.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

NOTE 11 - LONG-TERM DEBT OBLIGATIONS:

The beginning balance of the net other post-employment benefit (OPEB) liability was restated due to the adoption of GASB Statement No. 75. See Note 19. A summary of changes in long-term debt for the year ended April 30, 2019 is as follows:

	Balance May 1, 2018 <u>Restated</u>	<u>Increases</u>	<u>Decreases</u>	Balance April 30, 2019	Due within <u>One Year</u>
Primary Government:					
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 37,555,000		\$5,290,000	\$32,265,000	\$4,670,000
Premium on bond proceeds	<u>497,772</u>		<u>100,829</u>	<u>396,943</u>	
Total bonds payable	38,052,772	\$ -0-	5,390,829	32,661,943	4,670,000
Installment notes	70,000		10,000	60,000	10,000
Capital lease obligations	150,000	35,567	75,458	110,109	79,671
Net pension liability	115,299,914	19,132,856		134,432,770	
Compensated absences	4,826,000	1,584,000	1,443,000	4,967,000	2,035,000
Net other post-employment benefit liability	<u>3,034,762</u>	<u>113,740</u>		<u>3,148,502</u>	
Governmental activities - total long-term debt	<u>\$161,433,448</u>	<u>\$20,866,163</u>	<u>\$6,919,287</u>	<u>\$175,380,324</u>	<u>\$6,794,671</u>
Business-type activities:					
Environmental Services Utility:					
Bonds Payable:					
Revenue bonds	\$18,895,000		\$805,000	\$18,090,000	\$440,000
Premium (discount) on bond proceeds	<u>142,922</u>		<u>7,838</u>	<u>135,084</u>	
Total bonds payable	19,037,922	\$ -0-	812,838	18,225,084	440,000
Illinois EPA loan	3,693,577		184,492	3,509,085	188,191
Net pension liability	644,676	3,400,650		4,045,326	
Compensated absences	1,022,600	82,700		1,105,300	434,000
Net other post-employment benefit liability	<u>1,011,587</u>	<u>37,914</u>		<u>1,049,501</u>	
Business-type activities - total long-term debt	<u>\$25,410,362</u>	<u>\$3,521,264</u>	<u>\$997,330</u>	<u>\$27,934,296</u>	<u>\$1,062,191</u>
Component units:					
Capital lease obligations	\$2,060,829		\$154,687	\$1,906,142	\$162,601
Net pension liability	<u>77,148</u>	<u>\$640,942</u>		<u>718,090</u>	
Component units - total long-term debt	<u>\$2,137,977</u>	<u>\$640,942</u>	<u>\$154,687</u>	<u>\$2,624,232</u>	<u>\$162,601</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, 2019

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

Long-term debt is comprised of the following:

	<u>Governmental Activities</u>
<u>General Obligation Bonds</u>	
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:	
\$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.	\$4,935,000
\$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.	7,700,000
\$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.	825,000
\$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.	4,505,000
\$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.	370,000

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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.	\$ 1,915,000
\$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.	110,000
\$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.	1,015,000
\$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.	4,810,000
\$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.	3,230,000
\$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	32,265,000
Add: Unamortized premium on bond issuance	<u>396,943</u>
Total general obligation bonds payable	<u>\$32,661,943</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

The annual requirements to amortize all general obligation bonds outstanding at April 30, 2019, are as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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 - 2029	9,185,000	1,346,990	10,531,990
2030 - 2034	1,340,000	288,400	1,628,400
2035 - 2036	<u>615,000</u>	<u>37,200</u>	<u>652,200</u>
	<u>\$32,265,000</u>	<u>\$ 6,511,312</u>	<u>\$38,776,312</u>
			<u>Governmental</u> <u>Activities</u>

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. \$60,000

The annual requirements to amortize all long-term installment loans outstanding at April 30, 2019, are as follows:

Governmental activities:

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>
2020	\$10,000
2021	10,000
2022	10,000
2023	10,000
2024	10,000
2025	<u>10,000</u>
	<u>\$60,000</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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, other vehicles, and the acquisition of the library building. 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.	\$ 75,000	
\$35,567 lease, plus interest of \$7,975, due in 60 monthly installments of \$580, including interest, and a final payment in the amount of \$8,738, through April 2024. Payable from Capital Projects Fund.	35,109	
\$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.	_____	<u>\$1,906,142</u>
Total capital lease obligations	<u>\$110,109</u>	<u>\$1,906,142</u>

The following is an analysis of the assets recorded under capital leases at April 30, 2019:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Governmental Activities:			
Vehicles	<u>\$195,567</u>	<u>\$31,113</u>	<u>\$164,454</u>
Component Units - Library:			
Buildings	<u>\$7,758,883</u>	<u>\$2,060,494</u>	<u>\$5,698,389</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

Future minimum lease payments for all capital lease obligations:

<u>Year Ending</u> <u>April 30,</u>	<u>Governmental</u> <u>Activities</u>	<u>Component Unit -</u> <u>Library</u>	
2020	\$ 83,909	\$ 254,215	
2021	6,961	254,215	
2022	6,961	254,215	
2023	6,961	254,215	
2024	15,118	254,215	
2005 - 2029	<u> </u>	<u>1,122,783</u>	
Total minimum lease payments	119,910	2,393,858	
Less: amount representing interest	(9,801)	(487,716)	
Present value of minimum lease payments	<u>\$110,109</u>	<u>\$1,906,142</u>	
	<u>Governmental</u>	<u>Business-type</u>	<u>Component</u>
	<u>Activities</u>	<u>Activities</u>	<u>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	\$ 6,747,734		
Cumulative difference between the total pension liability and the plan fiduciary net position for the Firefighters' Pension Fund	66,154,340		
Cumulative difference between the total pension liability and the plan fiduciary net position for Illinois Municipal Retirement Fund	<u>1,530,696</u>	<u>\$4,045,326</u>	<u>\$718,090</u>
Total net pension liability	<u>\$134,432,770</u>	<u>\$4,045,326</u>	<u>\$718,090</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

	<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>\$4,967,000</u>	<u>\$1,105,300</u>
<u>Net Other Post Employment Benefits</u>		
Cumulative difference between the total other post-employment benefit liability and the plan fiduciary net position for the governmental funds and enterprise funds.	<u>\$3,148,502</u>	<u>\$1,049,501</u>

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, 2019 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, 2019, the Utility owes \$3,509,085 on this loan.

Debt service on the above Illinois EPA loan payable at April 30, 2019, is as follows:

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	203,743	53,520	257,263
2005 – 2029	1,081,652	204,662	1,286,314
2030 – 2034	1,194,521	91,794	1,286,315
2035	<u>253,464</u>	<u>3,797</u>	<u>257,261</u>
	<u>\$3,509,085</u>	<u>\$607,120</u>	<u>\$4,116,205</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

Revenue Bonds

Details of the revenue bond indebtedness of the City's Environmental Services Utility Fund at April 30, 2019, are as follows:

	<u>Business-type 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.	\$2,025,000
\$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.	1,100,000
\$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 \$775,000, through May 2025, plus interest at rates ranging from 2.91% to 5.13%, payable semiannually.	1,735,000
\$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
\$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>6,980,000</u>
Total revenue bonds	18,090,000
Add: Unamortized premium (discount) on bond issuance	<u>135,084</u>
Total revenue bonds payable	<u>\$18,225,084</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

Debt service on the above revenue bonds payable at April 30, 2019, are as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 440,000	\$ 833,451	\$ 1,273,451
2021	1,525,000	794,932	2,319,932
2022	550,000	761,859	1,311,859
2023	1,145,000	709,087	1,854,087
2024	1,680,000	646,438	2,326,438
2025 - 2029	5,200,000	2,449,919	7,649,919
2030 - 2034	5,560,000	1,099,714	6,659,714
2035 - 2037	1,990,000	80,738	2,070,738
	<u>\$18,090,000</u>	<u>\$7,376,138</u>	<u>\$25,466,138</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, 2019 in the Utility:

	<u>Required</u>	<u>Actual</u>	<u>Surplus</u> <u>(Deficit)</u>
Operation and maintenance	\$ 872,060	\$ 978,522	\$106,462
Bond reserve	1,828,617	1,900,000	71,383
Reserve and replacement	500,000	554,460	54,460
Bond and interest	862,103	1,205,125	343,022
Surplus reserve	<u>-0-</u>	<u>50,000</u>	<u>50,000</u>
	<u>\$4,062,780</u>	<u>\$4,688,107</u>	<u>\$625,327</u>

Activities in the reserve accounts during the year ended April 30, 2019 were as follows:

Balance as of May 1, 2018	\$3,464,923
Additions to reserves	1,800,596
Revenue bond principal paid	(805,000)
Revenue bond interest paid	(859,327)
Balance as of April 30, 2018	<u>\$4,688,107</u>

The reserve account balances are represented in the Utility as restricted cash and investments. At April 30, 2019, the above amounts were sufficient to meet the minimum balance or reserve account transfer requirements of the revenue bond ordinance.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

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, 2019, the Utility did comply with this rate covenant. The covenant calculation is included on page 133.

Required Bond Indenture Disclosures

Insurance Coverage - The plant, buildings and contents of the Kankakee Environmental Services Utility were insured at April 30, 2019 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

Customer and Flow Information - Most of the customers have a water meter; the number of unmetered customers is negligible. As of April 30, 2019 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	\$ 5,735,121
Industrial and institutional	49	10,365,424
Total	<u>7,852</u>	<u>\$16,100,545</u>

User Rates - The rates in effect at April 30, 2019 were as follows:

Flow charge (100 cu. ft.)	\$ 7.14
BOD surcharge (lb.)	.40
SS surcharge (lb.)	.40
FOG surcharge (lb.)	.40
GW contaminated (100 cu. ft.)	14.91
Fixed charge (month)	47.20
Industrial pretreatment charges - increase	7.5%

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

Legal Debt Margin

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: ...indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum... shall not be included in the foregoing percentage amounts.”

To date the General Assembly has set no limits for home rule municipalities. The City of Kankakee is a home rule municipality. Under the Illinois Compiled Statutes, home rule governments may issue notes and bonds in excess of any statutory limitation and they shall not reduce the debt incurring power otherwise authorized for any such unit of government. Therefore, the City of Kankakee has no legal debt limitation.

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 - 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, 2019, \$611,754 in sales taxes were rebated under these agreements.

Pursuant to a property tax appeals settlement reached in 2017, the city reimbursed Armstrong World Industries (AWI) \$183,762 in fiscal year 2019 for overpaid property taxes by AWI in prior years. The City is committed to reimburse AWI \$132,582 annually through June 1, 2023 for the remaining overpayment.

In accordance with ordinance established in 2013 to spur new home growth within the City, the City rebates a portion of the property taxes paid by new homeowners of single-family residences, based on regulations established. Total such rebates amounted to \$113,248 in fiscal year 2019.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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, 2019 was \$1,200.

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, 2019 was \$112,881.

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, 2019 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, 2019 the Utility received \$163,907 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, 2019. These projects and the City's commitment with contractors at April 30, 2019 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	349,241	Not available
Streetscape project	294,877	2,031,101
River St./FEMA Project	430,229	Not available

Home Rule Sales Tax

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 committed for City's contribution towards the funding of police and firefighters' pension plans.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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, 2019, the City has recorded in the Kankakee Environmental Services Utility an investment in the joint venture of \$4,222,419 relative to its investment in KRMA and a due to joint venture in the amount of \$1,794,871. During the year ended April 30, 2019, KRMA billed the Utility \$5,726,426 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, 2019 is as follows:

Statement of net position:	
Current assets	\$ 3,800,165
Restricted assets	2,848,877
Capital assets, net	<u>73,189,007</u>
Total assets	<u>79,838,049</u>
Deferred outflows of resources	<u>436,859</u>
Total assets and deferred outflows of resources	<u>80,274,908</u>
Current liabilities	5,196,672
Non-current liabilities	<u>64,393,410</u>
Total liabilities	<u>69,590,082</u>
Total net position	<u>\$10,684,826</u>
Statement of revenues, expenses and changes in net position:	
Operating revenues	\$11,393,060
Operating expenses	(9,598,074)
Other income (expense), net	<u>(1,430,434)</u>
Change in net position	364,552
Ownership percentage	<u>54.42%</u>
Utility's share of change in net position (equity interest in joint venture income)	<u>\$ 198,389</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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, 2019, 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, 2019, 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, 2019, 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, 2019

NOTE 17 - 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, 2019, 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.

NOTE 18 – RELATED PARTY TRANSACTIONS:

The Kankakee Public Library, a component unit, reimburses the City for payroll and related benefits, generally, each month. At April 30, 2019, City has recorded due from Library of \$122,134, related to those reimbursements.

The City makes monthly payments to Kankakee River Metropolitan Agency, a joint venture, for its operation and maintenance expenses, administrative expenses, capital outlay and debt service. See Note 15 for details.

NOTE 19 - RESTATEMENT OF NET POSITION:

The City has restated its net position of the government-wide and enterprise fund financial statements as of May 1, 2018, to implement provisions GASB Statement No. 75 and to correct insurance expense erroneously omitted from its enterprise fund in prior year.

The City adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended April 30, 2019. The implementation of this guidance resulted in changes to the postemployment benefit related liability, deferred inflows and outflows of resources, notes presented in the notes to financial statements and to the required supplementary information. The beginning net position reported in the government-wide and enterprise fund financial statements has been restated to reflect the new guidance. With the implementation of GASB 75, the City was required to retroactively record the total OPEB liability and write-off any previously recorded net OPEB obligations.

	<u>Governmental Activities</u>	<u>Business-type Activities- Enterprise Fund</u>
Net position, May 1, 2018, as previously reported	\$(56,392,624)	\$15,062,434
Change in accounting principle:		
To write-off City's Net OPEB Obligation	1,248,584	426,965
To record City's OPEB Liability	(3,034,762)	(1,011,587)
Total change in accounting principle	(1,786,178)	(584,622)
To correct recording of prior year insurance expense	_____	(80,809)
Prior period adjustment	(1,786,178)	(665,431)
Net position, May 1, 2018, restated	\$(58,178,802)	\$14,397,003

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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, 2019, recognized a pension expense of \$15,310,176. The pension expense is made up of the following components:

	<u>IMRF</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Service cost	\$ 539,539	\$1,624,967	\$1,288,125
Interest on total pension liability	3,204,942	4,789,198	4,120,647
Projected earning on pension plan investments	(3,166,024)	(1,511,399)	(748,554)
Employee contributions	(255,876)	(530,361)	(360,407)
Other contributions	-0-	-0-	(22,467)
Pension plan administrative expense	-0-	39,129	51,224
Other changes	(575,367)	221,815	2,050
Recognition of out flows (inflows) of resources due to liabilities	(272,356)	2,577,878	2,698,309
Recognition of out flows (inflows) of resources due to assets	1,019,444	345,986	201,791
Change in pension contributions which were made subsequent to pension liability measurement date	<u>27,943</u>	<u>-0-</u>	<u>-0-</u>
Total pension expense	\$ <u>522,245</u>	<u>\$7,557,213</u>	<u>\$7,230,718</u>
Governmental activities – pension expense	\$127,007	\$7,557,213	\$7,230,718
Business-type activities – pension expense	335,655	-0-	-0-
Component units - pension expense	<u>59,583</u>	<u>-0-</u>	<u>-0-</u>
Total pension expense	<u>\$522,245</u>	<u>\$7,557,213</u>	<u>\$7,230,718</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

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

The City, at April 30, 2019, 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>6,241,989</u>	\$ <u>14,313,818</u>	\$ <u>12,883,618</u>
Deferred inflows of resources	\$ <u>3,260,416</u>	\$ <u>3,361,392</u>	\$ <u>1,477,424</u>
Deferred outflows of resources:			
Governmental activities	\$1,518,020	\$14,313,818	\$12,883,618
Business-type activities	4,011,825	-0-	-0-
Component units	712,144	-0-	-0-
Total deferred outflows of resources	\$ <u>6,241,989</u>	\$ <u>14,313,818</u>	\$ <u>12,883,618</u>
Deferred inflows of resources:			
Governmental activities	\$ 792,917	\$3,361,392	\$1,477,424
Business-type activities	2,095,521	-0-	-0-
Component units	371,978	-0-	-0-
Total deferred inflows of resources	\$ <u>3,260,416</u>	\$ <u>3,361,392</u>	\$ <u>1,477,424</u>

C. Net Pension Liability:

The components of the net pension liability as of April 30, 2019, were as follows:

	<u>IMRF</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Total pension liability	\$45,526,730	\$90,407,668	\$77,892,131
Plan fiduciary net position	<u>39,232,617</u>	<u>23,659,934</u>	<u>11,737,791</u>
Net pension liability	\$ <u>6,294,113</u>	\$ <u>66,747,734</u>	<u>66,154,340</u>
Governmental activities -			
net pension liability	\$1,530,697	\$66,747,734	\$66,154,340
Business-type activities -			
net pension liability	4,045,326	-0-	-0-
Component units -			
net pension liability	718,090	-0-	-0-
Net pension liability	\$ <u>6,294,113</u>	\$ <u>66,747,734</u>	\$ <u>66,154,340</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>86.17%</u>	<u>26.17%</u>	<u>15.07%</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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.

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, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	154
Inactive Plan members entitled to but not yet receiving benefits	81
Active Plan members	<u>114</u>
 Total	 <u>349</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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 2018 was 11.98 percent. For the fiscal year ended April 30, 2019, the City contributed \$649,733 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 \$52,022 for its April 2019 contributions due to IMRF.

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

For the fiscal year ended April 30, 2019, the City recognized IMRF pension expense of \$522,245, including \$59,583 for the component units. The City and its component units at April 30, 2019, 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, 2018):		
Change in assumptions	\$ 779,940	\$ 412,974
Difference between expected and actual experience in measurement of the total pension liability	144,145	529,350
Difference between projected and actual earnings on Pension plan investments	<u>5,115,413</u>	<u>2,318,092</u>
Total deferrals at measurement date	6,039,498	3,260,416
Pension contributions made subsequent to measurement date	<u>202,491</u>	_____
Total deferrals April 30, 2019	<u>\$6,241,989</u>	<u>\$3,260,416</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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, 2019. 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</u> <u>December 31,</u>	<u>Net</u> <u>Deferred Outflows</u> <u>of Resources</u>
2019	\$ 802,197
2020	488,879
2021	360,934
2022	<u>1,127,072</u>
Total	<u>\$2,779,082</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2018
Actuarial cost method	Entry-age normal
Asset valuation method	Market value
Assumptions:	
Inflation	2.50%
Salary increases	3.39% to 14.25%
Discount rate	7.25%
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, 2019

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%	7.15%
International Equities	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternatives	7%	
Private Equity		8.50%
Hedge Funds		5.05%
Commodities		3.20%
Cash Equivalents	<u>1%</u>	2.50%
	<u>100%</u>	

Single Discount Rate

The discount rate used to measure the total pension liability was 7.25% (7.50% at December 31, 2017). 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 7.25 percent, the municipal bond rate is 3.71 percent and the resulting single discount rate is 7.25 percent.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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, 2017	\$43,728,949	\$42,725,353	\$1,003,596
Changes for the year:			
Service cost	539,539		539,539
Interest on the total pension liability	3,204,942		3,204,942
Differences between expected and actual experience of the total pension liability	(577,768)		(577,768)
Changes of assumptions	1,163,392		1,163,392
Contributions – employer		677,677	(677,677)
Contributions – employees		255,876	(255,876)
Net investment income		(2,469,332)	2,469,332
Benefit payments, including refunds of employee contributions	(2,532,324)	(2,532,324)	-0-
Other (Net transfer)	<u> </u>	<u>575,367</u>	<u>(575,367)</u>
Net changes	<u>1,797,781</u>	<u>(3,492,736)</u>	<u>5,290,517</u>
Balances at December 31, 2018	\$45,526,730	\$39,232,617	\$6,294,113

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>(6.25%)</u>	Current Discount <u>(7.25%)</u>	1% Higher <u>(8.25%)</u>
Net pension liability (asset)	\$11,547,827	\$6,294,113	\$1,941,655

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required. Benefits and refunds are recognized as an expense and liability when due and payable.

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, 2019

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

Employees Covered by Benefit Terms

As of April 30, 2019, the following employees were covered by the benefit terms:

Inactive Plan members or beneficiaries currently receiving benefits	59
Inactive Plan members entitled to but not yet receiving benefits	-0-
Active Plan members	<u>65</u>
Total	<u>124</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, 2019, the City contributed \$2,978,940 to the plan.

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

For the fiscal year ended April 30, 2019, the City recognized police pension expense of \$7,557,213. The City, at April 30, 2019, 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, 2019):			
Change in assumptions	\$13,089,038	\$ 699,356	\$12,389,682
Difference between expected and actual experience in measurement of the total pension liability	688,796	2,586,890	(1,898,094)
Difference between projected and actual earnings on plan investments	<u>535,984</u>	<u>75,146</u>	<u>460,838</u>
Total deferrals at measurement date	<u>\$14,313,818</u>	<u>\$3,361,392</u>	<u>\$10,952,426</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>
2020	\$ 2,243,836
2021	2,084,969
2022	2,430,347
2023	2,419,467
2024	1,620,392
Thereafter	<u>153,415</u>
Total	<u>\$10,952,426</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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, 2019 using the following actuarial methods and assumptions:

Actuarial valuation date	May 1, 2018
Measurement date	April 30, 2019
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	5.58%
Long-Term Expected Rate of Return on Plan Assets	6.75%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.79%
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 changed from 3.97% to 3.79% 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 6.21% to 5.58%. 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, 2019

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

Demographic Assumptions

Active Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates.

Retiree Mortality follows the L&A Assumption Study for Police 2016. These rates are experience-weighted with the Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment and improved generationally using MP-2016 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study for Disabled Participants. These rates are improved generationally using MP-2016 Improvement Rates.

Spouse Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improvement Rates.

Other demographic assumption rates are based on a review of assumptions in the L&A 2016 study for Illinois Police Officers.

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 material 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>Estimated Arithmetic Return</u>	<u>Estimated Arithmetic Return Attributed to Asset Class</u>
Fixed Income	38%	3.70%	1.41%
Domestic Equities	40%	7.70%	3.08%
International Equities	20%	7.10%	1.42%
Cash	<u>2%</u>	2.90%	0.06%
Total	<u>100%</u>		

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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 2019 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, 2018. 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, 2019, 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, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.80%. 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 5.58 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, 2019

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, 2018	\$78,769,691	\$22,415,876	\$56,353,815
Changes for the year:			
Service cost	1,624,967		1,624,967
Interest	4,789,198		4,789,198
Actuarial experience	823,590		823,590
Assumptions changes	7,698,133		7,698,133
Contributions – employer		2,978,940	(2,978,940)
Contributions – employees		530,361	(530,361)
Net investment income		1,293,612	(1,293,612)
Benefit payments and refunds	(3,297,911)	(3,297,911)	-0-
Administrative expense		(39,129)	39,129
Prior period audit adjustment		(221,815)	221,815
Net changes	<u>11,637,977</u>	<u>1,244,058</u>	<u>10,393,919</u>
Balances at April 30, 2019	<u>\$90,407,668</u>	<u>\$23,659,934</u>	<u>\$66,747,734</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 5.58 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>(4.58%)</u>	Current Discount <u>(5.58%)</u>	1% Higher <u>(6.58%)</u>
Net pension liability	<u>\$81,437,778</u>	<u>\$66,747,734</u>	<u>\$54,993,369</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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.

The Plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

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
April 30, 2019

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, 2019, the following employees were covered by the benefit terms:

Inactive Plan members or beneficiaries currently receiving benefits	69
Inactive Plan members entitled to but not yet receiving benefits	5
Active Plan members	<u>48</u>
 Total	 <u>122</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, 2019, the City contributed \$2,958,679 to the plan.

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

For the fiscal year ended April 30, 2019, the City recognized firefighters' pension expense of \$7,230,718. The City, at April 30, 2019, had the following deferred outflows and inflows of resources related to Firefighters' Pension:

	<u>Deferred</u> <u>Outflows</u>	<u>Deferred</u> <u>Inflows</u>	<u>Net Deferred</u> <u>Outflows</u> <u>(Inflows)</u>
Deferrals at measurement date (April 30, 2019):			
Change in assumptions	\$12,093,170	\$ 710,014	\$11,383,156
Difference between expected and actual experience in measurement of the total pension liability	472,074	723,922	(251,848)
Difference between projected and actual earnings on investments	<u>318,374</u>	<u>43,488</u>	<u>274,886</u>
Total deferrals at measurement date	<u>\$12,883,618</u>	<u>\$1,477,424</u>	<u>\$11,406,194</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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>	<u>Net Deferred Outflows (Inflows)</u>
2020	\$ 2,900,100
2021	2,883,337
2022	2,766,055
2023	2,325,196
	<u>531,506</u>
Total	<u>\$11,406,194</u>

Actuarial Methods and Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2019 using the following actuarial methods and assumptions:

Actuarial valuation date	May 1, 2018
Measurement date	April 30, 2019
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	5.47%
Long-Term Expected Rate of Return on Plan Assets	6.75%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.79%
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
April 30, 2019

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 changed from 3.97% to 3.79% 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 6.05% to 5.47%. 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.

Demographic Assumptions

Active Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates.

Retiree Mortality follows the L&A Assumption Study for firefighters 2016. These rates are experience-weighted with the Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment and improved generationally using MP-2016 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study for Disabled Participants. These rates are improved generationally using MP-2016 Improvement Rates.

Spouse Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improvement Rates.

Other demographic assumption rates are based on a review of assumptions in the L&A 2016 study for Illinois firefighters.

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 material changes were made during the current year to investment policy.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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>Estimated Arithmetic Return</u>	<u>Estimated Arithmetic Return Attributed to Asset Class</u>
Fixed Income	38%	3.70%	1.41%
Domestic Equities	40%	7.70%	3.08%
International Equities	20%	7.10%	1.42%
Cash	<u>2%</u>	2.90%	0.06%
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 2019 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, 2018. 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, 2019 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, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.52%. 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, 2019

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

Single Discount Rate

The discount rate used to measure the total pension liability was 5.47 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, 2018	\$69,691,489	\$11,027,163	\$58,664,326
Changes for the year:			
Service cost	1,288,125		1,288,125
Interest	4,120,647		4,120,647
Actuarial experience	31,312		31,312
Assumptions changes	5,923,784		5,923,784
Contributions – employer		2,958,679	(2,958,679)
Contributions – employees		360,407	(360,407)
Other contributions		22,467	(22,467)
Net investment income		585,575	(585,575)
Administrative expense		(51,224)	51,224
Benefit payments and refunds	(3,163,226)	(3,163,226)	-
Prior period audit adjustment		(2,050)	2,050
Net changes	<u>8,200,642</u>	<u>710,628</u>	<u>7,490,014</u>
Balances at April 30, 2019	\$77,892,131	\$11,737,791	\$66,154,340

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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 5.47 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>(4.47%)</u>	Current Discount <u>(5.47%)</u>	1% Higher <u>(6.47%)</u>
Net pension liability	<u>\$78,334,195</u>	<u>\$66,154,340</u>	<u>\$56,375,129</u>

G. 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:	
SPDR S&P 500 ETF Trust	\$2,245,322
Vanguard FTSE Developer Markets	<u>1,511,021</u>
	<u>\$3,756,343</u>
Firefighters Pension Fund:	
Harding Loviner Int'l Eqty Inst	\$ 675,294
SPDR S&P 500 ETF Trust	1,355,432
Vanguard International Equity Index Fund	799,490
Vanguard Value ERF Index	<u>1,395,965</u>
	<u>\$4,226,181</u>

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.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

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, 2019, membership consisted of:

Inactive employees or beneficiaries currently receiving benefit payments	27
Inactive employees entitled to but not yet receiving benefit payments	-0-
Actives employees	<u>203</u>
Total	<u>230</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. For the fiscal year ending April 30, 2019, the City contributed \$189,291 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.

Total and Net OPEB Liabilities

The total OPEB liability is an unfunded obligation. The City does not have a trust dedicated exclusively to the payment of OPEB benefits. Generally, the employer’s net OPEB liability is the excess of the total OPEB liability over the OPEB Plan net position. The total and net OPEB plan liability are the same in this presentation.

Actuarial Assumptions and Other Inputs:

The total OPEB liability at April 30, 2019, as determined by an actuarial valuation as of April 30, 2019, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial cost method	Entry-age normal
Actuarial value of assets	Not applicable
Inflation	2.50%
Salary increases	3.00%
Discount rate	3.79%
Healthcare cost trend rates	-3.5 to 6.00%
	5.00% ultimate

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

The discount rate was based on the index rate for tax-exempt general obligation municipal bonds rated AA or better at April 30, 2019.

Mortality rates were based on the RP-2014 Blue Collar base rates projected to 2018 with adjustments for mortality improvements based on scale MP2016 for Police and Fire.

The actuarial assumptions used in the May 1, 2019 valuation are based on varying participation levels assumed for employees, with 50% electing spouse coverage.

Changes in the Total OPEB liability:

The table presented below includes the City’s collective share of total OPEB liabilities at April 30, 2019. They are reported \$3,148,502 in governmental activities and \$1,049,501 in business-type activities.

	<u>Total OPEB Liability</u>
Balances at May 1, 2018	\$4,046,349
Changes for the year	
Service cost	117,993
Interest	156,883
Changes in Assumptions	66,069
Benefit payments	<u>(189,291)</u>
Net changes	151,654
Balances at April 30, 2019	<u>\$4,198,003</u>

There were changes in assumptions related to the discount rate and health care trend rate, in addition the decrements were changed to those in the most recent IMRF and the Police Pension Fund pension plan valuation reports.

Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the City calculated using the discount rate of 3.79% as well as what the City total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.79%) or 1 percentage point higher (4.79%) than the current rate:

	1% Decrease <u>(2.79%)</u>	Current Discount Rate <u>(3.79%)</u>	1% Increase <u>(4.79%)</u>
Total OPEB Liability	\$4,596,833	\$4,198,003	\$3,850,424

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

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

The table below presents the total OPEB liability of the City calculated using the healthcare rate of 3.00% to 5.50% as well as what the City’s total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (2.00% to 4.5%) or 1 percentage point higher (4.00% to 6.50%) than the current rate:

	1% Decrease <u>(Varies)</u>	Current Healthcare Rate <u>(Varies)</u>	1% Increase <u>(Varies)</u>
Total OPEB Liability	\$3,734,552	\$4,198,003	\$4,751,123

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2019, the City recognized OPEB expense of \$281,248. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$59,697	\$-0-

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending April 30,</u>	
2020	\$ 6,372
2021	6,372
2022	6,372
2023	6,372
2024	6,372
Thereafter	<u>27,837</u>
Total	<u>\$59,697</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2019

NOTE 22 – SUBSEQUENT EVENTS:

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 were received in fiscal year ended April 30, 2019. The Council has approved a plan to spend the remaining funds in fiscal year 2020 for the development and improvements in the downtown Kankakee area.

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 - In February 2020, the City adopted an ordinance 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 East Court TIF area presents opportunity for the City to partner with the private sector to attract new jobs and expand the tax base by attracting new commercial and industrial development to the areas surrounding the Exit 312 interchange. It also provides an opportunity to enhance Kankakee's 'front door' through façade, landscape and other enhancements to existing businesses along East Court Street.

Pension Consolidation – On December 18, 2019, the State of Illinois passed Public Act 101-0610 (Act), effective January 1, 2020, which requires downstate and suburban pension funds to consolidate assets in two investment funds, one for police officers and one for firefighters. The Act stipulates that the assets and liabilities of local pension funds will remain under the ownership of each local pension board. All local pension fund assets must be transferred to their respective consolidated pension investment fund no later than 30 months after the effective date of the Act. The City has not yet evaluated the overall effect of the Act on the City's Police and Firefighter's Pension Funds.

Covid-19 Outbreak – In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the City, COVID-19 may impact various parts of its fiscal years 2020 and 2021 operations and financial results including, but not limited to, losses of significant revenues such as sales tax, gaming revenues, utility taxes and more and additional costs for emergency preparedness and cleaning services. To date the City has not been required to close or lay-off any of its employees. The City has made changes to protect its employees and residents, including working from home and social distancing, while still meeting residents' need to make proper contacts. Management believes, for the most part, operations have continued as normal and the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID- 19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

Beginning around March 2020, equity investments of the Police Pension Plan and Firefighters' Pension Plan have experienced significant fluctuations in quoted prices on active markets. Management of these Plans is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to the financial statements as of and for the year ended December 31, 2019 as these events occurred subsequent to year end and are still developing.

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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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 12,331,594	\$ 12,331,594	\$ 12,219,219	\$ (112,375)
Licenses, permits and fees	3,407,000	3,407,000	3,399,882	(7,118)
Charges for services	60,000	60,000	85,468	25,468
Fines and penalties	479,000	479,000	408,330	(70,670)
Intergovernmental	8,004,879	8,202,412	13,759,009	5,556,597
Interest			249,858	249,858
Miscellaneous	327,000	327,000	543,414	216,414
Total revenues	<u>24,609,473</u>	<u>24,807,006</u>	<u>30,665,180</u>	<u>5,858,174</u>
Expenditures:				
Current:				
General government	5,470,050	5,572,050	5,770,880	198,830
Public safety	18,917,378	18,973,878	18,718,316	(255,562)
Community development	91,050	91,050	64,605	(26,445)
Economic development	350,000	350,000	611,754	261,754
Debt service:				
Principal retirement	85,000	85,000	85,000	-0-
Total expenditures	<u>24,913,478</u>	<u>25,071,978</u>	<u>25,250,555</u>	<u>178,577</u>
Excess (deficit) of revenues over expenditures	<u>(304,005)</u>	<u>(264,972)</u>	<u>5,414,625</u>	<u>5,679,597</u>
Other financing sources (uses):				
Transfers from other funds	408,096	708,096	204,984	(503,112)
Transfers to other funds			(175,147)	(175,147)
Total other financing sources (uses)	<u>408,096</u>	<u>708,096</u>	<u>29,837</u>	<u>(678,259)</u>
Net change in fund balance	<u>\$ 104,091</u>	<u>\$ 443,124</u>	<u>5,444,462</u>	<u>\$ 5,001,338</u>
Fund balance, May 1, 2018			<u>2,583,100</u>	
Fund balance, April 30, 2019			<u>\$ 8,027,562</u>	

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
April 30, 2019

Calendar Year Ended December 31,	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 677,677	\$ 697,962	\$ 751,956	\$ 744,363
Contributions in Relation to the Actuarially Determined Contribution	<u>677,677</u>	<u>697,962</u>	<u>751,956</u>	<u>744,363</u>
Contribution Deficiency	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Covered-Employee Payroll	\$ 5,656,735	\$ 5,821,203	\$ 5,893,072	\$ 5,870,367
Contributions as a Percentage of Covered-Employee Payroll	11.98%	11.99%	12.76%	12.68%

This schedule is intended to show information for ten years. Information for additional years will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND
April 30, 2019

Fiscal Year Ended April 30,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 3,097,259	\$ 2,846,638	\$ 2,514,031	\$ 2,773,787	\$ 2,374,597
Contributions in Relation to the Actuarially Determined Contribution	<u>2,978,940</u>	<u>2,705,606</u>	<u>2,405,298</u>	<u>2,773,787</u>	<u>2,374,597</u>
Contribution Deficiency	<u>\$ 118,319</u>	<u>\$ 141,032</u>	<u>\$ 108,733</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Covered-Employee Payroll	\$ 5,195,743	\$ 5,097,954	\$ 4,937,486	\$ 4,984,771	\$ 4,993,793
Contributions as a Percentage of Covered-Employee Payroll	57.33%	53.07%	48.72%	55.65%	47.55%

This schedule is intended to show information for ten years. Information for the additional years will be displayed when it becomes available.

The actuarially determined contribution shown for the current year is from the actuarial report completed for the tax levy recommendation for the December 2017 tax levy, which is collected in fiscal year 2019.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND
April 30, 2019

Fiscal Year Ended April 30,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 3,057,164	\$ 2,784,783	\$ 2,588,994	\$ 2,693,520	\$ 2,506,562
Contributions in Relation to the Actuarially Determined Contribution	<u>2,958,679</u>	<u>2,646,701</u>	<u>2,477,099</u>	<u>2,693,520</u>	<u>2,506,562</u>
Contribution Deficiency	<u>\$ 98,485</u>	<u>\$ 138,082</u>	<u>\$ 111,895</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Covered-Employee Payroll	\$ 3,858,858	\$ 3,836,360	\$ 3,715,603	\$ 3,607,849	\$ 3,618,844
Contributions as a Percentage of Covered-Employee Payroll	76.67%	68.99%	66.67%	74.66%	69.26%

This schedule is intended to show information for ten years. Information for the additional years will be displayed when it becomes available.

The actuarially determined contribution shown for the current year is from the actuarial report completed for the tax levy recommendation for the December 2017 tax levy, which is collected in fiscal year 2019.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB LIABILITY
AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFIT PLAN
April 30, 2019

Fiscal Year Ended April 30,	2019
Total OPEB Liability	
Service cost	\$ 117,993
Interest	156,883
Changes of assumptions	66,069
Benefit payments	(189,291)
Net change in total OPEB liability	151,654
Total OPEB liability - beginning	4,046,349
Total OPEB liability - ending	4,198,003
OPEB Plan Net Position	
Employer contributions	189,291
Benefit payments	(189,291)
Net change in OPEB plan net position	-0-
OPEB plan net position - beginning	-0-
OPEB plan net position - ending	-0-
Employer's net OPEB plan liability	\$ (4,198,003)
OPEB plan net position as a percentage of the total OPEB liability	0.00%
Covered-employee payroll	Not available
Employer's net OPEB liability as a percentage of covered-employee payroll	0.00%

The City implemented GASB Statement Nos. 74/75 in 2019. This schedule is intended to show information for ten years. Information for additional years will be displayed when it becomes available.

There is no Actuarially Determined Contribution (ADC) or Employer Contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB liability. However, the City did make contributions from other City sources in the current year in the amount of \$189,291.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
April 30, 2019

Calendar Year Ended December 31,	2018	2017	2016	2015
Total Pension Liability				
Service cost	\$ 539,539	\$ 636,507	\$ 629,778	\$ 653,578
Interest	3,204,942	3,169,558	3,066,036	2,991,986
Differences between expected and actual experience of the total pension liability	(577,768)	353,461	(216,014)	(706,106)
Changes of assumptions	1,163,392	(1,269,735)	(97,231)	47,628
Benefit payments, including refunds of employee contributions	<u>(2,532,324)</u>	<u>(2,206,725)</u>	<u>(2,023,160)</u>	<u>(1,840,460)</u>
Net change in total pension liability	1,797,781	683,066	1,359,409	1,146,626
Total pension liability - beginning	<u>43,728,949</u>	<u>43,045,883</u>	<u>41,686,474</u>	<u>40,539,848</u>
Total pension liability - ending	<u>45,526,730</u>	<u>43,728,949</u>	<u>43,045,883</u>	<u>41,686,474</u>
Plan Fiduciary Net Position				
Employer contributions	677,677	697,961	729,567	744,362
Employee contributions	255,876	262,080	267,181	264,166
Net investment income	(2,469,332)	6,647,288	2,494,935	186,420
Benefit payments, including refunds of employee contributions	(2,532,324)	(2,206,725)	(2,023,160)	(1,840,460)
Other (net transfer)	<u>575,367</u>	<u>(831,908)</u>	<u>(27,659)</u>	<u>(338,701)</u>
Net change in plan fiduciary net position	(3,492,736)	4,568,696	1,440,864	(984,213)
Plan fiduciary net position - beginning	<u>42,725,353</u>	<u>38,156,657</u>	<u>36,715,793</u>	<u>37,700,006</u>
Plan fiduciary net position - ending	<u>39,232,617</u>	<u>42,725,353</u>	<u>38,156,657</u>	<u>36,715,793</u>
Employer's net pension liability	<u>\$ 6,294,113</u>	<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	86.17%	97.70%	88.64%	88.08%
Covered-employee payroll	\$ 5,656,735	\$ 5,821,203	\$ 5,893,072	\$ 5,870,367
Employer's net pension liability as a percentage of covered-employee payroll	111.27%	17.24%	82.97%	84.67%

This schedule is intended to show information for ten years. Information for additional years 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, 2019

Fiscal Year Ended April 30,	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 1,624,967	\$ 1,381,803	\$ 1,285,713	\$ 1,248,064	\$ 1,224,284
Interest	4,789,198	4,595,436	4,772,986	4,279,987	3,894,319
Differences between expected and actual experience of the total pension liability	823,590	(3,173,330)	(1,187,865)	(778,728)	(967,116)
Changes of assumptions	7,698,133	9,286,168	(2,197,967)	4,956,063	3,901,100
Benefit payments, including refunds of employee contributions	<u>(3,297,911)</u>	<u>(2,801,827)</u>	<u>(2,753,892)</u>	<u>(2,571,169)</u>	<u>(2,514,927)</u>
Net change in total pension liability	11,637,977	9,288,250	(81,025)	7,134,217	5,537,660
Total pension liability - beginning	<u>78,769,691</u>	<u>69,481,441</u>	<u>69,562,466</u>	<u>62,428,249</u>	<u>56,890,589</u>
Total pension liability - ending	<u>90,407,668</u>	<u>78,769,691</u>	<u>69,481,441</u>	<u>69,562,466</u>	<u>62,428,249</u>
Plan Fiduciary Net Position					
Employer contributions	2,978,940	2,705,606	2,405,298	2,773,787	2,374,596
Employee contributions	530,361	485,601	515,222	525,627	510,380
Other contributions		113			
Net investment income	1,293,612	1,404,487	1,523,591	(316,496)	1,084,640
Benefit payments, including refunds of employee contributions	(3,297,911)	(2,801,827)	(2,753,892)	(2,571,169)	(2,514,927)
Administrative expense	(39,129)	(49,007)	(35,499)	(37,626)	(35,584)
Prior period adjustment	<u>(221,815)</u>				
Net change in plan fiduciary net position	1,244,058	1,744,973	1,654,720	374,123	1,419,105
Plan fiduciary net position - beginning	<u>22,415,875</u>	<u>20,670,902</u>	<u>19,016,182</u>	<u>18,642,059</u>	<u>17,222,954</u>
Plan fiduciary net position - ending	<u>23,659,933</u>	<u>22,415,875</u>	<u>20,670,902</u>	<u>19,016,182</u>	<u>18,642,059</u>
Employer's net pension liability	<u>\$ 66,747,735</u>	<u>\$ 56,353,816</u>	<u>\$ 48,810,539</u>	<u>\$ 50,546,284</u>	<u>\$ 43,786,190</u>
Plan fiduciary net position as a percentage of the total pension liability	26.17%	28.46%	29.75%	27.34%	29.86%
Covered-employee payroll	\$ 5,195,743	\$ 5,097,954	\$ 4,937,486	\$ 4,984,771	\$ 4,993,793
Employer's net pension liability as a percentage of covered-employee payroll	1284.66%	1105.42%	988.57%	1014.01%	876.81%

This schedule is intended to show information for ten years. Information for additional years 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, 2019

Fiscal Year Ended April 30,	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 1,288,125	\$ 1,061,699	\$ 1,045,241	\$ 1,013,349	\$ 1,100,080
Interest	4,120,647	3,839,317	4,100,479	3,669,410	3,362,539
Differences between expected and actual experience of the total pension liability	31,312	685,858	(1,708,118)	(418,230)	322,128
Changes of assumptions	5,923,784	8,795,230	(2,041,275)	4,907,632	2,509,056
Benefit payments, including refunds of employee contributions	<u>(3,163,226)</u>	<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	8,200,642	11,243,327	(1,656,560)	6,196,999	4,449,093
Total pension liability - beginning	<u>69,691,489</u>	<u>58,448,162</u>	<u>60,104,722</u>	<u>53,907,723</u>	<u>49,458,630</u>
Total pension liability - ending	<u>77,892,131</u>	<u>69,691,489</u>	<u>58,448,162</u>	<u>60,104,722</u>	<u>53,907,723</u>
Plan Fiduciary Net Position					
Employer contributions	2,958,679	2,646,701	2,477,099	2,693,519	2,506,562
Employee contributions	360,407	344,602	353,974	350,502	354,696
Other contributions	22,467	23,906			
Net investment income	585,575	754,401	751,720	(227,950)	461,407
Benefit payments, including refunds of employee contributions	(3,163,226)	(3,138,777)	(3,052,887)	(2,975,162)	(2,844,710)
Administrative expense	(51,224)	(42,530)	(39,424)	(58,967)	(92,081)
Prior period adjustment	<u>(2,050)</u>				
Net change in plan fiduciary net position	710,628	588,303	490,482	(218,058)	385,874
Plan fiduciary net position - beginning	<u>11,027,163</u>	<u>10,438,860</u>	<u>9,948,378</u>	<u>10,166,436</u>	<u>9,780,562</u>
Plan fiduciary net position - ending	<u>11,737,791</u>	<u>11,027,163</u>	<u>10,438,860</u>	<u>9,948,378</u>	<u>10,166,436</u>
Employer's net pension liability	<u>\$ 66,154,340</u>	<u>\$ 58,664,326</u>	<u>\$ 48,009,302</u>	<u>\$ 50,156,344</u>	<u>\$ 43,741,287</u>
Plan fiduciary net position as a percentage of the total pension liability	15.07%	15.82%	17.86%	16.55%	18.86%
Covered-employee payroll	\$ 3,858,858	\$ 3,836,360	\$ 3,715,603	\$ 3,607,849	\$ 3,618,844
Employer's net pension liability as a percentage of covered-employee payroll	1714.35%	1529.17%	1292.10%	1390.20%	1208.71%

This schedule is intended to show information for ten years. Information for additional years will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND
April 30, 2019

<u>Year Ended April 30,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2019	7.80%
2018	6.96%
2017	8.20%
2016	(1.65%)
2015	6.28%

This schedule is intended to show information for ten years. Information for additional years will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND
April 30, 2019

<u>Year Ended April 30,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2019	5.52%
2018	7.89%
2017	8.35%
2016	(2.04%)
2015	4.74%

This schedule is intended to show information for ten years. Information for additional years will be displayed when it becomes available.

CITY OF KANKAKEE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2019

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	16,660	16,000	660

CITY OF KANKAKEE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2019

NOTE 3 - ILLINOIS MUNICIPAL RETIREMENT FUND:

A. Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 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 2018 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): 25-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 20 years for most employers (three employers were financed over 29 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
April 30, 2019

NOTE 3 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued):

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-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

** Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation*

NOTE 4 – POLICE PENSION FUND:

Valuation date May 1, 2017

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%
Retirement age	50 - 70
Mortality	RP-2014 projected to 2017

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, 2017 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
April 30, 2019

NOTE 5 – FIREFIGHTERS’ PENSION FUND:

Valuation date	May 1, 2017
 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 Value
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	7.00%
Retirement age	50 - 70
Mortality	RP-2014 projected to 2017

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, 2017 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**

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, 2019
(With comparative totals for 2018)

	Budgeted Amounts		2019	2018
	Original	Final	Actual	Actual
Taxes:				
Property taxes	\$ 8,731,594	\$ 8,731,594	\$ 8,456,471	\$ 7,816,476
Utility taxes	3,600,000	3,600,000	3,762,748	3,511,588
Total taxes	<u>12,331,594</u>	<u>12,331,594</u>	<u>12,219,219</u>	<u>11,328,064</u>
Licenses, permits and fees:				
Business licenses	30,000	30,000	46,539	38,102
Liquor licenses	125,000	125,000	116,455	132,650
Gambling licenses	45,000	45,000		
Vehicle sticker fees	475,000	475,000	445,579	451,231
Rental licenses	80,000	80,000	76,272	85,321
Other licenses	25,000	25,000	9,139	16,343
Franchise fees	300,000	300,000	377,891	374,609
Ambulance fees	925,000	925,000	968,080	1,020,662
Building permits and fees	405,000	405,000	266,865	309,366
Other permits and fees	22,000	22,000	96,736	122,388
Public safety fees	975,000	975,000	996,326	996,787
Total licenses, permits and fees	<u>3,407,000</u>	<u>3,407,000</u>	<u>3,399,882</u>	<u>3,547,459</u>
Charges for services:				
Community Development Agency			35,000	35,000
Fire Department	48,000	48,000	41,293	54,724
Police Department	12,000	12,000	9,175	8,976
Motor Fuel Tax Reimbursement				161,357
Total charges for services	<u>60,000</u>	<u>60,000</u>	<u>85,468</u>	<u>260,057</u>
Fines and penalties	<u>479,000</u>	<u>479,000</u>	<u>408,330</u>	<u>425,873</u>
Intergovernmental:				
State replacement income tax	650,000	650,000	692,258	639,903
State income tax	2,500,000	2,500,000	2,673,539	2,497,107
Home rule sales tax			4,750,039	
State sales tax	3,480,000	3,677,533	4,009,573	3,746,055
State gaming tax	360,000	360,000	455,662	404,743
Local use tax	715,000	715,000	814,188	714,342
Grants from various governmental agencies	249,879	249,879	313,750	296,113
Kankakee River Metropolitan Agency	50,000	50,000	50,000	50,000
Total intergovernmental	<u>8,004,879</u>	<u>8,202,412</u>	<u>13,759,009</u>	<u>8,348,263</u>
Interest	<u>-0-</u>	<u>-0-</u>	<u>249,858</u>	<u>120,527</u>
Miscellaneous revenues	<u>327,000</u>	<u>327,000</u>	<u>543,414</u>	<u>290,582</u>
Total revenues	<u>\$ 24,609,473</u>	<u>\$ 24,807,006</u>	<u>\$ 30,665,180</u>	<u>\$ 24,320,825</u>

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EXPENDITURES AND COMPARISON TO BUDGET
GENERAL FUND
For the year ended April 30, 2019
(With comparative totals for 2018)

	Budgeted Amounts		2019 Actual	2018 Actual
	Original	Final		
General city government:				
Council	\$ 169,000	\$ 170,500	\$ 157,171	\$ 159,649
Mayor	120,280	120,280	123,779	134,245
Commissions and boards	25,750	25,750	28,129	15,642
City clerk	165,080	165,080	134,070	130,529
Central services	470,271	470,271	439,870	395,303
Computer operations	46,000	46,000	35,996	31,832
Corporate counsel	165,000	168,000	353,291	77,926
Adjudication	92,069	97,069	71,844	87,311
City planning	115,000	163,000	187,036	72,018
Human relations	92,500	96,500	64,806	24,288
Group insurance	1,753,000	1,768,500	1,735,679	1,738,639
Liability and workers compensation insurance	1,150,000	1,150,000	1,119,408	1,192,971
Unemployment tax	50,000	50,000	33,515	47,148
Transportation support	76,000	76,000	78,199	78,199
Property tax rebates	275,000	275,000	297,010	386,453
Other	705,100	730,100	911,077	785,961
Total general city government	5,470,050	5,572,050	5,770,880	5,358,114
Public safety - police department:				
Administration and operations	6,450,769	6,450,769	6,438,013	6,178,214
Training	36,500	36,500	26,089	9,995
Records	200,000	200,000	184,996	185,181
Communications	972,525	972,525	1,032,972	930,133
Detention and custody	82,500	82,500	55,266	66,438
Pension contribution	3,078,152	3,078,152	2,978,940	2,705,826
Crossing guards	45,500	45,500	37,530	37,971
Total public safety - police department	10,865,946	10,865,946	10,753,806	10,113,758
Public safety - fire department:				
Administration	453,345	453,345	535,312	349,474
Training	145,500	147,000	150,764	150,130
Alarm and communications system	4,000	4,000	2,951	3,794
Supplies and maintenance	35,000	35,000	25,392	35,901
Fire prevention	281,900	281,900	273,559	273,253
Fire fighting force	2,493,500	2,518,500	2,478,409	2,366,589
Emergency service	1,024,200	1,034,200	1,000,063	1,039,222
Pension contribution	3,057,207	3,057,207	2,958,679	2,646,916
Fire department equipment				150,000
Total public safety - fire department	7,494,652	7,531,152	7,425,129	7,015,279

(Continued)

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

(Continued)

For the year ended April 30, 2019
(With comparative totals for 2018)

	Budgeted Amounts		2019	2018
	Original	Final	Actual	Actual
Public safety - code enforcement:				
Property maintenance	\$ 411,250	\$ 431,250	\$ 418,582	\$ 389,166
Building safety	120,530	120,530	106,064	112,692
Animal control	25,000	25,000	14,735	24,740
Total public safety - code enforcement	<u>556,780</u>	<u>576,780</u>	<u>539,381</u>	<u>526,598</u>
Total public safety	<u>18,917,378</u>	<u>18,973,878</u>	<u>18,718,316</u>	<u>17,655,635</u>
Community development:				
Community promotion	<u>91,050</u>	<u>91,050</u>	<u>64,605</u>	<u>65,020</u>
Economic development:				
Sales tax incentives	<u>350,000</u>	<u>350,000</u>	<u>611,754</u>	<u>344,024</u>
Debt service:				
Principal retirement	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>10,000</u>
Total expenditures	<u><u>\$ 24,913,478</u></u>	<u><u>\$ 25,071,978</u></u>	<u><u>\$ 25,250,555</u></u>	<u><u>\$ 23,432,793</u></u>

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

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 and 9

TIF Districts Nos. 1, 5, 6, 7 and 9 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 GOVERNMENTAL FUNDS
April 30, 2019

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 4,618,710	\$ 500	\$ 4,619,210
Receivables, less allowance for uncollectible amounts:			
Property taxes	758,500	4,828,200	5,586,700
Due from other governmental agencies	116,595		116,595
Due from other funds	34,657	114,420	149,077
Due from component units	16,249		16,249
Accounts receivable	52,393		52,393
Total assets	\$ 5,597,104	\$ 4,943,120	\$ 10,540,224
Liabilities			
Accounts payable	\$ 328,715		\$ 328,715
Accrued wages payable	33,751		33,751
Due to other funds	436,039	\$ 42,349	478,388
Total liabilities	798,505	42,349	840,854
Deferred Inflows of Resources			
Deferred property tax revenue	758,500	4,828,200	5,586,700
Deferred loan receivable	32,367		32,367
Total deferred inflows of resources	790,867	4,828,200	5,619,067
Fund Balance			
Restricted for:			
Debt service		72,571	72,571
Street maintenance programs	1,092,237		1,092,237
Economic development	1,869,963		1,869,963
Culture and recreation	18,756		18,756
Retirement obligations	1,224,150		1,224,150
Unassigned (deficit)	(197,374)		(197,374)
Total fund balance	4,007,732	72,571	4,080,303
Total liabilities, deferred inflows of resources and fund balance	\$ 5,597,104	\$ 4,943,120	\$ 10,540,224

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended April 30, 2019

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:			
Property taxes	\$ 2,081,797	\$ 5,103,517	\$ 7,185,314
Intergovernmental	1,081,045		1,081,045
Interest income	17,483	5,155	22,638
Miscellaneous	22,500		22,500
Total revenues	3,202,825	5,108,672	8,311,497
Expenditures:			
Current:			
General government	806,887		806,887
Highways and streets	413,954		413,954
Community development	417,508		417,508
Culture and recreation	16,660		16,660
Economic development	526,035		526,035
Debt service:			
Principal retirement		5,290,000	5,290,000
Interest and fiscal charges		1,490,883	1,490,883
Total expenditures	2,181,044	6,780,883	8,961,927
Excess (deficiency) of revenues over expenditures	1,021,781	(1,672,211)	(650,430)
Other financing sources (uses):			
Transfers from other funds	120,243	1,655,281	1,775,524
Transfers to other funds	(887,136)		(887,136)
Total other financing sources (uses)	(766,893)	1,655,281	888,388
Net change in fund balances	254,888	(16,930)	237,958
Fund balance May 1, 2018	3,752,844	89,501	3,842,345
Fund balance, April 30, 2019	\$ 4,007,732	\$ 72,571	\$ 4,080,303

CITY OF KANKAKEE, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
April 30, 2019

	<u>Band Fund</u>	<u>Illinois Municipal Retirement Fund</u>	<u>Special Service Area No. 2</u>	<u>Special Service Area No. 3</u>
Assets				
Cash and investments	\$ 18,756	\$ 1,267,706	\$ 47,210	\$ 62,003
Receivables, less allowance for uncollectible amounts:				
Property taxes	16,000	445,000	2,900	2,900
Due from other governmental agencies				
Due from other funds		10,166		
Due from component units		16,249		
Accounts receivable				
Total assets	<u>\$ 34,756</u>	<u>\$ 1,739,121</u>	<u>\$ 50,110</u>	<u>\$ 64,903</u>
Liabilities				
Accounts payable		\$ 36,220		
Accrued wages payable		33,751		
Due to other funds				
Total liabilities	<u>\$ -0-</u>	<u>69,971</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Deferred Inflows of Resources				
Deferred property tax revenue	16,000	445,000	2,900	2,900
Deferred loan receivable				
Total deferred inflows of resources	<u>16,000</u>	<u>445,000</u>	<u>2,900</u>	<u>2,900</u>
Fund Balance				
Restricted for:				
Street maintenance program				
Economic development			47,210	62,003
Culture and recreation	18,756			
Retirement obligations		1,224,150		
Unassigned (deficit)				
Total fund balance (deficit)	<u>18,756</u>	<u>1,224,150</u>	<u>47,210</u>	<u>62,003</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 34,756</u>	<u>\$ 1,739,121</u>	<u>\$ 50,110</u>	<u>\$ 64,903</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
\$ 83,633	\$ 50,508	\$ 1,060,705	\$ 1,986,607	\$ 401	
21,700				23,000	\$ 140,000
	55,643 1,000	60,952 23,491			
	52,393				
<u>\$ 105,333</u>	<u>\$ 159,544</u>	<u>\$ 1,145,148</u>	<u>\$ 1,986,607</u>	<u>\$ 23,401</u>	<u>\$ 140,000</u>
	\$ 58,035	\$ 52,911	\$ 181,549		
	265,917		163,008	\$ 1,000	
<u>\$ -0-</u>	<u>323,952</u>	<u>52,911</u>	<u>344,557</u>	<u>1,000</u>	<u>\$ -0-</u>
21,700				23,000	140,000
	32,367				
<u>21,700</u>	<u>32,367</u>	<u>-0-</u>	<u>-0-</u>	<u>23,000</u>	<u>140,000</u>
83,633		1,092,237	1,642,050		
	(196,775)			(599)	
<u>83,633</u>	<u>(196,775)</u>	<u>1,092,237</u>	<u>1,642,050</u>	<u>(599)</u>	<u>-0-</u>
<u>\$ 105,333</u>	<u>\$ 159,544</u>	<u>\$ 1,145,148</u>	<u>\$ 1,986,607</u>	<u>\$ 23,401</u>	<u>\$ 140,000</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
April 30, 2019

	Tax Increment Financing District No. 7 Fund	Tax Increment Financing District No. 9 Fund	Totals
Assets			
Cash and investments	\$ 34,574	\$ 6,607	\$ 4,618,710
Receivables, less allowance for uncollectible amounts:			
Property taxes	2,000	105,000	758,500
Due from other governmental agencies			116,595
Due from other funds			34,657
Due from component units			16,249
Accounts receivable			52,393
	<u>36,574</u>	<u>111,607</u>	<u>5,597,104</u>
Total assets	<u>\$ 36,574</u>	<u>\$ 111,607</u>	<u>\$ 5,597,104</u>
Liabilities			
Accounts payable			\$ 328,715
Accrued wages payable			33,751
Due to other funds	\$ 6,114		436,039
	<u>6,114</u>	<u>\$ -0-</u>	<u>798,505</u>
Total liabilities	<u>6,114</u>	<u>\$ -0-</u>	<u>798,505</u>
Deferred Inflows of Resources			
Deferred property tax revenue	2,000	105,000	758,500
Deferred loan receivable			32,367
	<u>2,000</u>	<u>105,000</u>	<u>790,867</u>
Total deferred inflows of resources	<u>2,000</u>	<u>105,000</u>	<u>790,867</u>
Fund Balance			
Restricted for:			
Street maintenance program			1,092,237
Economic development	28,460	6,607	1,869,963
Culture and recreation			18,756
Retirement obligations			1,224,150
Unassigned (deficit)			(197,374)
	<u>28,460</u>	<u>6,607</u>	<u>4,007,732</u>
Total fund balance (deficit)	<u>28,460</u>	<u>6,607</u>	<u>4,007,732</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 36,574</u>	<u>\$ 111,607</u>	<u>\$ 5,597,104</u>

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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, 2019

	<u>Band Fund</u>	<u>Illinois Municipal Retirement Fund</u>	<u>Special Service Area No. 2</u>	<u>Special Service Area No. 3</u>
Revenues:				
Property taxes	\$ 16,394	\$ 830,627	\$ 2,878	\$ 2,737
Intergovernmental				
Interest income	16	839	3	3
Miscellaneous				
	<u>16,410</u>	<u>831,466</u>	<u>2,881</u>	<u>2,740</u>
Total revenues	<u>16,410</u>	<u>831,466</u>	<u>2,881</u>	<u>2,740</u>
Expenditures:				
Current:				
General government		650,419		
Highways and streets				
Community development				
Culture and recreation	16,660			
Economic development			1,158	386
	<u>16,660</u>	<u>650,419</u>	<u>1,158</u>	<u>386</u>
Total expenditures	<u>16,660</u>	<u>650,419</u>	<u>1,158</u>	<u>386</u>
Excess (deficiency) of revenues over expenditures	<u>(250)</u>	<u>181,047</u>	<u>1,723</u>	<u>2,354</u>
Other financing sources (uses):				
Transfers from other funds				
Transfers to other funds				
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	<u>(250)</u>	<u>181,047</u>	<u>1,723</u>	<u>2,354</u>
Fund balance (deficit), May 1, 2018	<u>19,006</u>	<u>1,043,103</u>	<u>45,487</u>	<u>59,649</u>
Fund balance (deficit), April 30, 2019	<u>\$ 18,756</u>	<u>\$ 1,224,150</u>	<u>\$ 47,210</u>	<u>\$ 62,003</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
\$ 20,631			\$ 1,024,335		\$ 174,551
21	\$ 382,029 29	\$ 699,016 15,318	1,057		175
<u>20,652</u>	<u>382,058</u>	<u>714,334</u>	<u>1,025,392</u>	<u>\$ -0-</u>	<u>174,726</u>
	156,468				
	417,508	413,954			
			<u>522,318</u>	<u>724</u>	<u>724</u>
<u>-0-</u>	<u>573,976</u>	<u>413,954</u>	<u>522,318</u>	<u>724</u>	<u>724</u>
<u>20,652</u>	<u>(191,918)</u>	<u>300,380</u>	<u>503,074</u>	<u>(724)</u>	<u>174,002</u>
			29,967 (709,022)		90,276 (172,000)
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(679,055)</u>	<u>-0-</u>	<u>(81,724)</u>
20,652	(191,918)	300,380	(175,981)	(724)	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>\$ 83,633</u>	<u>\$ (196,775)</u>	<u>\$ 1,092,237</u>	<u>\$ 1,642,050</u>	<u>\$ (599)</u>	<u>\$ -0-</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, 2019

	Tax Increment Financing District No. 7 Fund	Tax Increment Financing District No. 9 Fund	Totals
Revenues:			
Property taxes	\$ 3,044	\$ 6,600	\$ 2,081,797
Intergovernmental			1,081,045
Interest income	15	7	17,483
Miscellaneous	22,500		22,500
Total revenues	25,559	6,607	3,202,825
Expenditures:			
Current:			
General government			806,887
Highways and streets			413,954
Community development			417,508
Culture and recreation			16,660
Economic development	725		526,035
Total expenditures	725	-0-	2,181,044
Excess (deficiency) of revenues over expenditures	24,834	6,607	1,021,781
Other financing sources (uses):			
Transfers from other funds			120,243
Transfers to other funds	(6,114)		(887,136)
Total other financing sources (uses)	(6,114)	-0-	(766,893)
Net change in fund balances	18,720	6,607	254,888
Fund balance (deficit), May 1, 2018	9,740	-0-	3,752,844
Fund balance (deficit), April 30, 2019	\$ 28,460	\$ 6,607	\$ 4,007,732

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BAND FUND
For the year ended April 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 16,831	\$ 16,831	\$ 16,394	\$ (437)
Interest income			16	16
	<u>16,831</u>	<u>16,831</u>	<u>16,410</u>	<u>(421)</u>
Total revenues				
Expenditures:				
Current:				
Culture and recreation	<u>16,000</u>	<u>16,000</u>	<u>16,660</u>	<u>660</u>
Net change in fund balance	<u>\$ 831</u>	<u>\$ 831</u>	(250)	<u>\$ (1,081)</u>
Fund balance, May 1, 2018			<u>19,006</u>	
Fund balance, April 30, 2019			<u>\$ 18,756</u>	

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Property taxes	\$ 858,961	\$ 858,961	\$ 830,627	\$ (28,334)
Interest income			839	839
Total revenues	858,961	858,961	831,466	(27,495)
Expenditures:				
Current:				
General government	858,000	858,000	650,419	(207,581)
Net change in fund balance	\$ 961	\$ 961	181,047	\$ 180,086
Fund balance, May 1, 2018			1,043,673	
Fund balance, April 30, 2019			\$ 1,224,720	

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 2,890	\$ 2,890	\$ 2,878	\$ (12)
Interest			3	3
Total revenues	2,890	2,890	2,881	(9)
Expenditures:				
Current:				
Economic development	2,800	2,800	1,158	(1,642)
Net change in fund balance	<u>\$ 90</u>	<u>\$ 90</u>	1,723	<u>\$ 1,633</u>
Fund balance, May 1, 2018			<u>45,487</u>	
Fund balance, April 30, 2019			<u>\$ 47,210</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 3,027	\$ 3,027	\$ 2,737	\$ (290)
Interest income			3	3
	<u>3,027</u>	<u>3,027</u>	<u>2,740</u>	<u>(287)</u>
Total revenues				
	3,027	3,027	2,740	(287)
Expenditures:				
Current:				
Economic development	<u>3,000</u>	<u>3,000</u>	<u>386</u>	<u>(2,614)</u>
Net change in fund balance	<u>\$ 27</u>	<u>\$ 27</u>	2,354	<u>\$ 2,327</u>
Fund balance, May 1, 2018			<u>59,649</u>	
Fund balance, April 30, 2019			<u>\$ 62,003</u>	

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 21,400	\$ 21,400	\$ 20,631	\$ (769)
Interest income			21	21
	<u>21,400</u>	<u>21,400</u>	<u>20,652</u>	<u>(748)</u>
Total revenues				
	21,400	21,400	20,652	(748)
Expenditures:				
Current:				
Economic development	<u>21,000</u>	<u>21,000</u>	<u>-0-</u>	<u>(21,000)</u>
Net change in fund balance	<u>\$ 400</u>	<u>\$ 400</u>	20,652	<u>\$ 20,252</u>
Fund balance, May 1, 2018			<u>62,981</u>	
Fund balance, April 30, 2019			<u>\$ 83,633</u>	

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

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, 2019**

	General Obligation Bonds, Series 2008	General Obligation Bonds, Series 2009	General Obligation Bonds, Series 2011	General Obligation Bonds, Series 2012
Assets				
Cash and investments	\$ 500			
Receivables, less allowance for uncollectible amounts:				
Property taxes	1,060,900	\$ 1,413,500	\$ 1,003,200	\$ 495,100
Due from other funds		108,607		5,813
Total assets	\$ 1,061,400	\$ 1,522,107	\$ 1,003,200	\$ 500,913
Liabilities				
Due to other funds	\$ -0-	\$ 36,536	\$ -0-	\$ 5,813
Deferred Inflows of Resources				
Deferred property tax revenue	1,060,900	1,413,500	1,003,200	495,100
Fund Balance				
Restricted for debt service	500	72,071	-0-	-0-
Total liabilities, deferred inflows of resources and fund balance	\$ 1,061,400	\$ 1,522,107	\$ 1,003,200	\$ 500,913

General Obligation Bonds, Series 2013	General Obligation Bonds, Series 2014	General Obligation Bonds, Series 2016	Totals
			\$ 500
\$ 297,500	\$ 447,500	\$ 110,500	4,828,200 114,420
<u>\$ 297,500</u>	<u>\$ 447,500</u>	<u>\$ 110,500</u>	<u>\$ 4,943,120</u>
\$ -0-	\$ -0-	\$ -0-	\$ 42,349
297,500	447,500	110,500	4,828,200
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>72,571</u>
<u>\$ 297,500</u>	<u>\$ 447,500</u>	<u>\$ 110,500</u>	<u>\$ 4,943,120</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, 2019

	General Obligation Bonds, Series 2008	General Obligation Bonds, Series 2009	General Obligation Bonds, Series 2011	General Obligation Bonds, Series 2012
Revenues:				
Property taxes	\$ 868,486	\$ 2,750,370	\$ 216,830	\$ 437,712
Interest income	878	2,779	218	442
Total revenues	869,364	2,753,149	217,048	438,154
Expenditures:				
Debt service:				
Principal retirement	670,000	2,525,000		1,075,000
Interest and fiscal charges	228,308	480,655	224,275	81,885
Total expenditures	898,308	3,005,655	224,275	1,156,885
Excess (deficiency) of revenues over expenditures	(28,944)	(252,506)	(7,227)	(718,731)
Other financing sources (uses):				
Transfers from other funds	28,944	260,794	5,141	746,144
Net change in fund balance	-0-	8,288	(2,086)	27,413
Fund balance (deficit), May 1, 2018	500	63,783	2,086	(27,413)
Fund balance, April 30, 2019	\$ 500	\$ 72,071	\$ -0-	\$ -0-

General Obligation Bonds, Series 2013	General Obligation Bonds, Series 2014	General Obligation Bonds, Series 2016	Totals
\$ 299,428	\$ 420,475	\$ 110,216	\$ 5,103,517
303	424	111	5,155
<u>299,731</u>	<u>420,899</u>	<u>110,327</u>	<u>5,108,672</u>
265,000	615,000	140,000	5,290,000
44,710	204,200	226,850	1,490,883
<u>309,710</u>	<u>819,200</u>	<u>366,850</u>	<u>6,780,883</u>
(9,979)	(398,301)	(256,523)	(1,672,211)
<u>9,979</u>	<u>398,301</u>	<u>205,978</u>	<u>1,655,281</u>
-0-	-0-	(50,545)	(16,930)
<u>-0-</u>	<u>-0-</u>	<u>50,545</u>	<u>89,501</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 72,571</u>

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**CITY OF KANKAKEE, ILLINOIS
FIDUCIARY FUNDS**

The Pension Trust Funds are used to account for assets held in a trustee capacity for pension benefit payments.

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to sworn officers on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

Firefighters' Pension Fund

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to sworn officers of the fire department at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

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CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
April 30, 2019

	Police Pension Fund	Firefighters' Pension Fund	Totals
Assets			
Cash and short-term investments	\$ 1,906,556	\$ 1,233,843	\$ 3,140,399
Receivables, less allowance for uncollectible amounts:			
Employee contributions	21,637	14,402	36,039
Employer contributions	592,326	347,071	939,397
Interest	47,635	28,562	76,197
Investments, at fair value:			
Mutual funds	8,377,311	5,725,599	14,102,910
Corporate stocks	6,281,505	1,052,113	7,333,618
U. S. Treasury obligations	2,538,532	1,296,233	3,834,765
U. S. Agency obligations	598,673	423,983	1,022,656
Corporate bonds	3,357,140	1,761,857	5,118,997
Municipal bonds	197,093	111,186	308,279
Prepaid items		10,510	10,510
Total assets	23,918,408	12,005,359	35,923,767
Liabilities			
Benefits and other payables	258,474	274,219	532,693
Net Position			
Net position restricted for pensions	<u>\$ 23,659,934</u>	<u>\$ 11,731,140</u>	<u>\$ 35,391,074</u>

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the year ended April 30, 2019

	Police Pension Fund	Firefighters' Pension Fund	Totals
Additions:			
Contributions:			
Employer	\$ 2,978,940	\$ 2,958,679	\$ 5,937,619
Employee	530,361	380,720	911,081
Total contributions	3,509,301	3,339,399	6,848,700
Investment income:			
Net change in fair value of investments	926,668	(429,371)	497,297
Interest and dividends	506,610	1,089,835	1,596,445
	1,433,278	660,464	2,093,742
Less: investment expense	(139,636)	(72,737)	(212,373)
Net investment income	1,293,642	587,727	1,881,369
Total additions	4,802,943	3,927,126	8,730,069
Deductions:			
Benefits	3,025,616	3,158,325	6,183,941
Refunds of contributions	272,294	4,901	277,195
Administrative expenses	39,160	53,623	92,783
Total deductions	3,337,070	3,216,849	6,553,919
Change in net position restricted for pensions	1,465,873	710,277	2,176,150
Net position restricted for pensions			
May 1, 2018	22,194,061	11,020,863	33,214,924
April 30, 2019	\$ 23,659,934	\$ 11,731,140	\$ 35,391,074

**CITY OF KANKAKEE, ILLINOIS
COMPONENT UNITS**

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, 2019

	General Operating	Adjustment	Statement of Net Position
Assets			
Cash and investments	\$ 647,127		\$ 647,127
Receivables, less allowance for uncollectible amounts:			
Property taxes	1,773,000		1,773,000
Accounts receivable	11,509		11,509
Prepaid items	8,875		8,875
Capital assets:			
Depreciable (net of accumulated depreciation)		\$ 5,812,661	5,812,661
Total assets	2,440,511	5,812,661	8,253,172
Deferred Outflows of Resources			
Deferred items related to Illinois Municipal Retirement Fund	-0-	712,144	712,144
Total assets and deferred outflows of resources	\$ 2,440,511	\$ 6,524,805	\$ 8,965,316
Liabilities			
Accounts payable	\$ 2,279		\$ 2,279
Unearned grant revenue	4,400		4,400
Due to primary government	122,134		122,134
Long-term liabilities:			
Due within one year		\$ 162,601	162,601
Due within more than one year		2,461,631	2,461,631
Total liabilities	128,813	2,624,232	2,753,045
Deferred Inflows of Resources			
Deferred property tax revenue	1,773,000		1,773,000
Deferred items related to Illinois Municipal Retirement Fund		371,978	371,978
Total deferred inflows of resources	1,773,000	371,978	2,144,978
Fund Balance / Net Position			
Nonspendable fund balance	8,875	(8,875)	-0-
Net investment in capital assets		3,906,519	3,906,519
Unassigned / Unrestricted	529,823	(369,049)	160,774
Total fund balance / net position	538,698	3,528,595	4,067,293
Total liabilities, deferred inflows of resources and fund balance / net position	\$ 2,440,511	\$ 6,524,805	\$ 8,965,316

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, 2019

	<u>General Operating</u>	<u>Adjustment</u>	<u>Statement of Activities</u>
Revenues:			
Property taxes	\$ 1,716,782		\$ 1,716,782
Charges for services	329,383		329,383
Intergovernmental	55,614		55,614
Interest	2,113		2,113
Other	12,914		12,914
	<u>2,116,806</u>		<u>2,116,806</u>
Total revenues	2,116,806	\$ -0-	2,116,806
Expenditures/expenses:			
Current:			
Culture and recreation	1,958,829	226,056	2,184,885
Debt service:			
Principal retirement	154,687	(154,687)	-0-
Interest and fiscal charges	99,529		99,529
	<u>2,213,045</u>	<u>71,369</u>	<u>2,284,414</u>
Total expenditures/expenses	2,213,045	71,369	2,284,414
Net change in fund balance / net position	(96,239)	(71,369)	(167,608)
Fund balance / net position, May 1, 2018	634,937	3,599,964	4,234,901
Fund balance / net position, April 30, 2019	<u>\$ 538,698</u>	<u>\$ 3,528,595</u>	<u>\$ 4,067,293</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, 2019

	General Operating	Adjustment	Statement of Net Position
Assets			
Cash and investments	\$ 125,609		\$ 125,609
Receivables, less allowance for uncollectible amounts:			
Property taxes	116,000		116,000
Prepaid items	257		257
Capital assets:			
Depreciable (net of accumulated depreciation)		\$ 490,646	490,646
Total assets	\$ 241,866	\$ 490,646	\$ 732,512
Liabilities			
Accounts payable	\$ 4,339	\$ -0-	\$ 4,339
Deferred Inflows of Resources			
Deferred property tax revenue	116,000	-0-	116,000
Fund Balance / Net Position			
Nonspendable fund balance	257	(257)	-0-
Net investment in capital assets		490,646	490,646
Unassigned / Unrestricted	121,270	257	121,527
Total fund balance / net position	121,527	490,646	612,173
Total liabilities, deferred inflows of resources and fund balance / net position	\$ 241,866	\$ 490,646	\$ 732,512

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, 2019

	<u>General Operating</u>	<u>Adjustment</u>	<u>Statement of Activities</u>
Revenues:			
Property taxes	\$ 107,568		\$ 107,568
Interest	399		399
Other	24,615		24,615
Total revenues	132,582	\$ -0-	132,582
Expenditures/expenses:			
Current:			
General government	136,940	54,918	191,858
Net change in fund balance/net position	(4,358)	(54,918)	(59,276)
Fund balance/net position, May 1, 2018	125,885	545,564	671,449
Fund balance/net position, April 30, 2019	<u>\$ 121,527</u>	<u>\$ 490,646</u>	<u>\$ 612,173</u>

CITY OF KANKAKEE, ILLINOIS
PROPERTY TAXES RECEIVABLE
2018 LEVY TO BE COLLECTED IN FISCAL YEAR 2020
April 30, 2019

	Taxes extended	Estimated losses	Estimated net taxes receivable
Primary Government:			
General Fund	\$ 5,551,990	\$ 166,990	\$ 5,385,000
Special Revenue Funds:			
Band Fund	17,014	1,014	16,000
Illinois Municipal Retirement Fund	459,158	14,158	445,000
Special Service Area No. 2	3,003	103	2,900
Special Service Area No. 3	3,051	151	2,900
Special Service Area No. 5	22,472	772	21,700
Tax Increment Financing District #5	24,339	1,339	23,000
Tax Increment Financing District #6	144,675	4,675	140,000
Tax Increment Financing District #7	2,658	658	2,000
Tax Increment Financing District #8	1,084,332	33,332	1,051,000
Tax Increment Financing District #9	114,607	9,607	105,000
Total Special Revenue Funds	1,875,309	65,809	1,809,500
Debt Service Funds	4,978,064	149,864	4,828,200
Total Primary Government	\$ 12,405,363	\$ 382,663	\$ 12,022,700
Component Units:			
Special Service Area No. 1	\$ 120,002	\$ 4,002	\$ 116,000
Library	1,800,085	27,085	1,773,000
Total Component Units	\$ 1,920,087	\$ 31,087	\$ 1,889,000

CITY OF KANKAKEE, ILLINOIS
PROPRIETARY FUND TYPES
KANKAKEE ENVIRONMENTAL SERVICES UTILITY FUND
SCHEDULE OF BOND RATE COVENANT CALCULATION
April 30, 2019

Debt service requirements	\$ 1,273,451	
120% covenant	x <u>120%</u>	
Total required revenues	<u>1,528,141</u>	
Net revenues generated by sewer utility:		
Sewer charges	16,100,545	
Utility operations expenses	<u>(4,738,290)</u>	
Net revenues generated	11,362,255	
Sewer Utility's share of Kankakee River Metropolitan Agency's plant operations expenses		
	<u>(5,726,426)</u>	
Total net revenues available (expressed in dollars and as a percentage of debt service requirements)	<u>5,635,829</u>	<u>443%</u>
Bond covenant coverage over the required revenues	<u>\$ 4,107,688</u>	

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CITY OF KANKAKEE, ILLINOIS
PROPRIETARY FUND TYPES
KANKAKEE ENVIRONMENTAL SERVICES UTILITY FUND
SCHEDULE OF REVENUE BONDS PAYABLE
April 30, 2019

	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>1,975,000</u>		<u>-0-</u>		<u>1,640,000</u>	
Balance, April 30, 2019	<u>\$ 2,025,000</u>		<u>\$ 2,700,000</u>		<u>\$ 1,100,000</u>	
Date as follows:						
Year ending April 30,	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 295,000	\$ 103,686		\$ 163,755		\$ 41,045
2021	310,000	87,875		163,755	\$ 530,000	31,638
2022	325,000	70,885		163,755		22,230
2023	345,000	52,623		163,755	570,000	11,115
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>\$ 2,025,000</u>	<u>\$ 358,967</u>	<u>\$ 2,700,000</u>	<u>\$ 1,366,059</u>	<u>\$ 1,100,000</u>	<u>\$ 106,028</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	
435,000		-0-		55,000	
<u>\$ 1,735,000</u>		<u>\$ 3,550,000</u>		<u>\$ 6,980,000</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 465,000	\$ 79,265		\$ 164,750	\$ 145,000	\$ 280,950
	71,439		164,750	220,000	275,475
	71,439		164,750	225,000	268,800
	54,869		164,750	230,000	261,975
775,000	38,300		164,750	240,000	254,925
	24,536		164,750	250,000	246,325
495,000	53,897	\$ 95,000	162,672	305,000	235,225
		320,000	153,594	320,000	222,725
		330,000	139,375	350,000	209,325
		345,000	124,609	350,000	195,325
		365,000	108,622	365,000	181,025
		380,000	91,394	385,000	166,025
		400,000	73,356	660,000	143,475
		415,000	53,991	690,000	114,825
		440,000	33,150	715,000	84,938
		460,000	11,213	750,000	51,975
				780,000	17,550
<u>\$ 1,735,000</u>	<u>\$ 393,745</u>	<u>\$ 3,550,000</u>	<u>\$ 1,940,476</u>	<u>\$ 6,980,000</u>	<u>\$ 3,210,863</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
PROPRIETARY FUND TYPES
KANKAKEE ENVIRONMENTAL SERVICES UTILITY FUND
SCHEDULE OF REVENUE BONDS PAYABLE
(Continued)
April 30, 2019

	Totals
Date of issue	
Interest rates	
Principal redemption date	
Interest payment dates	
Original issue	\$ 22,195,000
Paid to date	4,105,000
Balance, April 30, 2019	\$ 18,090,000

Date as follows:

Year ending April 30,	Principal	Interest	Totals
2020	\$ 440,000	\$ 833,451	\$ 1,273,451
2021	1,525,000	794,932	2,319,932
2022	550,000	761,859	1,311,859
2023	1,145,000	709,087	1,854,087
2024	1,680,000	646,438	2,326,438
2025	945,000	585,956	1,530,956
2026	1,215,000	573,409	1,788,409
2027	970,000	479,407	1,449,407
2028	1,020,000	431,250	1,451,250
2029	1,050,000	379,897	1,429,897
2030	1,095,000	326,210	1,421,210
2031	1,145,000	269,769	1,414,769
2032	1,060,000	216,831	1,276,831
2033	1,105,000	168,816	1,273,816
2034	1,155,000	118,088	1,273,088
2035	1,210,000	63,188	1,273,188
2036	780,000	17,550	797,550
	\$ 18,090,000	\$ 7,376,138	\$ 25,466,138

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CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE
April 30, 2019

	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>1,995,000</u>		<u>2,480,000</u>		<u>14,080,000</u>	
Balance, April 30, 2019	<u>\$ 4,935,000</u>		<u>\$ 7,700,000</u>		<u>\$ 825,000</u>	
Due as follows:						
April 30,	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 4,935,000</u>	<u>\$ 608,435</u>	<u>\$ 7,700,000</u>	<u>\$ 1,973,755</u>	<u>\$ 825,000</u>	<u>\$ 69,434</u>

Series 2011A		Series 2011B		Series 2012A		Series 2012B	
April 27, 2011 2.50% to 4.90%		April 27, 2011 4.10%		October 11, 2012 2.00% to 2.90%		November 1, 2012 2.00% to 3.00%	
January 1		January 1		January 1		January 1	
July 1 and January 1 \$ 5,000,000 495,000		July 1 and January 1 \$ 370,000 -0-		July 1 and January 1 \$ 3,915,000 2,000,000		July 1 and January 1 \$ 3,790,000 3,680,000	
<u>\$ 4,505,000</u>		<u>\$ 370,000</u>		<u>\$ 1,915,000</u>		<u>\$ 110,000</u>	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 440,000	\$ 209,105	\$ 370,000	\$ 15,170	\$ 520,000	\$ 51,210	\$ 110,000	\$ 3,300
600,000	190,185			535,000	38,210		
725,000	164,385			320,000	24,300		
855,000	132,123			320,000	15,500		
930,000	92,365			220,000	6,380		
955,000	46,795						
<u>\$ 4,505,000</u>	<u>\$ 834,958</u>	<u>\$ 370,000</u>	<u>\$ 15,170</u>	<u>\$ 1,915,000</u>	<u>\$ 135,600</u>	<u>\$ 110,000</u>	<u>\$ 3,300</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE
(Continued)
April 30, 2019

	Series 2013C		Series 2014		Series 2016A	
Date of issue	December 23, 2013		December 30, 2014		April 19, 2016	
Interest rates	2.00% to 3.95%		2.00% to 4.00%		2.00% to 4.00%	
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	\$ 2,635,000		\$ 6,455,000		\$ 3,665,000	
Paid to date	<u>1,620,000</u>		<u>1,645,000</u>		<u>435,000</u>	
Balance, April 30, 2019	<u>\$ 1,015,000</u>		<u>\$ 4,810,000</u>		<u>\$ 3,230,000</u>	
Due as follows:						
April 30,	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 270,000	\$ 36,760	\$ 665,000	\$ 185,750	\$ 150,000	\$ 109,350
2021	280,000	27,310	730,000	165,800	170,000	105,600
2022	170,000	17,510	785,000	136,600	175,000	100,500
2023	175,000	11,390	860,000	105,200	190,000	95,250
2024	120,000	4,740	685,000	70,800	600,000	89,550
2025			1,085,000	43,400	625,000	71,550
2026					645,000	52,800
2027					675,000	27,000
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
	<u>\$ 1,015,000</u>	<u>\$ 97,710</u>	<u>\$ 4,810,000</u>	<u>\$ 707,550</u>	<u>\$ 3,230,000</u>	<u>\$ 651,600</u>

Series 2016B		Totals		
April 19, 2016 4.00%				
January 1				
July 1 and January 1				
\$ 2,850,000		\$ 60,695,000		
<u>-0-</u>		<u>28,430,000</u>		
<u>\$ 2,850,000</u>		<u>\$ 32,265,000</u>		
Principal	Interest	Principal	Interest	Totals
	\$ 114,000	\$ 4,670,000	\$ 1,291,604	\$ 5,961,604
	114,000	3,910,000	1,116,694	5,026,694
	114,000	3,890,000	968,991	4,858,991
	114,000	4,235,000	816,024	5,051,024
	114,000	4,420,000	645,409	5,065,409
	114,000	3,495,000	465,788	3,960,788
\$ 210,000	114,000	1,665,000	321,128	1,986,128
220,000	105,600	1,745,000	251,693	1,996,693
225,000	96,800	1,115,000	178,493	1,293,493
240,000	87,800	1,165,000	129,888	1,294,888
245,000	78,200	245,000	78,200	323,200
255,000	68,400	255,000	68,400	323,400
270,000	58,200	270,000	58,200	328,200
280,000	47,400	280,000	47,400	327,400
290,000	36,200	290,000	36,200	326,200
300,000	24,600	300,000	24,600	324,600
315,000	12,600	315,000	12,600	327,600
<u>\$ 2,850,000</u>	<u>\$ 1,413,800</u>	<u>\$ 32,265,000</u>	<u>\$ 6,511,312</u>	<u>\$ 38,776,312</u>

(Continued)

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STATISTICAL SECTION

Table A-1

CITY OF KANKAKEE, ILLINOIS
NET POSITION BY COMPONENT (Unaudited)
Fiscal Years Ended April 30, 2010 to 2019
(accrual basis of accounting)
(amounts expressed in millions)

	<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>	<u>2019</u>
Governmental activities										
Net investment in capital assets	\$ 43.7	\$ 46.9	\$ 42.8	\$ 49.1	\$ 44.7	\$ 45.9	\$ 48.0	\$ 48.4	\$ 51.3	\$ 53.3
Restricted	6.3	9.6	7.6	6.3	5.9	5.9	8.6	7.3	6.6	8.3
Unrestricted	<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>	<u>(118.9)</u>
Total governmental activities net position	<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>\$ (56.3)</u>	<u>\$ (57.3)</u>
Business-type activities										
Net investment in capital assets	\$ 21.3	\$ 22.3	\$ 21.8	\$ 20.9	\$ 20.1	\$ 20.6	\$ 19.6	\$ 18.1	\$ 16.5	\$ 16.4
Restricted	1.4	1.5	2.0	1.7	2.7	2.2	3.1	3.2	3.5	3.7
Unrestricted	<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>	<u>(4.4)</u>
Total business-type activities net position	<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>	<u>\$ 15.7</u>
Primary government										
Net investment in capital assets	\$ 65.0	\$ 69.2	\$ 64.6	\$ 70.0	\$ 64.8	\$ 66.5	\$ 67.6	\$ 66.5	\$ 67.7	\$ 69.7
Restricted	7.7	11.1	9.6	8.0	8.6	8.1	11.7	10.5	10.1	12.0
Unrestricted	<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>	<u>(123.3)</u>
Total primary government net position	<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>	<u>\$ (41.6)</u>

Source: Audited Financial Statements

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

Table A-2

CITY OF KANKAKEE, ILLINOIS
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (Unaudited)
Fiscal Years Ended April 30, 2010 to 2019
(accrual basis of accounting)
(amounts expressed in millions)

	<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>	<u>2019</u>
Program Revenues										
Charges for services:										
General government	\$ 1.2	\$ 1.2	\$ 1.3	\$ 1.4	\$ 1.1	\$ 2.9	\$ 2.9	\$ 1.6	\$ 1.5	\$ 1.4
Public safety	0.6	0.6	0.5	0.6	0.6	0.7	1.0	2.3	2.5	2.4
Public works	0.6	0.1								
Community development	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Operating grants and contributions	3.4	4.3	3.9	3.2	3.0	2.7	3.1	2.7	2.3	1.4
Capital grants and contributions	4.3	0.2	0.1	0.3	0.0	0.2	0.0	0.1	0.0	0.1
Total program revenues	<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>6.3</u>	<u>5.4</u>
Expenses										
General government	\$ 8.3	\$ 8.8	\$ 8.2	\$ 7.8	\$ 7.8	\$ 8.0	\$ 11.8	\$ 6.9	\$ 7.3	\$ 6.9
Public safety	16.1	16.2	17.0	17.1	17.6	17.7	18.9	22.2	23.9	28.1
Public works	2.4	0.3								
Highways and streets	3.3	1.2	3.1	2.6	2.4	2.1	1.8	2.0	1.9	1.4
Community development	1.9	2.4	2.2	1.9	1.5	1.4	1.5	1.8	1.2	0.5
Culture and recreation	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic development	17.0	16.4	12.3	12.9	10.8	0.9	1.2	0.3	0.5	1.4
Interest and fiscal charges	2.8	2.9	2.8	2.6	2.3	2.3	2.0	1.9	1.9	1.4
Total expenses	<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>36.7</u>	<u>39.7</u>
Net revenue (expense)	<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>\$(30.4)</u>	<u>\$(34.3)</u>
General Revenues and Other Changes in Net Position										
Property taxes	\$ 12.1	\$ 14.6	\$ 13.5	\$ 13.9	\$ 14.6	\$ 15.4	\$ 15.0	\$ 14.7	\$ 15.2	\$ 16.9
Special assessments	0.3	0.3	0.3	0.0	0.4	0.3	0.0	0.0	0.0	0.0
Illinois retailers' tax, net	21.1	21.3	18.7	18.6	16.5	6.0	4.7	3.9	3.7	4.0
Utility taxes	3.4	3.6	3.9	4.1	4.0	4.0	3.7	3.5	3.5	3.8
Other taxes	3.1	3.3	3.3	3.6	3.9	4.2	4.6	4.4	4.3	4.6
Home rule sales tax										4.8
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	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.3
Other	0.4	0.8	0.9	0.5	0.5	0.4	0.5	0.6	0.3	0.6
Contributions from developers										
Transfers	1.5	(0.4)	(0.1)	0.1	3.9	(0.1)	(0.1)	0.3	0.2	0.3
Total general revenues and other changes	<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>	<u>\$ 35.3</u>
Total change in net position	<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>\$ (3.0)</u>	<u>\$ 0.9</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, 2010 to 2019
(accrual basis of accounting)
(amounts expressed in millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities										
Charges for services	\$ 12.6	\$ 12.0	\$ 12.6	\$ 12.7	\$ 16.6	\$ 17.4	\$ 17.3	\$ 17.9	\$ 17.6	\$ 19.1
Operating grants and contributions										0.1
Total revenues	12.6	12.0	12.6	12.7	16.6	17.4	17.3	17.9	17.6	19.2
Expenses	14.2	13.9	14.3	14.6	15.7	16.6	17.8	18.6	18.8	17.9
Net business-type revenues (expenses)	(1.6)	(1.9)	(1.7)	(1.9)	0.9	0.7	(0.5)	(0.7)	(1.2)	1.3
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	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.8	0.3
Contributions from developers										
Transfers	1.2	0.8	0.1	(0.1)	(3.9)	0.1	0.1	(0.3)	(0.2)	(0.3)
Total other income and changes in net position	1.3	0.8	0.2	0.0	(3.8)	0.2	0.2	(0.3)	0.6	0.0
Total change in net position	(0.3)	(1.1)	(1.5)	(1.9)	(2.9)	1.0	(0.3)	(1.0)	(0.6)	1.3
Total Primary Government										
Program revenues	\$ 22.7	\$ 18.5	\$ 18.5	\$ 18.3	\$ 21.3	\$ 24.0	\$ 24.4	\$ 25.0	\$ 24.2	\$ 24.6
Expenses	(66.2)	(62.1)	(60.8)	(59.6)	(58.0)	(49.0)	(54.9)	(53.7)	(55.5)	(57.6)
Net revenues (expenses)	(43.5)	(43.6)	(42.3)	(41.3)	(36.7)	(25.0)	(30.5)	(28.7)	(31.3)	(33.0)
General revenues and other changes in net position	43.4	42.9	40.3	40.8	40.2	30.5	28.6	27.3	28.0	35.3
Total change in net position	\$ (0.1)	\$ (0.7)	\$ (2.0)	\$ (0.5)	\$ 3.5	\$ 5.5	\$ (1.9)	\$ (1.4)	\$ (3.3)	\$ 2.2

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, 2010 to 2019
(accrual basis of accounting)
(amounts expressed in millions)

	<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>	<u>2019</u>
General Fund										
Nonspendable	\$ 0.5	\$ 0.5	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.5	\$ 0.4	\$ 0.3	\$ 0.3	\$ 0.4
Committed										4.8
Unassigned	<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>	<u>2.9</u>
Total General Fund	<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>	<u>\$ 8.0</u>
All Other Governmental Funds										
Restricted for:										
Capital projects fund	\$ 4.4	\$ 8.0	\$ 5.0	\$ 3.1	\$ 1.5	\$ 0.8	\$ 3.1	\$ 2.2	\$ 0.8	\$ 0.6
Unexpended street maintenance			1.3	1.4	1.8	1.5	1.5	1.1	0.8	1.1
Economic development			0.9	1.3	1.8	2.5	3.1	3.9	4.9	5.3
Culture & recreation			0.0	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	1.2
Community development			0.2	0.2	0.1	0.1	0.1			
Special revenue funds	1.6	1.3								
Debt service funds	0.3	0.3	0.4	0.4	0.8	1.2	1.0	0.2	0.1	0.1
Unassigned, reported in:										
Special revenue funds	0.3	0.8	(0.1)	(0.4)	(0.3)	(0.4)	(0.6)	(1.1)	(0.1)	(0.2)
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>\$ 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>\$ 7.5</u>	<u>\$ 8.1</u>
Total, all governmental funds	<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>\$ 9.9</u>	<u>\$ 16.2</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, 2010 to 2019
(modified accrual basis of accounting)
(amounts expressed in millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 39.8	\$ 42.7	\$ 38.8	\$ 40.1	\$ 39.0	\$ 29.5	\$ 27.9	\$ 26.6	\$ 26.7	\$ 34.0
Special assessments	0.3	0.3	0.3	0.0	0.4	0.3	0.3	0.3	0.3	-
Licenses, fees and permits	1.2	1.3	1.4	1.6	1.3	3.1	3.4	3.4	3.5	3.4
Intergovernmental	3.6	4.5	4.1	3.6	3.0	3.0	3.1	2.7	2.3	1.4
Charges for services	0.8	0.3	0.2	0.2	0.1	0.2	0.1	0.4	0.3	0.1
Fines and penalties	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.4
Investment earnings	0.1	0.1	0.1	0.5	0.1	0.1	0.1	0.1	0.1	0.3
Other revenues	0.7	0.8	0.9	0.0	0.5	0.4	0.5	0.7	0.8	0.7
Total revenues	\$ 46.9	\$ 50.4	\$ 46.2	\$ 46.3	\$ 44.9	\$ 37.0	\$ 35.8	\$ 34.6	\$ 34.4	\$ 40.3
Expenditures										
General government	\$ 7.6	\$ 7.2	\$ 6.8	\$ 6.7	\$ 7.1	\$ 6.8	\$ 7.1	\$ 7.1	\$ 6.5	\$ 6.6
Public safety	16.0	16.1	16.9	17.0	17.4	17.4	18.6	18.2	17.8	18.8
Public works	2.6	0.3								
Highways and streets	2.8	1.3	2.2	1.7	1.4	1.3	1.2	1.1	1.9	0.4
Community development	1.9	2.4	2.2	1.9	1.5	1.4	1.5	1.9	1.2	0.5
Culture and recreation	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic development	16.5	16.4	12.4	12.9	10.8	0.9	1.2	0.3	0.5	1.4
Debt service:										
Principal retirement	4.2	4.6	4.8	4.9	4.6	4.8	4.9	5.6	5.7	5.4
Interest and fiscal charges	2.7	3.1	2.9	2.8	2.4	2.4	2.1	1.9	1.9	1.5
Total expenditures	\$ 54.4	\$ 51.4	\$ 48.4	\$ 47.9	\$ 45.2	\$ 35.0	\$ 36.6	\$ 36.1	\$ 35.5	\$ 34.6
Other Financing Sources (Uses)										
Proceeds from borrowing		\$ 5.0					\$ 3.0			
Proceeds from refunding		1.7	\$ 4.8	\$ 7.9	\$ 2.7	\$ 6.8	3.8			
Payments to escrow agent		(1.7)	(4.7)	(7.7)	(5.7)	(6.7)	(3.7)			
Proceeds from disposal of capital assets										
Transfers in	\$ 4.4	4.5	2.9	3.0	6.3	1.8	2.7	\$ 1.9	\$ 2.8	\$ 2.0
Transfers out	(2.9)	(3.7)	(3.0)	(2.9)	(2.3)	(1.9)	(2.8)	(1.7)	(2.6)	(1.7)
Total other financing sources (uses)	\$ 1.5	\$ 5.8	\$ 0.0	\$ 0.3	\$ 1.0	\$ 0.0	\$ 3.0	\$ 0.2	\$ 0.2	\$ 0.3
Net change in fund balances	\$ (6.0)	\$ 4.8	\$ (2.2)	\$ (1.3)	\$ 0.7	\$ 2.0	\$ 2.2	\$ (1.3)	\$ (0.9)	\$ 6.0
Capital outlay (included in expenditures above)	\$ 1.6	\$ 1.6	\$ 0.0	\$ 0.0	\$ 0.6	\$ 0.3	\$ 0.9	\$ 1.0	\$ 1.4	\$ 0.0
Debt service as a percentage of non-capital expenditures	13.1%	15.5%	15.9%	16.1%	15.7%	20.7%	19.6%	21.4%	22.3%	19.9%

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 2009 - 2018

Levy Year	Residential	Commercial	Industrial	Farm	Railroad	Valuation, City of Kankakee		Ratio, Assessed/ Actual
						Assessed	Actual	
2018	\$115,149,196	\$73,726,198	\$17,925,733	\$582,892	\$2,660,875	\$210,044,894	\$630,134,682	33.3%
2017	112,360,832	78,823,414	19,310,481	539,423	2,335,329	213,369,479	640,108,437	33.3%
2016	110,238,625	79,093,967	19,774,763	524,282	2,437,132	212,068,769	636,206,307	33.3%
2015	115,987,518	81,792,970	21,914,441	467,388	2,533,946	222,696,263	668,088,789	33.3%
2014	122,677,179	80,826,384	22,081,731	424,749	2,269,279	228,279,322	684,837,966	33.3%
2013	130,167,499	80,839,310	22,486,376	394,842	2,309,852	236,197,879	708,593,637	33.3%
2012	147,614,347	81,104,048	21,057,912	371,033	2,255,576	252,402,916	757,208,748	33.3%
2011	164,040,947	79,539,058	21,612,734	373,612	2,185,288	267,751,639	803,254,917	33.3%
2010	182,769,045	82,501,453	21,675,632	448,324	1,887,273	289,281,727	867,845,181	33.3%
2009	182,470,050	83,328,334	21,645,339	427,774	1,682,103	289,553,600	868,660,800	33.3%

Source: Office of the Kankakee County Clerk

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

Table B-2

CITY OF KANKAKEE, ILLINOIS
PROPERTY TAX RATES - PER \$100 ASSESSED VALUATION, DIRECT AND OVERLAPPING GOVERNMENT (Unaudited)
LEVY YEARS 2009 - 2018

LEVY YEAR	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City Direct Rates										
General Fund:										
General Corporate	\$0.008	\$0.006	\$0.007	\$0.008	\$0.009	\$0.010	\$0.010	\$0.011	\$0.011	\$0.010
Fire Protection	0.086	0.163	0.183	0.201	0.225	0.242	0.259	0.270	0.268	0.255
Police Protection	0.067	0.173	0.194	0.213	0.238	0.254	0.269	0.281	0.279	0.265
Firemen's Pension	0.797	0.753	0.826	0.936	1.087	1.181	1.252	1.406	1.533	0.572
Police Pension	0.699	0.661	0.792	0.897	1.014	1.119	1.216	1.438	1.543	0.643
School Crossing Guard	0.010	0.011	0.012	0.013	0.014	0.015	0.015	0.016	0.016	0.015
Liability Insurance	0.369	0.401	0.452	0.496	0.554	0.598	0.639	0.667	0.662	0.629
Social Security	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.191
Audit	0.013	0.015	0.017	0.019	0.021	0.022	0.022	0.023	0.023	0.022
Debt Service	<u>1.812</u>	<u>1.773</u>	<u>1.961</u>	<u>2.295</u>	<u>2.485</u>	<u>2.207</u>	<u>2.076</u>	<u>2.167</u>	<u>2.646</u>	<u>2.370</u>
Total General Fund	<u>\$3.861</u>	<u>\$3.956</u>	<u>\$4.444</u>	<u>\$5.078</u>	<u>\$5.646</u>	<u>\$5.647</u>	<u>\$5.758</u>	<u>\$6.279</u>	<u>\$6.981</u>	<u>\$4.970</u>
Special Revenue Funds										
Parks	\$0.014	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Band	0.006	0.006	0.007	0.007	0.008	0.008	0.008	0.009	0.009	0.008
IMRF	0.280	0.295	0.323	0.355	0.382	0.401	0.415	0.434	0.431	0.219
Library	<u>0.624</u>	<u>0.623</u>	<u>0.674</u>	<u>0.716</u>	<u>0.781</u>	<u>0.824</u>	<u>0.858</u>	<u>0.896</u>	<u>0.889</u>	<u>0.857</u>
Total Special Revenue Funds	<u>\$0.924</u>	<u>\$0.924</u>	<u>\$1.004</u>	<u>\$1.078</u>	<u>\$1.171</u>	<u>\$1.232</u>	<u>\$1.282</u>	<u>\$1.338</u>	<u>\$1.329</u>	<u>\$1.084</u>
Total City Direct Rate	<u>\$4.785</u>	<u>\$4.880</u>	<u>\$5.448</u>	<u>\$6.156</u>	<u>\$6.817</u>	<u>\$6.879</u>	<u>\$7.040</u>	<u>\$7.618</u>	<u>\$8.309</u>	<u>\$6.054</u>
Special District and Overlapping Unit Rates										
Special Service Area No. 1	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$1.490
Special Service Area No. 2	0.040	0.040	0.044	0.049	0.057	0.059	0.060	0.060	0.060	0.060
Special Service Area No. 3	0.083	0.083	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Special Service Area No. 5	0.300	0.300	0.145	0.154	0.163	0.174	0.181	0.196	0.206	0.216
Kankakee Township (including Road & Bridge)	0.515	0.533	0.569	0.618	0.674	0.702	0.722	0.753	0.766	0.752
Kankakee School Dist. No. 11	4.319	4.325	4.695	4.491	5.377	5.656	5.925	6.198	6.267	6.282
Kankakee Valley Airport Authority	0.038	0.038	0.040	0.041	0.044	0.045	0.045	0.045	0.044	0.042
Kankakee Valley Park District	0.519	0.526	0.568	0.618	0.464	0.702	0.730	0.766	0.760	0.768
Kankakee County Forest Preserve District	0.057	0.059	0.060	0.600	0.060	0.060	0.060	0.060	0.060	0.060
Kankakee County	0.807	0.833	0.890	0.953	1.022	1.053	1.142	1.133	1.137	1.134
Kankakee Community College District #520	<u>0.384</u>	<u>0.396</u>	<u>0.404</u>	<u>0.417</u>	<u>0.451</u>	<u>0.461</u>	<u>0.485</u>	<u>0.486</u>	<u>0.503</u>	<u>0.491</u>
Total Overlapping Units	<u>\$9.062</u>	<u>\$9.133</u>	<u>\$9.515</u>	<u>\$10.041</u>	<u>\$10.411</u>	<u>\$11.011</u>	<u>\$11.450</u>	<u>\$11.797</u>	<u>\$11.902</u>	<u>\$11.395</u>
Overall Tax Rate	<u>\$13.847</u>	<u>\$14.013</u>	<u>\$14.963</u>	<u>\$16.197</u>	<u>\$17.228</u>	<u>\$17.890</u>	<u>\$18.489</u>	<u>\$19.415</u>	<u>\$20.211</u>	<u>\$17.449</u>

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 2009 AND 2018 (10 YEARS, PRIOR AND CURRENT LEVY YEAR)**

<u>Taxpayer</u>	Levy year 2009			Levy year 2018		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Walmart	\$ 3,658,733	2	1.27%	\$ 3,638,933	1	1.66%
IKO Midwest, Inc.				3,445,129	2	1.57%
Riverside Senior Living Center	2,849,634	6	0.99%	2,849,634	3	1.30%
BASF Cognis Corporation	4,985,291	1	1.74%	2,812,917	4	1.28%
Great Oak LLC	3,331,940	3	1.16%			
Riverstone Hotel Partners LLC	2,878,702	5	1.00%			
Presence Properties (Med Centers)	2,702,837	8	0.94%	2,702,837	5	1.23%
Riverwoods Association	2,609,679	7	0.91%	2,609,679	6	1.19%
Cor Unum	2,169,030	10	0.76%	2,169,030	7	0.99%
Space Center Chicago, Inc.	2,557,311	9	0.89%	2,166,450	8	0.99%
Aqua Illinois, Inc.				2,038,577	9	0.93%
Kohl Apartments				1,739,366	10	0.79%
Armstrong World Industries, Inc.	2,989,678	4	1.04%			
Total	\$ 30,732,835		10.70%	\$ 26,172,552		11.94%
Total EAV	\$ 287,260,631			\$ 219,241,834		

Source: Kankakee County Supervisor of Assessments

CITY OF KANKAKEE, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS (Unaudited)
LEVY YEARS 2009 - 2018

<u>Tax Levy Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Amount</u>	<u>Collected within the Fiscal Year of the Levy</u> <u>Percentage of Levy</u>
2018	\$ 12,745,158		
2017	16,603,108	16,150,037	97.3%
2016	15,120,153	14,439,023	95.5%
2015	14,591,758	14,021,638	96.1%
2014	14,639,062	14,366,873	98.1%
2013	15,080,852	14,613,899	96.9%
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%

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.

Table C-1

CITY OF KANKAKEE, ILLINOIS
OUTSTANDING DEBT (PRINCIPAL AND INTEREST) BY TYPE AND LEGAL DEBT MARGIN (Unaudited)
Fiscal Years Ended April 30, 2010 to 2019

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) ²	Revenue Bonds (C)	Other Loans (D)	Total Business- type (C+D=E)			
2019	\$ 32,265,000	\$ 60,000	\$ 18,090,000	\$ 3,509,085 ³	21,599,085	53,924,085	1,958	4.9%
2018	37,555,000	70,000	18,895,000	\$ 3,693,577 ³	22,588,577	60,213,577	2,187	5.6%
2017	42,422,035	940,965	19,625,000	\$ 3,874,442 ³	23,499,442	66,862,442	2,428	6.5%
2016	47,674,531	1,297,580	20,125,000	\$ 3,921,202 ³	24,046,202	73,018,313	2,652	7.3%
2015	49,294,656	1,640,416	13,570,000		13,570,000	64,505,072	2,342	6.6%
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 ¹	12,665,000	75,794,246	2,752	7.8%
2012	65,302,327	2,591,617	8,765,000	\$ 4,000,000 ¹	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%

¹Line of credit

²Installment loan

³Illinois 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, 2010 to 2019

<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 Value</u>	<u>Revenue Coverage, Utility Bonds</u>
2019	\$ 32,265,000	\$ 1,172	2.9%	15.4%	5.1%	-
2018	37,555,000	1,364	3.5%	17.6%	5.9%	2.05
2017	42,422,035	1,541	4.1%	20.0%	6.7%	2.36
2016	47,674,531	1,731	4.8%	21.4%	7.1%	2.39
2015	49,294,656	1,790	5.0%	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

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, 2019**

<u>Jurisdiction</u>	<u>Outstanding Debt</u> ⁽³⁾	<u>Estimate</u>	
		<u>Percent</u>	<u>Applicable to City</u> ⁽⁴⁾ <u>Amount</u>
Direct			
City of Kankakee ⁽¹⁾	\$ 32,265,000	100.00%	\$ 32,265,000
Overlapping ⁽²⁾			
Kankakee School District No. 111	40,110,000	64.31%	25,794,741
Herscher School District No. 2	18,270,000	0.75%	137,025
Bradley School District No. 61	2,005,000	4.67%	93,634
Bradley-Bourbonnais High School District No. 307	3,790,000	1.41%	53,439
Clifton School District No. 4	5,491,294	1.72%	94,450
Bourbonnais Township Park District	2,725,000	1.58%	43,055
Kankakee Community College Dist. No. 520	15,285,000	8.72%	1,332,852
Kankakee Park District	1,052,625	64.12%	674,943
Kankakee Valley Airport Authority	10,000	31.69%	3,169
Kankakee County	<u>1,185,000</u>	11.03%	<u>130,706</u>
Total Overlapping Debt	<u>89,923,919</u>		<u>28,358,014</u>
 Total Net Direct and Overlapping Debt	 <u>\$122,188,919</u>		 <u>\$ 60,623,013</u>

2018 Equalized Assessed Valuation (EAV)	\$ 210,044,894
2018 Estimated Full Valuation	\$ 630,134,682
Population - 2010 Census	27,537
Full Valuation per Capita	\$ 22,883

Debt Ratios

	<u>% EAV</u>	<u>% Full Value</u>	<u>Per Capita</u>
Net Direct Debt: \$ 32,265,000	15.36%	5.12%	\$ 1,172
Net Direct and Overlapping Debt: \$ 60,623,013	28.86%	9.62%	\$ 2,202

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

(2) Debt Information current to December 2018; overlapping bonded debt; source is Kankakee County

(3) Outstanding Debt excludes alternate revenue bonds

(4) Applicable to City based on 2018 EAV

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF UTILITY REVENUE SUPPORTED BOND COVERAGE (UNAUDITED)
Fiscal Years Ended April 30, 2010 to 2019

<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>
2019	\$ 16,100,545	\$10,464,716	\$ 5,635,829	\$ 930,000	\$ 829,819	1,759,819	3.20
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

(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, 2010 to 2019**

<u>Fiscal Year Ended</u>	<u>Population</u> ¹	<u>Per Capita Personal Income</u> ²	<u>Total Personal Income</u>	<u>Unemployment Rate</u> ³
2019	27,537	\$ 39,862	1,097,679,894	4.3%
2018	27,537	38,802	1,068,490,674	4.8%
2017	27,537	37,425	1,030,572,225	4.7%
2016	27,537	36,338	1,000,639,506	6.1%
2015	27,537	35,715	983,483,955	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%

¹ Census Bureau, 2010

² U.S. Bureau of Economic Analysis for Kankakee Metro Statistical Area

³ April 2018, Illinois Department of Employment Security

Table D-2

**CITY OF KANKAKEE, ILLINOIS
LARGEST REGIONAL EMPLOYERS (Unaudited)
Fiscal Years Ended April 30, 2010 and April 30, 2019**

Employer	2010			2019		
	Number of Employees	Rank	% of Total County Population	Number of Employees	Rank	% of Total County Population
Riverside Healthcare	2,130	1	2.1%	3,015	1	2.7%
CSL Behring	725	7	0.7%	1,600	2	1.4%
CIGNA (Connecticut General Insurance)	840	4	0.8%	1,200	3	1.1%
Shapiro Developmental Center	1,300	2	1.3%	1,150	4	1.0%
AMITA Healthcare - St. Mary's Hospital	974	3	0.9%	1,136	5	1.0%
Kankakee School District No. 111	760	5	0.7%	950	6	0.8%
Van Drunen Farms	370	12	0.4%	720	7	0.6%
Kankakee County Government	536	8	0.5%	551	8	0.5%
Olivet Nazarene University	450	10	0.4%	550	9	0.5%
Baker & Taylor Company	725	6	0.7%	540	10	0.5%
Nucor Steel ¹				500	11	0.4%
Kankakee Community College	460	9	0.4%	444	12	0.4%
Indian Oaks Academy ¹				364	13	0.3%
Illinois Veterans Home ¹				341	14	0.3%
Del Monte Fresh Produce, N.A., Inc. ¹				312	15	0.3%
Total	9,270		8.9%	13,373		11.8%

¹Employer was not in top 15 in calendar 2010

Source: Economic Alliance of Kankakee County
City of Kankakee records from fiscal 2010 audit

Table E-1

**CITY OF KANKAKEE, ILLINOIS
FULL-TIME EQUIVALENT EMPLOYEES (Unaudited)
Fiscal Years Ended April 30, 2010 to 2019**

	<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>	<u>2019</u>
General Government										
Mayor and Council	16.0	16.0	16.0	16.0	17.0	17.0	17.0	17.0	16.0	16.0
Human Resources	1.5	1.5	1.5	1.5	1.5	-	-	-	1.0	1.0
Clerk	3.0	3.0	2.5	2.5	2.5	2.5	2.5	3.0	2.0	3.0
Finance/Central Services										
Accounting	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	4.0
Billing and Collections	1.5	1.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Legal										
Counsel and Legal	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	3.0	3.0	3.0	3.0
Senior Aides	2.0	-	-	-	-	-	-	-	-	-
Public Safety										
Police										
Officers	74.0	70.0	69.0	70.0	69.0	67.0	68.0	68.0	67.0	67.0
Civilians	13.0	12.0	7.0	7.5	9.0	4.0	4.0	4.0	4.5	4.5
Fire										
Firefighters and Officers	58.0	56.0	52.0	53.0	51.0	48.0	48.0	48.0	47.0	48.0
Civilians	2.0	2.0	1.0	1.0	3.0	2.0	2.0	2.0	2.0	2.0
Code	15.0	12.0	9.0	9.0	12.0	10.0	9.0	10.0	8.0	9.0
Public Works										
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	3.0	3.0	3.0	3.0	1.0	4.0	2.0	2.0
Streets, Alleys, and Solid Waste	21.0	22.0	25.0	29.0	24.0	24.0	22.0	22.0	26.0	26.0
Parks	1.0	-	-	-	-	-	-	-	-	-
Community Development Agency	9.0	9.0	9.0	7.0	5.5	6.0	6.0	4.0	2.0	5.0
Environmental Services Utility										
Administration and clerical	3.0	2.0	1.0	5.0	5.0	5.0	5.0	6.0	4.0	4.0
Lab	5.0	5.0	6.0	6.0	4.0	4.0	6.0	5.0	5.0	5.0
Sewer services	9.0	9.0	9.0	7.0	6.0	9.0	9.0	11.0	10.0	10.0
Technical services	11.0	11.0	9.0	8.0	5.0	4.0	4.0	6.0	6.0	6.0
Building maintenance	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Plant operations and maintenance	-	-	-	-	-	-	-	-	-	-
Total	<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>	<u>219.0</u>

Source: City records

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

Table E-2

CITY OF KANKAKEE, ILLINOIS
OPERATING INDICATORS (Unaudited)
Fiscal Years Ended April 30, 2010 to April 30, 2019

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police										
Total arrests	2,225	2,038	2,038	2,230	1,494	1,498	1,391	1,397	1,345	1,277
Traffic citations	3,540	5,260	5,260	3,330	4,217	5,296	5,983	7,482	3,885	3,239
Fire										
Fire runs	2,328	2,509	5,377	5,372	4,299	5,569	5,547	5,891	5,907	6,217
Structure fires	173	123	88	57	168	51	48	145	175	161
EMS calls	3,768	3,782	3,658	3,685	3,941	4,391	4,468	4,786	4,891	5,001
Public Works										
Street Sweepings (tons)	903	478	478	475	568	603	689	662	555	723
Non-demolition waste (tons)	613	656	656	665	774	672	839	881	295	418
Wastewater										
Number of customers										
Residential and commercial	7,907	7,985	7,957	7,683	7,683	7,683	7,566	7,250	7,803	7,802
Industrial and institutional	40	40	44	45	46	46	46	45	49	50
Sewer charges (in thousands of \$'s)										
Residential	\$3,222	\$3,373	\$3,718	\$3,491	\$4,065	\$4,167	\$4,460	\$4,391	\$5,185	\$5,735
Industrial	\$4,729	\$5,076	\$5,709	\$5,355	\$7,437	\$7,220	\$9,188	\$8,240	\$9,559	\$10,365
Treatment capacity (MGD)	14	14	14	14	25	25	25	25	25	25
Present Load (MGD)	8	8	8	8	12	16	18	18	16	17

Source: City records

CITY OF KANKAKEE, ILLINOIS
CAPITAL ASSET STATISTICS (Unaudited)
Fiscal Years Ended April 30, 2010 to April 30, 2019

<u>Function/Program</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>	<u>2019</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	25	25	25	25	22	22	24	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

SCHEDULE OF FINDINGS

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF FINDINGS
For the year ended April 30, 2019

Finding 2019-01 - 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.

Effect: City's CAFR for the year ended April 30, 2019 was not completed until August 2020. 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 City's ratings for bonds and certificates of participation. Also, this could result in a loss of federal and state 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
(Continued)
For the year ended April 30, 2019

Finding 2019-02 – Compliance and Internal Control Deficiency over Reporting of Data Collection Form for the Year Ended April 30, 2018.

CFDA Title and Number: ALL
Federal Agency: ALL
Federal Award Year: 2017-2018

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: For the year ended April 30, 2018, 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 in the future. The City was not required to do a single audit for the year ended April 30, 2019.