

City of Kankakee, Illinois

Comprehensive
Annual Financial Report
for the Fiscal Year Ended
April 30, 2015

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

**CITY OF KANKAKEE, ILLINOIS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED APRIL 30, 2015**

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INTRODUCTORY SECTION



Comptroller
304 South Indiana Avenue
Kankakee, Illinois 60901
(815) 933-0491 Fax (815) 936-7329

November 23, 2015

Honorable Mayor, City Aldermen, and Citizens of the City of Kankakee:

The Comprehensive Annual Financial Report (CAFR) of the City of Kankakee, Illinois (City) for the fiscal year ended April 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City of Kankakee management. To the best of the Comptroller's knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of all the governmental activities, business-type activities, component units, and funds of the City of Kankakee. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. The financial statements presented here are in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This letter of transmittal should be read in conjunction with management's discussion and analysis (MD&A) to obtain the most complete assessment of the City's current financial status and its future outlook.

Profile of the Government

This report includes all of the funds for the City of Kankakee (the primary government), as well as its two component units, the Kankakee Public Library and Special Service Area #1 (SSA). Component units are autonomous entities for which the primary government is financially accountable.

The City of Kankakee was incorporated in 1865 and operates as a home rule municipality pursuant to the 1970 Illinois Constitution. The City is governed by an elected mayor and a city council comprised of 14 aldermen. Two aldermen are elected from each of the City's seven wards for four-year terms. Mayoral elections are held every four years.

The City provides a full range of public services, including public safety services such as police, fire, ambulance, and code enforcement, street and public infrastructure maintenance, sanitation, sanitary sewer collection, storm drainage, health and social services, culture and recreation, municipal planning and zoning, and general administrative services. Wastewater treatment service is provided by the Kankakee River Metropolitan Agency (KRMA), which is jointly owned and operated by the City and the neighboring Villages of Bradley, Bourbonnais, and Aroma Park. Water service is provided by Aqua Illinois, Inc., a private utility.

The City of Kankakee is located in Kankakee County, approximately 60 miles south of Chicago in the northeastern section of the State of Illinois. The City has extended its boundaries in a southerly direction through annexation. Since 1990, the area of the City has grown from 10.2 square miles to the current 14.5 square miles, an increase of 42% in land area. With a current population of 27,537 (2010 U.S. Census), the City acts as the industrial and service center for the Kankakee metropolitan area, operates at

the center of a metropolitan populace of approximately 75,000 people, and is the county seat of Kankakee County, which has a population of 113,551 people.

The Kankakee River

One of the City's greatest assets from an economic and recreational standpoint is the Kankakee River, which flows in a northwesterly direction through the middle of the City. At the point where it flows through the City, the river is about one quarter of a mile wide. There are several City parks along the river's edge that provide opportunities for public fishing and boating activities. The Kankakee River State Park, which covers an area of about 4,000 acres, is located about seven miles northwest of the City. The park attracts thousands of tourists to the area annually.

The Kankakee River serves as the source for the metropolitan region's drinking water supplied by Aqua Illinois, Inc., a private utility. The river has a dam close to the downtown area of the City. The water behind the dam powers a City owned low-head hydroelectric plant. The plant generates electricity that is used for the operation of the KRMA wastewater treatment plant.

Transportation

The City is situated in the center of Kankakee County, which is contiguous to Will County on its northern border. One of the nation's major north-south routes, I-57, passes along the eastern side of the City. This interstate highway provides access to the heart of the City of Chicago in approximately one hour driving time. The City of Kankakee is about 30 miles south of I-80, a major national east-west highway connecting the east and west coasts of the nation.

The City's public road transportation needs are met by Greyhound bus line, as well as the region's metropolitan bus service. Railroads serving the County include Illinois Central Gulf, owned by Canadian National Railroad, Conrail which is owned by Norfolk Southern, and Amtrak. The Kankakee Valley Airport, located two miles south of the City's downtown area, has hangar space for 110 aircraft. The airport is utilized by both general aviation aircraft and corporate planes.

Education

Kankakee School District No. 111 provides educational services for pre-kindergarten through grade 12 with enrollment of approximately 5,600 students. There are four parochial schools serving the Kankakee area: Aquinas Catholic Academy, Bishop McNamara Catholic High School, Grace Christian Academy, and Kankakee Trinity Academy. Together, those schools have an approximate total enrollment of 1,000 students. Higher education is available through Olivet Nazarene University, a four-year liberal arts college, in Bourbonnais, and Governor's State University, located in University Park, which is located about ten miles north of the county line in Will County. Olivet Nazarene University has increased its enrollment to the current level of approximately 4,800, which includes 3,335 undergraduates. The number of residential students has grown substantially from 1,100 in 1990 to 2,212 in 2015. The number of graduate level students in 2015 is approximately 1,900. Two-year undergraduate education is offered at Kankakee Community College, located on a 160 acre campus in Kankakee. There are approximately 4,700 students currently enrolled at the community college of which 1,976 students are enrolled full-time and 2,712 students are enrolled part-time.

Internal Control Objectives and Inherent Limitations

The City of Kankakee management is responsible for establishing, implementing and maintaining a framework of internal controls designed to ensure that City assets are protected from loss, theft or misuse, and to ensure that sufficiently reliable information is compiled to provide for the preparation of financial statements in conformity with GAAP. Because the cost of controls should not exceed the benefits likely to be derived, the City of Kankakee's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Comptroller's Office is responsible for providing all centralized City financial services, including financial accounting, reporting, budgeting, payroll, collections, accounts payable, cash and investment management, and debt management. The Comptroller, who is appointed by the Mayor to supervise the department's operations, asserts that, to the best of her knowledge and belief, this financial report is complete and reliable in all material respects.

Budget Process

The City of Kankakee adopts annual budgets for the General Fund, Band Fund, IMRF Fund, SSA#2 Fund, SSA#3 Fund, and SSA#5 Fund. For the other special revenue funds, legally authorized non-appropriated budgets are used to control expenditures on a project or designated purpose basis, and are carried forward each year until the project is completed or the designated purpose has concluded. No legally adopted budgets are prepared for the capital projects 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. Additional information related to the City's budget process can be found on page 84 of this report.

Long-term Financial Planning

The City endorses the concept that those who benefit from the use of the City's capital assets should pay a proportionate share of the costs of those assets. The City has financed a host of capital projects, over \$55.0 million, over the past 20 years through the issuance of bonds. This has enabled the City to amortize the costs of the projects, at least to a degree, over the life of the constructed assets. The Capital Projects Fund, which provides the financing for major capital improvements over a multi-year basis, has been a useful tool to the City in planning for the replacement and enhancement of its infrastructure assets.

City Government Operations and Finances

The City of Kankakee continues to find ways to operate in a cost-effective manner while not diminishing the quality of the services delivered. In response to the recession beginning in 2008, the City Administration responded and has continued to in recent years. In May 2010, the Public Works Department moved from the General Fund to the Environmental Services Utility to more properly match the Public Works environmental control of storm water management and solid waste handling responsibilities with the related utility revenues.

City Administration has further responded by reducing its General Fund payroll costs over the years. The City has negotiated with its various organized labor groups to help with cost containment and the additional financial constraints through both non-wage cost reductions and direct wage concessions. Over the past five years, the City of Kankakee has decreased the workforce by over 16% from 262 employees in 2010 to 218 employees in 2015.

As a result of this restructuring of the past five years, the City has adopted fiscally responsible balanced budgets. The fiscal year 2015 General Fund budget projected a balanced budget and finished with a positive fund balance increase of \$2.0 million. The current fiscal year 2016 also projects the City of Kankakee will slightly increase the fund balance.

In fiscal year 2000, the City entered into direct and indirect sales tax sharing agreements with various retailers. These agreements added a substantial amount of additional sales tax revenue to the City's General Fund. The tax sharing program was based upon the agreement of a taxpayer to locate sales acceptance offices within boundaries of the City. The agreements provided that the City shared the 1% municipal portion of sales taxes which were generated by the retailers as an economic development incentive.

In 2011, The City of Chicago, Cook County and the Regional Transportation Authority filed suit against Kankakee and other municipalities with similar tax sharing programs. The lawsuits contested the agreements and claimed that the sales tax revenues were improperly sited in the City. The City has strongly defended the lawsuits and has established that there was no improper shifting of the sales tax from the jurisdiction. Recently the complaint filed by the City of Chicago was dismissed with prejudice.

On November, 21, 2013, the Illinois Supreme court issued an opinion in *Hartney Fuel Oil Company v. Brian Hamer, Director of the Illinois Department of Revenue*. The court considered the issue of proper siting of retail sales in order to determine which municipality should be entitled to claim the municipal share of sales taxes from each business. The Court ruled that the tax sharing agreements, such as those with the City of Kankakee, were valid based upon the existing rules and regulations, but determined that the rules and regulations were not consistent with the existing statute. The Court validated the previous agreements but ordered that the rules and regulations were to be modified going forward. The Department of Revenue has adopted new rules which substantially changed the criteria for siting sales taxes and most of the agreements have been terminated due to the inability to comply with the new rules.

It is anticipated that the pending litigation will be resolved in the near future due to the changes in the rules and regulations and the elimination of most of the sharing agreements.

Major Initiatives and Economic Outlook

Employment opportunities in the City are diverse. On the private side, several companies in the Kankakee metropolitan area are manufacturing divisions of Fortune 500 companies making a variety of products. Many of these industries compete in national and international markets. Major regional employers include Armstrong World Industries, BASF Corporation, K-Mart and Sears Distribution Centers, Wal-Mart, Merck-Millipore, CSL Behring, Dow International, Del Monte, Peddinghaus Industries, Valspar, Baker and Taylor, Presence St. Mary's Hospital, Super K-Mart, Riverside Medical Center and Shapiro Developmental Center.

Interstate Exit #308 Development

In 2003, the City initiated redevelopment at Exit 308 on the southern border of the City. The project initially brought a Hilton Garden Inn hotel/convention center complex which was completed late summer of 2004. As development progressed, a Wal-Mart Super Center, ALDI Grocery Store, many food locations/eateries, gas stations, and a retail outlet complex were also completed. In 2013, a new Love's Truck Stop and Arby's opened on the east side of this development area. In 2015, Murphy Oil opened a

new gas station in the front of the Wal-Mart. There is interest and optimism that this project will continue to act as an anchor for additional commercial and residential growth in south Kankakee.

Other significant economic events during the past few years include the following:

City of Kankakee Economic Improvements

- continued investments in infrastructure improvements throughout the City including street overlays, sidewalks, curbs, and sewers of over \$55.0 million. In 2015 a \$4.0 million rebuilding of the Stone Street pumping station was completed as well as the development of a new park as part of a neighborhood stabilization plan
- redevelopment of Meadowview Shopping Center by new developer including O'Reilly Auto Parts, City Trends, Shelby's Café, Embrace Consignment and Riverside Audiology totaling \$4.5 million and a \$1.8 million build out of a new Planet Fitness. In 2015, the city created TIF #9 whose boundaries encompass the shopping center. The creation of this TIF will enhance the expansion of retail opportunities in this area.
- development of the K4 Wind Farm LLC electrical substation-\$4.0 million. An additional substation is planned for 2016 - \$4.0 million
- expansion of silos and SBS at IKO Midwest Roofing-\$3.6 million
- addition at Kankakee Ring Container which added 9 new full-time job-\$3.5 million
- completion of a new Save-a-lot grocery store and strip center in downtown Kankakee creating 25 new full-time jobs-\$2.0 million
- major redevelopment/site reconstruction, Kankakee Gas and Wash LLC, bordering downtown Kankakee adding 15 full-time jobs-\$1.8 million was completed in 2015
- development of Murphy Oil gas station by the Walmart creating 10 jobs-\$1.7 million
- the third expansion of J. Edwards Brush adding more than 20 jobs-\$1.0 million
- Construction of a medical marijuana cultivation center to be completed in 2016 - \$7.5 million
- expansion of Westwood Oaks Senior Living facility-\$2.4 million
- expansion of the Riverside Medical Center facilities for new ICU unit, and catheterization lab-\$2.0 million
- relocation of the Heartland Harvest manufacturing facility to an empty building in the Eastgate Industrial Park
- purchase of the empty American Spring Wire facility located in the Eastgate Industrial Park by Peddinghaus Industries for future expansion

Future City of Kankakee economic improvements

- West Downtown Redevelopment area, created by the Lakota Group, anchored by Presence St. Mary's Hospital to the north, the Kankakee River to the west and River Street to the south
 - ▶ City was awarded a \$2.2 million Federal Emergency Management Agency grant to acquire and demolish 22 properties on River Street to create a River Walk Bike Path along the Kankakee River. To date the city has acquired and demolished five houses towards the completion of this project.
 - ▶ The development of the River Station Senior Apartments featuring 70 apartments including an on-site health clinic provided by Presence St. Mary's Hospital will be completed in late 2016 with occupancy in early 2017. A total of \$16 million dollars were awarded in tax credits by Illinois Housing Development Authority
- The National Guard Training and Maintenance facility moving to the Greater Kankakee Airport with completion targeted at the early 2016-\$52.0 million
- The K-Mart property at Exit 312 was sold with plans for redevelopment along with the recently completed Phase 1 engineering redesign of the Exit 312 interchange. Phase 2 engineering will begin in summer 2016
- CSL Behring, the City's second largest sewer industrial customer, is currently completing a \$240 million expansion at the plant located in Bourbonnais Township, with an expected completion date of 2017. The City of Kankakee issued \$7.035 million of sewer revenue bonds to construct a sanitary sewer interceptor able to accommodate the substantially increased production. The projected revenue from the increased production will provide the revenue to service the bond debt.

In summary, from January of 2012 through the end of October 2015, more than \$24,184,600 in capital investment has been made in the City of Kankakee resulting in the retention of 354 jobs as well as adding 208 new full time positions. The City's infrastructure, location and an established home to a large percentage of the industry within Kankakee County places it in an excellent position to prosper as the economy continues to improve and become stronger.

Independent Audit

Illinois Compiled Statutes require an annual audit of the City's books of account, financial records, and transactions by an independent certified public accountant. The Certified Public Accounting firm of Groskreutz, Abraham, Eshleman & Gerretse performed the audit of the records of the City for the fiscal year ending April 30, 2015. Their report is included herein.

As a recipient of various federal and state financial assistance programs, the City of Kankakee is also required to have an annual audit of certain major federal grant programs performed under the OMB Circular A-133. This audit contains information concerning whether grant activity is presented fairly in the general purpose financial statements, whether internal control is sufficient to provide reasonable assurance that the grant funds are managed properly, and whether material grant compliance requirements have been met. The Federal Single Audit is also included in this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kankakee, Illinois for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended April 30, 2014. This was the eighteenth consecutive year that the City of Kankakee has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

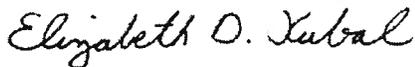
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

Timely and fairly presented financial statements and reports are essential to legislative officials, creditors, financial analysts, the general public and others having need for government financial information. The preparation of this report would not have been possible without the efficient and dedicated services of the entire Comptroller's Office staff comprised of Jeannette Holden, Maureen Kambic, Elyssa Macias, and Tamie Seedorf.

We would like to express our appreciation to the Mayor and City Council for their unfailing support in maintaining the highest standard of professionalism in the management of the City of Kankakee's finances. We would also like to express our appreciation to the firm of Groskreutz, Abraham, Eshleman & Gerretse for their professionalism, expertise, and assistance in the preparation of this report, with special appreciation to M.J. Abraham, Partner, Rebecca Schatz, Manager, and auditors Dan Brough, Juan Diaz, Jason Guest, Kyle Ware and Ryan Williamson.

Respectfully submitted,



Elizabeth D. Kubal
Comptroller

City of Kankakee, Illinois
Elected and Appointed Officers and Officials
April 30, 2015

Mayor

Nina Epstein

City Clerk

Anjanita Dumas

Council Members

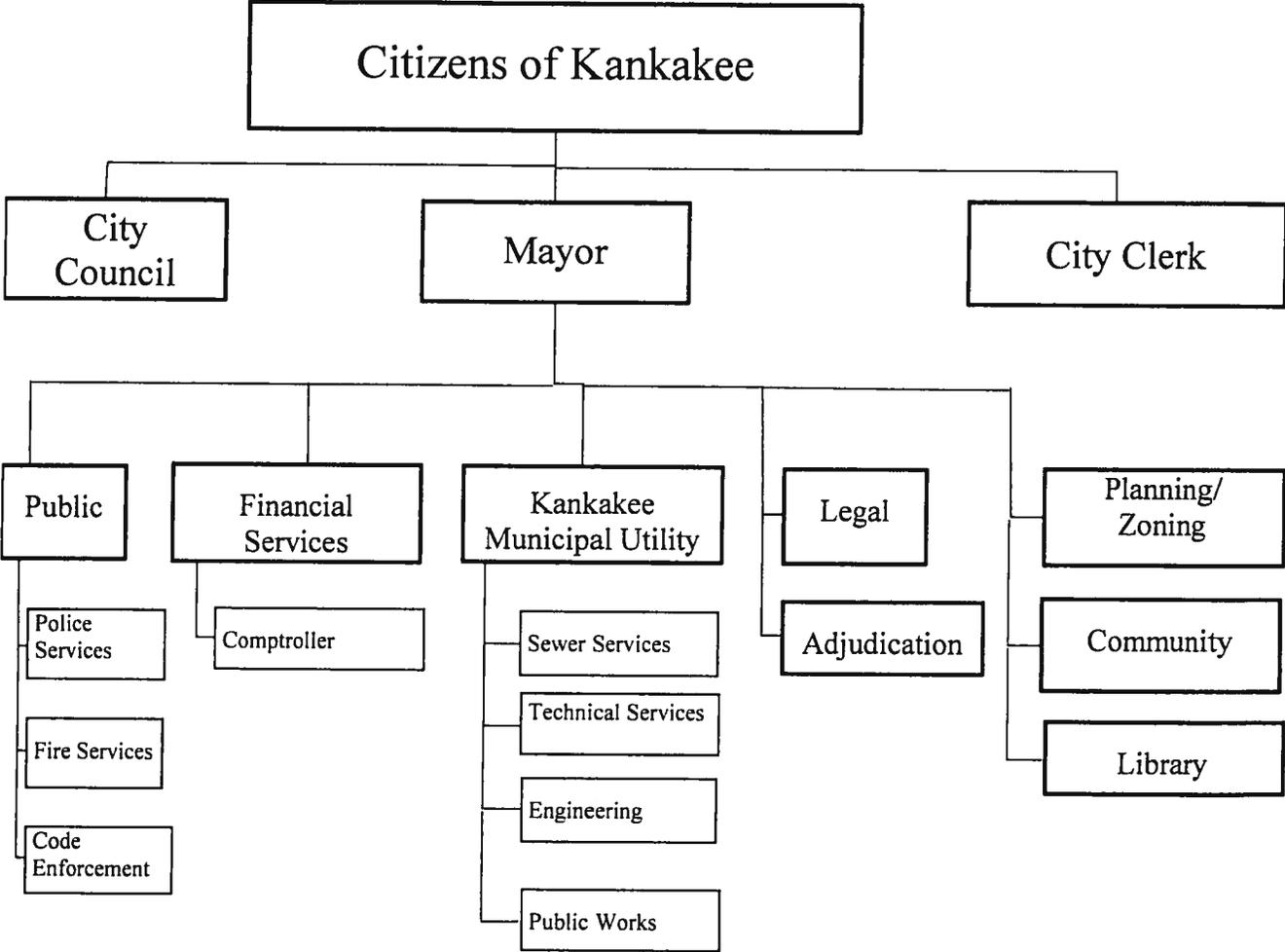
Dennis Baron	Stephen Linneman
P. Carl Brown	Larry A. Osenga
James R. Cox	James H. Stokes, Jr.
Christopher Curtis	Danita Grant Swanson
Glenn E. Davidson	Tyler D. Tall
James A. Faford	Fred Tetter
Stacy Gall	Dexter Thompson

Appointed Officials

Larry Regnier	Police Chief
Ronald Young	Fire Chief
Richard Simms	Municipal Utility Superintendent
Chris Bohlen	Chief Legal Counsel
L. Patrick Power	City Attorney and Treasurer
Kristine Schmitz	Adjudication Director
Elizabeth Kubal	Comptroller
Clifford Cross	Community Development Director
	Code Enforcement Director/City Planner
William Yohnka	Economic Development Director
David Tyson	City Engineer
Steve Bertrand	Library Director
Bert Dear	Assistant Superintendent-Public Works
Dennis Doyle	Assistant Superintendent-Public Works
Randy Collins	Assistant Superintendent-Utility Operations
Peter Schiel	Assistant Superintendent-Utility Operations
Patricia Schatz	Assistant Superintendent-Laboratory Services

City of Kankakee, Illinois

Organizational Structure





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Kankakee
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2014

Executive Director/CEO

FINANCIAL SECTION



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, 2015, and the related notes to the financial statements, which collectively comprise the City's 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 \$2,755,848 as of April 30, 2015, and the equity in its net income was \$1,669,336 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.

Opinions

In our opinion, based on our audit and the report of the other auditors, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information as listed in 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, the supplemental schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, the supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, the supplemental schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The prior year comparative information has been derived from the City's 2014 financial statements and, in our prior year report dated October 22, 2014, we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015, 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 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 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, Eschleman & Gerretse LLC

Kankakee, Illinois
November 23, 2015

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2015**

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, 2015. 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 (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 HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$42.5 million net position at the end of the fiscal year 2015.
- The City's total net position increased by \$5.5 million. The governmental net position increased by \$4.6 million and the business-type net position increased by \$0.9 million.
- The City's governmental funds reported combined ending fund balances of \$11.8 million. Approximately 40% of this amount, \$4.7 million, is available for spending at the City's discretion as the unassigned fund balance.
- The City's total bonded debt remained roughly flat. The governmental total bonded debt decreased by \$4.2 million and the business-type total bonded debt decreased by \$0.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the basic financial statements. The City of Kankakee's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE STATEMENTS

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

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

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

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

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

The City maintained 23 individual governmental funds during fiscal 2015, and two additional governmental funds were reported on as component units. Information for the City's major governmental funds, the General Fund and Capital Projects Fund, is presented separately in the Governmental Funds Balance Sheet on page 18 and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances on page 20. Financial information for the other 21 governmental funds is combined into a single, aggregated presentation in the form of combining statements in the Combining and Individual Fund Financial Statements and Supplemental Schedules section which begins on page 97 of this report.

Proprietary Funds

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 27 and 28.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the budgetary comparison to actual expenditures for the General Fund, as well as the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 83-96 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 can be found on pages 32-82 of this report.

STATEMENT OF NET POSITION

The City of Kankakee's assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources for the total primary government by \$43 million at April 30, 2015. The largest portion of the City's net position reflects its investment in capital assets (land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to eliminate these liabilities.

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, 2015 and 2014 (in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Assets						
Current and Other Assets	\$36.6	\$34.8	\$8.8	\$7.7	\$45.4	\$42.5
Capital Assets	<u>82.5</u>	<u>84.0</u>	<u>30.6</u>	<u>28.4</u>	<u>113.1</u>	<u>112.4</u>
Total Assets	<u>119.1</u>	<u>118.8</u>	<u>39.4</u>	<u>36.1</u>	<u>158.5</u>	<u>154.9</u>
Deferred Outflows of Resources	<u>\$0.8</u>	<u>\$0.7</u>	<u>\$0.1</u>	<u>\$0.1</u>	<u>\$0.9</u>	<u>\$0.8</u>
Total Assets and Deferred Outflows of Resources	<u>119.9</u>	<u>119.5</u>	<u>39.5</u>	<u>36.2</u>	<u>159.4</u>	<u>155.7</u>
Liabilities						
Long-term Debt Outstanding	72.8	76.6	17.1	15.3	89.9	91.9
Other Liabilities	<u>7.9</u>	<u>7.7</u>	<u>2.1</u>	<u>1.5</u>	<u>10.0</u>	<u>9.2</u>
Total Liabilities	<u>80.7</u>	<u>84.3</u>	<u>19.2</u>	<u>16.8</u>	<u>99.9</u>	<u>101.1</u>
Deferred Inflows of Resources	<u>17.0</u>	<u>17.6</u>	<u>0.0</u>	<u>0.0</u>	<u>17.0</u>	<u>17.6</u>
Total Liabilities and Deferred Inflows of Resources	<u>97.7</u>	<u>101.9</u>	<u>19.2</u>	<u>16.8</u>	<u>116.9</u>	<u>118.7</u>
Net Position						
Net investment in capital assets	45.9	44.7	20.6	20.1	66.5	64.8
Restricted	6.0	5.9	2.2	2.7	8.2	8.6
Unrestricted	<u>(29.6)</u>	<u>(33.0)</u>	<u>(2.5)</u>	<u>(3.4)</u>	<u>(32.1)</u>	<u>(36.4)</u>
Total Net Position	<u>\$22.3</u>	<u>\$17.6</u>	<u>\$20.3</u>	<u>\$19.4</u>	<u>\$42.6</u>	<u>\$37.0</u>

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

For more detailed information, see the Statement of Net Position on page 15.

Governmental Activities – Statement of Net Position highlights

The governmental activities columns present a consolidated view of all of the City’s governmental funds. Net position from governmental activities increased \$4.6 million (26% to FY’15 balance of \$22.3 million), total assets and deferred outflows of resources increasing \$0.5 million and total liabilities decreasing \$3.5 million, as a result of the following major shifts in assets and liabilities:

- cash increased \$5.1 million (49.2% to FY’15 balance of \$15.4 million)
- depreciable assets decreased \$1.5 million (1.9%) as a result of the \$1.7 million charge for normal depreciation
- due from other governmental agencies decreased \$1.9 million as a result of the decrease of the sales tax receivable to the City of Kankakee from the changes in rules from the Illinois Department of Revenue
- long-term liabilities due in more than one year decreased \$3.8 million (5.4% to FY’15 balance of \$66.2 million); this includes the normal amortization of existing debt and increases in other long-term liabilities

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, and the Motor Vehicle Parking Lot, a non-major fund. As the non-major fund represents less than 10% of the total business-type fund balance, only changes to the major fund are highlighted in the following analysis.

Total net position for the business-type activities increased \$0.9 million (4.5% to FY’15 balance of \$20.3 million), with total assets increasing by \$3.3 million (9.2% to FY’15 balance of \$39.4 million) and total liabilities increasing by \$ 2.4 million (14.5% to FY’15 balance of \$19.2 million). The following major shifts in the Utility fund assets and liabilities included:

- non-depreciable capital assets increased \$3.1 million due to the construction and improvements to the Stone Street sewer lift station
- investment in joint venture increased \$1.7 million due to Kankakee River Metro Agency’s (KRMA) increased net position related to higher revenues. KRMA is the waste processing agency for the metro region which recently updated the treatment plant after an accidental explosion at the agency in December 2010 severely damaged the plant
- long-term liabilities for FY’15 increased by \$1.8 million due to the Illinois Environmental Protection Agency’s (IEPA) loan for the improvements at the Stone Street sewer lift station

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 nearly 89% 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, 2015 and 2014 (in millions)

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

	Governmental			Business-type			Total Primary		
	Activities			Activities			Government Activities		
	2015	2014	Change	2015	2014	Change	2015	2014	Change
Program Revenues									
Charges for service	\$ 3.7	\$ 1.8	\$ 1.9	\$ 15.5	\$ 14.8	\$ 0.7	\$ 19.2	\$ 16.6	\$ 2.6
Capital grants/ contributions	0.2	0.0	0.2				0.2	0.0	\$ 0.2
Operating grants/ contributions	2.7	3.0	(0.3)				2.7	3.0	\$ (0.3)
General Revenues									
Property taxes	15.4	14.6	0.8				15.4	14.6	0.8
Sales taxes	6.0	16.5	(10.5)				6.0	16.5	(10.5)
Utility taxes	4.0	4.0	0.0				4.0	4.0	0.0
Other taxes	4.5	3.9	0.6				4.5	3.9	0.6
Intergovernmental	0.0	0.0	0.0				0.0	0.0	0.0
Investment income	0.1	0.1	0.0				0.1	0.1	0.0
Other	0.5	1.0	(0.5)	0.2	0.0	0.2	0.7	1.0	(0.3)
Equity interest in joint venture	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>1.7</u>	<u>1.7</u>	<u>.0</u>	<u>1.7</u>	<u>1.7</u>	<u>0.0</u>
Total Revenues	<u>37.1</u>	<u>44.9</u>	<u>(7.8)</u>	<u>17.4</u>	<u>16.5</u>	<u>0.9</u>	<u>54.5</u>	<u>61.4</u>	<u>(6.9)</u>
Program Expenses									
General government	8.0	7.8	0.2				8.0	7.8	0.2
Public safety	17.7	17.6	0.1				17.7	17.6	0.1
Highways and streets	2.1	2.4	(0.3)				2.1	2.4	(0.3)
Community development	1.4	1.5	(0.1)				1.4	1.5	(0.1)
Culture and recreation	0.0	0.0	0.0				0.0	0.0	0.0
Economic development	0.9	10.8	(9.9)				0.9	10.8	(9.9)
Interest and fiscal charges	2.3	2.2	0.1	0.6	0.7	(0.1)	2.9	2.9	0.0
Proprietary fund expenses	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>16.0</u>	<u>14.9</u>	<u>1.1</u>	<u>16.0</u>	<u>14.9</u>	<u>1.1</u>
Total Expenses	<u>32.4</u>	<u>42.3</u>	<u>(9.9)</u>	<u>16.6</u>	<u>15.6</u>	<u>1.0</u>	<u>49.0</u>	<u>57.9</u>	<u>(8.9)</u>
Changes in Net Position before Transfers	4.7	2.6	2.1	0.8	0.9	(0.1)	5.5	3.5	2.0
Transfers	<u>(0.1)</u>	<u>3.9</u>	<u>(4.0)</u>	<u>0.1</u>	<u>(3.9)</u>	<u>4.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Changes in Net Position	<u>\$ 4.6</u>	<u>\$ 6.5</u>	<u>\$ (1.9)</u>	<u>\$ 0.9</u>	<u>\$ (3.0)</u>	<u>\$ 3.9</u>	<u>\$ 5.5</u>	<u>\$ 3.5</u>	<u>\$ 2.0</u>

Governmental Activities – Statement of Activities Highlights

The City posted an increase in net position from governmental activities before transfers of \$4.7 million, an increase of \$2.1 million from the prior year. Sales taxes began to decline in light of the Illinois Supreme Court ruling (see the Letter of Transmittal for greater detail) and decreased by \$10.5 million from \$16.5 million to \$6.0 million as compared to the prior year. Sales tax incentive costs (economic development) also decreased \$9.9 million from \$10.8 million to \$0.9 million as compared to the prior year.

The City began to implement its plan to reduce expenditures in FY '14 as a result of the anticipation and the reality of reduced sales tax income from the previous tax sharing agreements. The reduction occurred after the Illinois Supreme Court ruling in *Hartney Fuel Oil Co. vs. Brian Hamer, Director of the Illinois Department of Revenue*, in which the Court required the revision of rules and regulations setting forth criteria for determining which municipality is the site for sales tax payments. Although the Court validated the existing agreements, it determined that new criteria were required going forward. In light of this ruling, the City had planned for a loss of

\$2.4 million. Based on that plan the City permanently reduced expenditures by \$1.7 million and added two new revenue streams: the public safety tax and the vehicle sticker tax which generated \$0.9 million and \$0.5 million, respectively. These measures were taken to assure that the City remained fiscally strong with a balanced budget.

Table 3: Sales taxes and incentives

Fiscal Year	Gross Amount Received	less Incentives Paid	Net Sales Tax	\$ Change	Percent Change
2006	25,107,826	18,938,693	6,169,133	884,732	16.7%
2007	23,695,013	17,678,395	6,016,618	(152,515)	-2.5%
2008	26,611,558	20,109,951	6,501,607	484,989	8.1%
2009	24,419,114	17,617,181	6,801,933	300,326	4.6%
2010	21,098,621	15,658,977	5,439,644	(1,362,289)	-20.0%
2011	21,276,641	14,799,988	6,476,953	1,037,309	19.1%
2012	18,699,437	12,250,191	6,449,246	(27,707)	-0.4%
2013	18,584,185	12,670,343	5,913,842	(535,404)	-8.3%
2014	16,514,574	10,625,086	5,889,488	(24,354)	-0.4%
2015	6,027,948	658,876	5,369,072	(520,416)	-8.8%

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

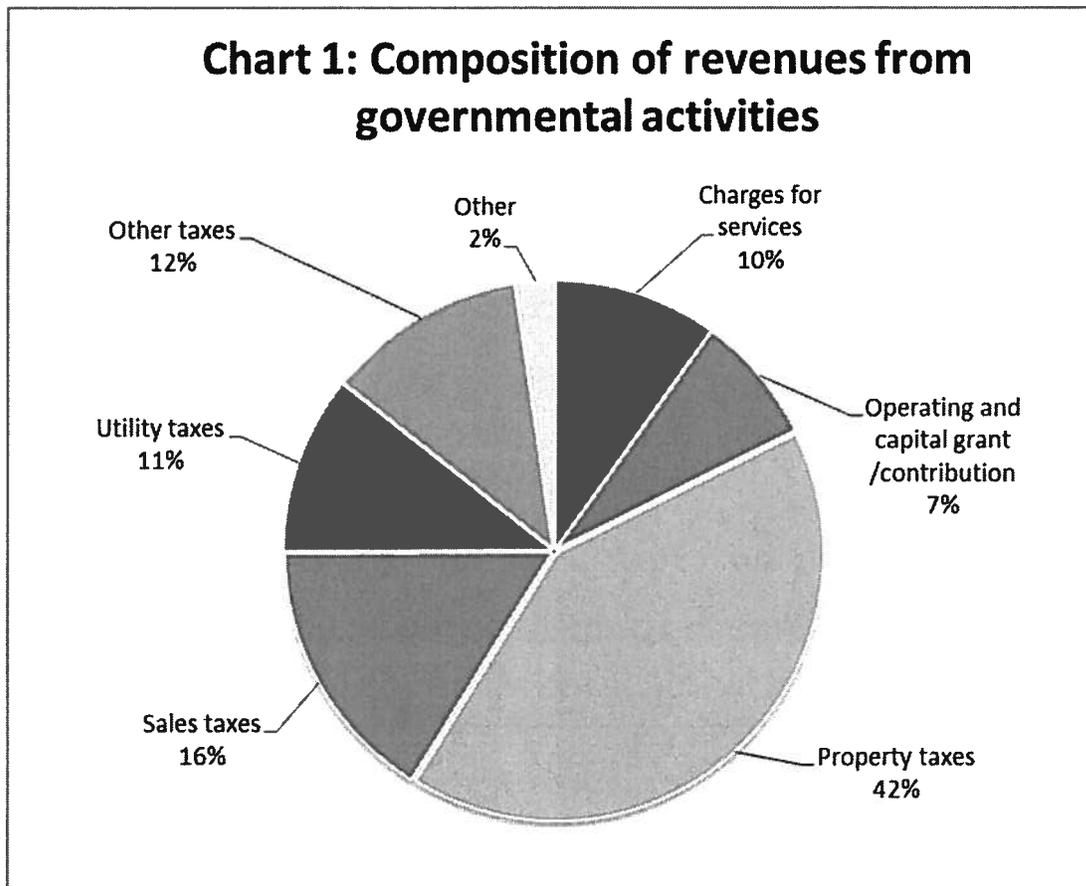
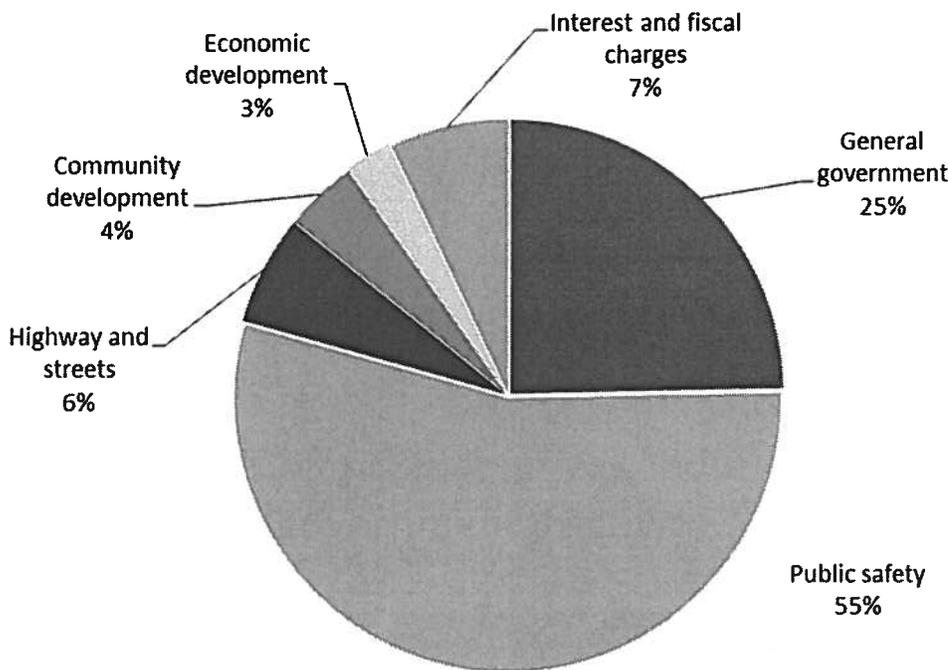


Chart 2: Composition of expenditures from governmental activities



Business-Type Activities – Statement of Activities Highlights

The business-type activities have two enterprise funds: the Kankakee Environmental Services Utility (ESU) and the Motor Vehicle Parking Fund. ESU is 92% of the net position and therefore will be the focus of this highlight. ESU’s operating revenue increased \$0.6 million from FY ’14 to FY ’15 due to higher sewer charges and greater public works revenue. ESU realized a gain from its equity interest in its joint venture with KRMA in the amount of \$1.7 million for FY ’15 raising the total equity interest to \$2.8 million. KRMA operates the regional sewer treatment plant. ESU did have increased expenses of \$1.0 million in FY ’15 as compared to FY ’14 due to greater administration expenses and some unanticipated sewer repairs. Overall, an increase of \$0.9 million in business-type net position occurred for the fiscal year.

Component Unit Activities – Statement of Activities Highlights

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

FINANCIAL ANALYSIS OF THE CITY’S GOVERNMENTAL FUNDS

For the fiscal year ended April 30, 2015, the governmental funds reflect a combined fund balance of \$11.8 million, an increase of \$2.0 million or 20.5% from the prior fiscal year. Major changes within the individual funds are analyzed below. Of the total fund balance for all governmental funds, \$4.7 million (39.5%) 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 by \$2.0 million as the City continues to prudently manage its resources in light of the national economic challenges. The Capital Projects Fund declined \$0.7 million (47.3% to FY'15 balance of \$0.8 million) as the City continued to finance various capital acquisitions and infrastructure improvements.

General Fund Budgetary Highlights

The City adopts an annual appropriated budget for the General, Band, Illinois Municipal Retirement, 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 84. 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 six 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 '15. The FY '16 budget continued to have reduced sales tax revenue and two new revenue streams of the public safety tax and the vehicle sticker tax that were instituted in the FY '15 budget. As a result of these measures, the City was able to adopt a FY '16 budget that includes a small \$0.2 million surplus.

A summary comparison of the General Fund budget to actual results can be found on page 83, and a more detailed comparison can be found on pages 97-99. Interfund transfers are listed in Footnote 12.

Sales tax increased from budget in FY '15 on the revenue side by \$2.4 million due to the companies phrasing out their agreements slower than anticipated due to the new Illinois Department of Revenue (IDOR) rules. Licenses, permits and fees revenue increased from budget in FY '15 by \$0.4 million. Police department expenditures were greater than budget because of increased salary and detention costs. Fire department expenditures were slightly greater than budget due to increased salary costs.

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. Other individual budget variances for the most part offset one another, and were not further analyzed in this MD&A.

Table 4: General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual	Over/(Under) Final Budget
Revenues	\$ 22,398,372	\$ 22,398,372	\$ 25,556,609	\$ 3,158,237
Expenditures	<u>\$ 22,369,564</u>	<u>\$ 22,369,564</u>	<u>\$ 23,613,669</u>	<u>\$ 1,244,105</u>
Excess of Revenues over Expenditures	\$ 28,808	\$ 28,808	\$ 1,942,940	\$ 1,914,132
Other Financing Sources (Uses)				
Transfers from other funds			\$ 23,535	\$ 23,535
Transfers to other funds				
Net Changes in Fund Balance	<u>\$ 28,808</u>	<u>\$ 28,808</u>	<u>\$ 1,966,475</u>	<u>\$ 1,937,667</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 2015 increased slightly by \$0.8 million to \$113.1 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 5: Capital Asset Highlights (net of depreciation) for the fiscal years ended April 30, 2015 and 2014 (in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 5.5	\$ 5.3	\$ 2.1	\$ 2.1	\$ 7.6	\$ 7.4
Construction in progress	1.4	1.5	4.0	0.9	5.4	2.4
Buildings	12.2	12.4	5.6	5.9	17.8	18.3
Equipment	0.1	0.2	0.7	0.7	0.8	0.9
Vehicles	1.4	1.7	0.8	0.8	2.2	2.5
Land improvements	2.0	1.9			2.0	1.9
Leasehold improvements			0.2	0.2	0.2	0.2
Infrastructure	59.9	60.9	17.2	17.8	77.1	78.7
Total Capital Assets, net	<u>\$ 82.5</u>	<u>\$ 83.9</u>	<u>\$ 30.6</u>	<u>\$ 28.4</u>	<u>\$ 113.1</u>	<u>\$ 112.3</u>

Additional information on the City's capital assets can be found in Note 5 on pages 60 – 63.

LONG-TERM DEBT

At fiscal year end, the City's governmental activities had an overall decrease of \$3.8 million (4.9%) in debt as the City had a net decrease of \$4.2 million in general obligation bonds and employee related costs such as employer pension contributions, compensated absences and post-employment obligations increased \$0.8 million. Business-type activity debt increased overall by \$1.8 million primarily due to the \$2.2 million IEPA loan for the Stone Street sewer lift station reconstruction.

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

Table 6: Debt Highlights for the fiscal years ended April 30, 2015 and 2014 (in millions, as adjusted for premiums and deferred losses)

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 50.1	\$ 54.3			\$ 50.1	\$ 54.3
Revenue bonds			\$ 13.5	\$ 14.0	13.5	14.0
Illinois EPA Loan			2.2		2.2	
Installment notes	1.6	2.0			1.6	2.0
Unfunded employer						
pension contributions	15.1	14.4			15.1	14.4
Compensated absences	5.2	5.2	1.1	1.1	6.3	6.3
Net other post-employment						
benefit obligations	<u>0.8</u>	<u>0.7</u>	<u>0.3</u>	<u>0.2</u>	<u>1.1</u>	<u>0.9</u>
Total Debt	<u>\$ 72.8</u>	<u>\$ 76.6</u>	<u>\$ 17.1</u>	<u>\$ 15.3</u>	<u>\$ 89.9</u>	<u>\$ 91.9</u>

Additional information related to the City's long-term debt can be found in Note 10 on pages 66-76.

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, the City of Kankakee received an affirmed rating of A-. 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. 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. The City anticipates issuing additional bonds in the future.

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 '16, mostly concerning the continuing decrease of equalized assessed valuation (EAV). The City continued to use a combination of attrition and restructuring as the primary steps to balance the FY '16 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. During FY '14, the City established an unrestricted cash reserve of \$3.0 million to ensure greater long-term stability. In FY '15, the addition of the revenue enhancements of the public safety fee and the vehicle sticker fee that were adopted in FY '14, totaled \$1.4 million for FY '15, and will continue for the upcoming fiscal years. In spite of all the IDOR rule changes with sales tax, the City has remained resilient by making fiscally strong decisions.

ESU increased its rates for sewer services beginning May 1, 2015, by 9.5% to a rate of \$5.75 per 100 cubic feet of water used. It is anticipated that the rates will be raised again in May 2016 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 2015 was 6.0% compared to 8.6% for 2014. The City is greatly pleased as this more closely mirrors the national and state unemployment rates of 6.1% and 6.1%, respectively. 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 monitor 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, 2015

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and investments	\$ 15,424,468	\$ 285,193	\$ 15,709,661	\$ 985,086
Restricted cash and investments		3,572,339	3,572,339	
Receivables, less allowance for uncollectible amounts:				
Property taxes	15,504,055		15,504,055	1,865,245
Utility taxes	440,085		440,085	
Due from joint ventures		35,191	35,191	
Due from other governmental agencies	2,480,409	50,924	2,531,333	
Internal balances	(216,352)	216,352	-0-	
Due from component units	85,392		85,392	
Accounts receivable	1,143,040	1,710,081	2,853,121	14,128
Special assessments	1,268,836		1,268,836	
Materials inventory	3,947	18,980	22,927	
Prepaid items	454,739	180,284	635,023	
Capital assets:				
Non-depreciable	6,843,972	6,094,523	12,938,495	
Depreciable (net of accumulated depreciation)	75,679,207	24,512,733	100,191,940	6,998,940
Investment in joint venture		2,733,721	2,733,721	
Total assets	119,111,798	39,410,321	158,522,119	9,863,399
Deferred Outflows of Resources				
Deferred charge on refunding loss	845,355	98,605	943,960	-0-
Liabilities				
Accounts payable	6,007,947	1,251,295	7,259,242	62,197
Accrued wages payable	514,824	220,402	735,226	
Interest payable	671,100	325,442	996,542	
Due to joint venture		333,028	333,028	
Due to primary government				85,392
Due to other government agencies	600		600	
Employer pension contribution payable	718,876		718,876	
Long-term liabilities:				
Due within one year	6,632,961	919,000	7,551,961	133,182
Due within more than one year	66,187,330	16,178,341	82,365,671	2,347,982
Total liabilities	80,733,638	19,227,508	99,961,146	2,628,753
Deferred Inflows of Resources				
Unearned property tax revenue	15,504,055		15,504,055	1,865,245
Unearned special assessments	1,268,836		1,268,836	
Deferred grant revenue	54,463		54,463	4,115
Deferred licenses and fees	142,623		142,623	
Total deferred inflows of resources	16,969,977	-0-	16,969,977	1,869,360
Net Position				
Net investment in capital assets	45,896,296	20,587,378	66,483,674	4,517,776
Restricted for:				
Capital projects	765,883		765,883	
Debt service	1,199,964	2,235,294	3,435,258	
Economic development	2,471,970		2,471,970	
Street maintenance programs	1,479,472		1,479,472	
Unrestricted	(29,560,047)	(2,541,254)	(32,101,301)	847,510
Total net position	\$ 22,253,538	\$20,281,418	\$ 42,534,956	\$ 5,365,286

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF ACTIVITIES
For the year ended April 30, 2015

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government:				
<u>Governmental Activities</u>				
General government	\$ 8,011,638	\$ 2,915,910		
Public safety	17,681,632	669,576	\$ 387,765	\$ 120,000
Highways and streets	2,072,901		800,756	115,782
Community development	1,415,144	100,000	1,544,866	
Culture and recreation	16,390			
Economic development	907,731			
Interest and fiscal charges	2,293,299			
Total governmental activities	<u>32,398,735</u>	<u>3,685,486</u>	<u>2,733,387</u>	<u>235,782</u>
<u>Business-Type Activities</u>				
Sewer utility	11,224,585	13,890,106		
Solid waste utility	5,414,497	3,480,492		
Vehicle parking	1,175			
Total business-type activities	<u>16,640,257</u>	<u>17,370,598</u>	<u>-0-</u>	<u>-0-</u>
Total primary government	<u>\$ 49,038,992</u>	<u>\$ 21,056,084</u>	<u>\$ 2,733,387</u>	<u>\$ 235,782</u>
Component units:				
Library	\$ 1,966,325	\$ 175,249	\$ 60,672	
Special Service Area No. 1	174,997			
Total component units	<u>\$ 2,141,322</u>	<u>\$ 175,249</u>	<u>\$ 60,672</u>	<u>\$ -0-</u>

General Revenues:

Property taxes levied for general purposes
Special assessments
Utility taxes
Intergovernmental, not restricted to specific programs:
 State replacement income tax
 State income tax
 Local use tax
 State sales tax
 State gaming tax
 Other
Investment income
Other

Total

Transfers

Changes in net position

Net position, May 1, 2014

Net position, April 30, 2015

Net (Expense) Revenue and
Change in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total	Component Units
\$ (5,095,728)		\$ (5,095,728)	
(16,504,291)		(16,504,291)	
(1,156,363)		(1,156,363)	
229,722		229,722	
(16,390)		(16,390)	
(907,731)		(907,731)	
(2,293,299)		(2,293,299)	
<u>(25,744,080)</u>		<u>(25,744,080)</u>	
	\$ 2,665,521	2,665,521	
	(1,934,005)	(1,934,005)	
	<u>(1,175)</u>	<u>(1,175)</u>	
-0-	730,341	730,341	
<u>(25,744,080)</u>	<u>730,341</u>	<u>(25,013,739)</u>	
			\$ (1,730,404)
			<u>(174,997)</u>
			<u>(1,905,401)</u>
15,351,843		15,351,843	1,789,671
298,590		298,590	
3,981,391		3,981,391	
747,804		747,804	
2,696,825		2,696,825	
566,723		566,723	
6,027,948		6,027,948	
229,548		229,548	
50,000		50,000	
58,428		58,428	2,123
440,744	68,310	509,054	87,357
<u>30,449,844</u>	<u>68,310</u>	<u>30,518,154</u>	<u>1,879,151</u>
<u>(80,832)</u>	<u>80,832</u>	<u>-0-</u>	
4,624,932	879,483	5,504,415	(26,250)
<u>17,628,606</u>	<u>19,401,935</u>	<u>37,030,541</u>	<u>5,391,536</u>
<u>\$ 22,253,538</u>	<u>\$ 20,281,418</u>	<u>\$ 42,534,956</u>	<u>\$ 5,365,286</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2015

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 8,009,909	\$ 612,183	\$ 6,802,376	\$ 15,424,468
Receivables, less allowance for uncollectible amounts:				
Property taxes	7,372,670		8,131,385	15,504,055
Utility taxes	440,085			440,085
Due from other governmental agencies	2,168,132		312,277	2,480,409
Due from other funds	1,540,309	177,694	2,042,205	3,760,208
Due from component units	73,513		11,879	85,392
Accounts receivable	598,240	8,114	536,686	1,143,040
Special assessments		1,268,836		1,268,836
Materials inventory	3,947			3,947
Prepaid items	454,739			454,739
Total assets	<u>\$ 20,661,544</u>	<u>\$ 2,066,827</u>	<u>\$ 17,836,808</u>	<u>\$ 40,565,179</u>
Liabilities				
Accounts payable	\$ 5,841,188	\$ 12,108	\$ 154,651	\$ 6,007,947
Accrued wages payable	476,771		38,053	514,824
Due to other governmental agencies	600			600
Due to other funds	544,066		3,432,494	3,976,560
Employer pension contribution payable	718,876			718,876
Total liabilities	<u>7,581,501</u>	<u>12,108</u>	<u>3,625,198</u>	<u>11,218,807</u>
Deferred Inflows of Resources				
Unavailable property tax revenue	7,372,670		8,131,385	15,504,055
Unavailable loan receivable			532,367	532,367
Unavailable franchise fees	21,062			21,062
Unavailable special assessments		1,268,836		1,268,836
Deferred grant and contribution revenue	34,463	20,000		54,463
Deferred licenses and fees	142,623			142,623
Total deferred inflows of resources	<u>7,570,818</u>	<u>1,288,836</u>	<u>8,663,752</u>	<u>17,523,406</u>
Fund Balance				
Nonspendable	458,686			458,686
Restricted for:				
Debt service			1,199,964	1,199,964
Street maintenance programs			1,479,472	1,479,472
Economic development			2,471,970	2,471,970
Culture and recreation			19,094	19,094
Retirement obligations			644,404	644,404
Community development			109,448	109,448
Capital projects		765,883		765,883
Unassigned (deficit)	5,050,539		(376,494)	4,674,045
Total fund balance	<u>5,509,225</u>	<u>765,883</u>	<u>5,547,858</u>	<u>11,822,966</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 20,661,544</u>	<u>\$ 2,066,827</u>	<u>\$ 17,836,808</u>	<u>\$ 40,565,179</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
April 30, 2015

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

Total fund balance - governmental funds		\$ 11,822,966
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		82,523,179
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	\$ (50,103,142)	
Installment notes	(1,640,416)	
Unfunded employer pension contributions	(15,100,598)	
Compensated absences	(5,138,000)	
Net other post-employment benefit obligations	(838,135)	
Total long-term liabilities (See Note 10)	(72,820,291)	(72,820,291)
Deferred charge on bond refunding loss not recorded in funds		845,355
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
Interest payable		(671,100)
Certain long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Loan receivable	532,367	
Franchise fee receivable	21,062	
	553,429	553,429
Net position of governmental activities		\$ 22,253,538

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the year ended April 30, 2015

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 6,802,391		\$ 8,549,452	\$ 15,351,843
Special assessments			298,590	298,590
Utility taxes	3,981,391			3,981,391
Licenses, permits and fees	3,141,732			3,141,732
Charges for services	180,699			180,699
Fines and penalties	363,055			363,055
Intergovernmental	10,705,747	\$ 6,518	2,454,886	13,167,151
Interest income			58,428	58,428
Miscellaneous	381,594	8,114	53,136	442,844
Total revenues	<u>25,556,609</u>	<u>14,632</u>	<u>11,414,492</u>	<u>36,985,733</u>
Expenditures:				
Current:				
General government	5,594,073	376,296	855,724	6,826,093
Public safety	17,350,720			17,350,720
Highways and streets		55,505	1,276,322	1,331,827
Community development			1,409,807	1,409,807
Culture and recreation			16,390	16,390
Economic development	658,876		248,855	907,731
Debt service:				
Principal retirement	10,000		4,782,276	4,792,276
Interest and fiscal charges			2,398,938	2,398,938
Total expenditures	<u>23,613,669</u>	<u>431,801</u>	<u>10,988,312</u>	<u>35,033,782</u>
Excess (deficiency) of revenues over expenditures	<u>1,942,940</u>	<u>(417,169)</u>	<u>426,180</u>	<u>1,951,951</u>
Other financing sources (uses):				
Issuance of refunding bonds			6,455,000	6,455,000
Premium on issuance of refunding bonds			383,133	383,133
Payment to refunded debt escrow			(6,698,322)	(6,698,322)
Transfers from other funds	23,535		1,747,920	1,771,455
Transfers to other funds		(269,227)	(1,583,060)	(1,852,287)
Total other financing sources (uses)	<u>23,535</u>	<u>(269,227)</u>	<u>304,671</u>	<u>58,979</u>
Net change in fund balance	1,966,475	(686,396)	730,851	2,010,930
Fund balance, May 1, 2014	<u>3,542,750</u>	<u>1,452,279</u>	<u>4,817,007</u>	<u>9,812,036</u>
Fund balance, April 30, 2015	<u>\$ 5,509,225</u>	<u>\$ 765,883</u>	<u>\$ 5,547,858</u>	<u>\$ 11,822,966</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, 2015

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

Net change in fund balance - total governmental funds \$ 2,010,930

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	310,024
Loss on disposal of capital assets	(71,716)
Depreciation	(1,735,027)
Donated capital assets not reported in governmental funds	120,000

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	4,462,672
Principal payments on long-term notes payable	329,604
Payment to refunding debt escrow from bond proceeds	6,698,322

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	188,526
Amortized deferred loss	(160,187)
Change in accrued interest on long-term debts	77,300
Net change in compensated absences payable	86,000
Unfunded pension cost	(692,002)
Change in net other post-employment benefit obligations payable	(154,810)
Bad debt expense on community development loan receivable	(5,337)

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. Premiums related to these long-term debt obligations also are reported as other financing sources in the governmental funds, but they increase liabilities on the statement of net position.

Proceeds from refunding bonds issued	(6,455,000)
Premium on issuance of bonds	(383,133)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Net change in franchise fee - long term receivable	<u>(1,234)</u>
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Change in net position of governmental activities	<u><u>\$ 4,624,932</u></u>
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See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2015

	Enterprise Funds		Total
	Kankakee Environmental Services Utility	Nonmajor Motor Vehicle Parking	
Assets			
Current assets:			
Cash and investments	\$ 154,791	\$ 130,402	\$ 285,193
Restricted cash and investments	2,054,953		2,054,953
Receivables, less allowance for uncollectible amounts:			
Due from joint venture	35,191		35,191
Due from other funds	285,688		285,688
Due from other governmental agencies	50,924		50,924
Accounts receivable	1,710,081		1,710,081
Inventory	18,980		18,980
Prepaid items	180,284		180,284
Total current assets	4,490,892	130,402	4,621,294
Non-current assets:			
Restricted cash and investments	1,517,386		1,517,386
Capital assets:			
Non-depreciable	4,650,715	1,443,808	6,094,523
Depreciable (net of accumulated depreciation)	24,512,733		24,512,733
Investment in joint venture	2,733,721		2,733,721
Total non-current assets	33,414,555	1,443,808	34,858,363
Total assets	37,905,447	1,574,210	39,479,657
Deferred Outflows of Resources			
Deferred charge on refunding loss	98,605	-0-	98,605
Liabilities			
Current liabilities:			
Accounts payable	1,251,295		1,251,295
Accrued wages payable	220,402		220,402
Accrued interest	325,442		325,442
Due to joint venture	333,028		333,028
Due to other funds	69,336		69,336
Accrued employee absences	439,000		439,000
Revenue bonds payable within one year	480,000		480,000
Total current liabilities	3,118,503	-0-	3,118,503
Non-current liabilities:			
Accrued employee absences	671,700		671,700
Net other post-employment benefit obligations	296,784		296,784
Note payable	2,178,028		2,178,028
Revenue bonds payable, less portion due within one year	13,031,829		13,031,829
Total non-current liabilities	16,178,341	-0-	16,178,341
Total liabilities	19,296,844	-0-	19,296,844
Net Position			
Net investment in capital assets	19,143,570	1,443,808	20,587,378
Restricted for debt service	2,235,294		2,235,294
Unrestricted	(2,671,656)	130,402	(2,541,254)
Total net position	\$ 18,707,208	\$ 1,574,210	\$ 20,281,418

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the year ended April 30, 2015

	Enterprise Funds		Total
	Kankakee Environmental Services Utility	Nonmajor Motor Vehicle Parking	
Operating revenues:			
Charges for services:			
Sewer charges	\$ 12,193,849		\$ 12,193,849
Solid waste charges	2,527,892		2,527,892
Public works revenue	791,115		791,115
Total operating revenues	<u>15,512,856</u>	<u>\$ -0-</u>	<u>15,512,856</u>
Operating expenses:			
Utility operations:			
Sewer utility:			
Administration	2,190,612		2,190,612
Sanitary sewers	1,294,586		1,294,586
Lab and industrial services	558,150		558,150
Technical services	666,649		666,649
Total sewer utility	4,709,997	-0-	4,709,997
Solid waste and public works	5,320,815		5,320,815
Total utility operations	10,030,812	-0-	10,030,812
Treatment charges	4,621,316		4,621,316
Parking administration		1,175	1,175
Depreciation	1,323,761		1,323,761
Total operating expenses	<u>15,975,889</u>	<u>1,175</u>	<u>15,977,064</u>
Operating income (loss)	<u>(463,033)</u>	<u>(1,175)</u>	<u>(464,208)</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
(Continued)
For the year ended April 30, 2015

	Enterprise Funds		Total
	Kankakee	Nonmajor	
	Environmental Services Utility	Motor Vehicle Parking	
Nonoperating revenues (expenses):			
Equity interest in joint venture operating income	\$ 1,665,915		\$ 1,665,915
Bond interest rebates	68,310		68,310
Interest and debt-related expenses	(663,193)		(663,193)
Intergovernmental	136,752		136,752
Miscellaneous charges	55,075		55,075
	<u>1,262,859</u>		<u>1,262,859</u>
Total nonoperating revenues (expenses)	1,262,859	\$ -0-	1,262,859
Income (loss) before transfers	<u>799,826</u>	<u>(1,175)</u>	<u>798,651</u>
Transfers in	269,227		269,227
Transfers out	<u>(188,395)</u>		<u>(188,395)</u>
Total transfers	<u>80,832</u>	<u>-0-</u>	<u>80,832</u>
Change in net position	880,658	(1,175)	879,483
Net position, May 1, 2014	<u>17,826,550</u>	<u>1,575,385</u>	<u>19,401,935</u>
Net position, April 30, 2015	<u>\$ 18,707,208</u>	<u>\$ 1,574,210</u>	<u>\$ 20,281,418</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended April 30, 2015

	Enterprise Funds		
	Kankakee		
	Environmental Services Utility	Nonmajor Motor Vehicle Parking	Total
Cash flows provided (used) by operating activities:			
Receipts from customers and users	\$ 16,082,817		\$ 16,082,817
Receipts from other funds	14,344		14,344
Payments to suppliers	(10,026,631)	\$ (1,175)	(10,027,806)
Payments to employees	(3,827,382)		(3,827,382)
Net cash provided (used) by operating activities	<u>2,243,148</u>	<u>(1,175)</u>	<u>2,241,973</u>
Cash flows provided (used) by noncapital financing activities:			
Payment of interest on loan to joint venture	(2,078)		(2,078)
Transfers to other funds	(188,395)		(188,395)
Net cash provided (used) by noncapital financing activities	<u>(190,473)</u>	<u>-0-</u>	<u>(190,473)</u>
Cash flows provided (used) by capital and related financing activities:			
Purchase of property and equipment	(457,022)		(457,022)
Additions to construction in progress	(3,043,332)		(3,043,332)
Receipt of loan from governmental entity	2,167,639		2,167,639
Repayment of revenue bonds	(465,000)		(465,000)
Transfers from other funds	269,227		269,227
Interest and fiscal charges	(719,338)		(719,338)
Bond interest rebates received	68,310		68,310
Net cash provided (used) by capital and related financing activities	<u>(2,179,516)</u>	<u>-0-</u>	<u>(2,179,516)</u>
Cash flows provided (used) by investing activities:			
Interest received from joint venture	2,078		2,078
Amount invested in joint venture	(7)		(7)
Net cash provided (used) by investing activities:	<u>2,071</u>	<u>-0-</u>	<u>2,071</u>
Net change in cash and cash equivalents	(124,770)	(1,175)	(125,945)
Cash and cash equivalents, May 1, 2014	3,851,900	131,577	3,983,477
Cash and cash equivalents, April 30, 2015	<u>\$ 3,727,130</u>	<u>\$ 130,402</u>	<u>\$ 3,857,532</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
For the year ended April 30, 2015

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Kankakee Environmental Services Utility</u>	<u>Nonmajor Motor Vehicle Parking</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (463,033)	\$ (1,175)	\$ (464,208)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,323,761		1,323,761
Other revenues	191,827		191,827
(Increase) decrease in operating assets:			
Accounts receivable	428,607		428,607
Due from other funds	(23,723)		(23,723)
Due from other governmental agencies	(26,750)		(26,750)
Inventory	33,148		33,148
Prepaid insurance and service fees	(18,964)		(18,964)
Increase (decrease) in operating liabilities:			
Accounts payable	792,008		792,008
Accrued wages payable	12,907		12,907
Due to joint venture	(97,684)		(97,684)
Accrued employee absences	28,000		28,000
Due to other funds	14,344		14,344
Net other post-employment benefit obligations	48,700		48,700
Net cash provided (used) by operating activities	<u>\$ 2,243,148</u>	<u>\$ (1,175)</u>	<u>\$ 2,241,973</u>
Noncash transactions related to financing, capital and investing activities:			
Amortization of early debt retirement deferred loss	<u>\$ 8,217</u>	<u>\$ -0-</u>	<u>\$ 8,217</u>
Capitalized interest on loan	<u>\$ 10,389</u>	<u>\$ -0-</u>	<u>\$ 10,389</u>
Amortization of discount on bond issuance	<u>\$ 3,591</u>	<u>\$ -0-</u>	<u>\$ 3,591</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
April 30, 2015

Assets

Cash and short-term investments	\$ 2,074,175
Receivables, less allowance for uncollectible amounts:	
Employee contributions	35,744
Employer contributions	718,876
Interest	80,750
Investments, at fair value:	
Open-end mutual funds	8,324,334
Corporate securities	7,282,774
U.S. Treasury and agency securities	5,809,057
Corporate bonds	4,297,164
State and local obligations	631,019
Prepaid items	<u>9,731</u>
 Total assets	 29,263,624

Liabilities

Benefits and other payables	<u>455,129</u>
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Net Position

Net position held in trust for pension benefits	<u><u>\$28,808,495</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, 2015

Additions:	
Contributions:	
Employer	\$ 4,881,159
Employee	<u>865,105</u>
Total contributions	<u>5,746,264</u>
Investment income:	
Net change in fair value of investments	1,023,472
Interest and dividends	<u>681,321</u>
	1,704,793
Less: investment expense	<u>(187,233)</u>
Net investment income	<u>1,517,560</u>
Total additions	<u>7,263,824</u>
Deductions:	
Benefits	5,240,045
Refunds of contributions	119,594
Administrative expenses	<u>99,206</u>
Total deductions	<u>5,458,845</u>
Change in net position-restricted for pension benefits	1,804,979
Net position held in trust for pension benefits	
May 1, 2014	<u>27,003,516</u>
April 30, 2015	<u>\$ 28,808,495</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
April 30, 2015

	Kankakee Public Library	Special Service Area No. 1	Totals
Assets			
Cash and investments	\$ 766,624	\$ 218,462	\$ 985,086
Receivables, less allowance for uncollectible amounts:			
Property taxes	1,748,900	116,345	1,865,245
Accounts receivable	14,128		14,128
Capital assets:			
Depreciable (net of accumulated depreciation)	<u>6,288,622</u>	<u>710,318</u>	<u>6,998,940</u>
Total assets	<u>8,818,274</u>	<u>1,045,125</u>	<u>9,863,399</u>
Liabilities			
Accounts payable	58,776	3,421	62,197
Due to primary government	85,392		85,392
Long-term liabilities:			
Due within one year	133,182		133,182
Due within more than one year	<u>2,347,982</u>		<u>2,347,982</u>
Total liabilities	<u>2,625,332</u>	<u>3,421</u>	<u>2,628,753</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	1,748,900	116,345	1,865,245
Deferred grant revenue	<u>4,115</u>		<u>4,115</u>
Total deferred inflows of resources	<u>1,753,015</u>	<u>116,345</u>	<u>1,869,360</u>
Net Position			
Net investment in capital assets	3,807,458	710,318	4,517,776
Unrestricted	<u>632,469</u>	<u>215,041</u>	<u>847,510</u>
Total net position	<u>\$ 4,439,927</u>	<u>\$ 925,359</u>	<u>\$ 5,365,286</u>

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the year ended April 30, 2015

	Program Revenues		
Expenses	Charges for Services	Operating Grants	
Kankakee Public Library:			
Culture and recreation	\$ 1,838,809	\$ 175,249	\$ 60,672
Interest and fiscal charges	127,516		
Special Service Area No. 1:			
General government	174,997		
Total	\$ 2,141,322	\$ 175,249	\$ 60,672

General Revenues:

Property taxes levied for general purposes

Interest

Other

Total

Changes in net position

Net position, May 1, 2014

Net position, April 30, 2015

Net (Expense) Revenue and
Change in Net Position

Kankakee Public Library	Special Service Area No. 1	Total
\$ (1,602,888)		\$ (1,602,888)
(127,516)		(127,516)
	\$ (174,997)	(174,997)
(1,730,404)	(174,997)	(1,905,401)
1,664,655	125,016	1,789,671
1,950	173	2,123
70,467	16,890	87,357
1,737,072	142,079	1,879,151
6,668	(32,918)	(26,250)
4,433,259	958,277	5,391,536
\$ 4,439,927	\$ 925,359	\$ 5,365,286

See accompanying notes.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

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.

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.
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.

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 majority of the Library's revenues are from a property tax levy approved by the Council. The City has also assumed the obligation to finance the Library's deficits.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

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

2. **Special Service Area No. 1 (SSA No. 1)** - SSA No. 1 promotes and develops downtown Kankakee. Its major source of revenues is a property tax levy approved by the City Council.

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

B. Basis of Presentation

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

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

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. 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 2015.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

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. New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*. This Statement replaces requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50 *Pension Disclosures*, as they relate to pension plans that are administered through trusts. This Statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement: determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement is effective for the City's fiscal year ended April 30, 2015, and has been implemented within these financial statements.

D. 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 2013 levy is recognized as revenue for the year ended April 30, 2015.

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.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

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

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, utility fees and parking fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Governmental Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, except for property tax and income 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. Revenues for income tax are considered to be available if they are collected within 120 to 150 days of the end of the current fiscal year due to further delay in receipt from the State. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt and claims and judgments are recorded only when payment is due. Compensated absences are recorded only when retirement or separation has occurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

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

The City reports unavailable/unearned revenue on its financial statements. Unavailable/unearned 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 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.

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

E. Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. 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. All external investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

F. 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.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

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

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

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

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

G. 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.

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

H. 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.

I. 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 expenditures in the period incurred.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

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

J. Capital Assets

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

Minimum capitalization costs are as follows:

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

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

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

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

K. 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.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

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

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

L. 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.

M. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments, including cash in excess of daily requirements that is invested in marketable securities, substantially all of which have a maturity of three months or less when acquired.

N. 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.

O. 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.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

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

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.

P. Investment in Joint Venture

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

Q. 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 only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position 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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has multiple types of these items, which qualify for reporting in this category, including grant, license and fee revenue received in advance of meeting the time requirements as well as property taxes and special assessment revenue received or reported as a receivable prior to the period for which it was levied. These amounts are deferred and recognized as an inflow of resources in the period that the amounts are intended to finance on both the government-wide statement of net position and the governmental fund balance sheet. The City also has other deferred inflows of resources that arise only under a modified accrual basis of accounting that also qualify for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: franchise fees and loan receivables. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS:

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

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

Deposits:

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

At April 30, 2015, the carrying amount of the City's deposits for governmental and business-type activities was \$11,835,231 and the bank balance was \$11,955,311. The entire bank balance was covered through federal depository insurance or by collateral held by the City or its agent, in the City's name.

At April 30, 2015, the carrying amount of deposits of fiduciary activities was \$717,793 and the bank balance was \$717,905 of which \$13,791 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, 2015, the carrying amount of deposits of the City's component units was \$984,602 and the bank balance was \$1,029,490 of which \$560,723 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, 2015. 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.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Governmental and business-type activities:					
Uncategorized investments:					
Illinois Funds	\$ 7,305,759	\$ 7,305,759			
Illinois Metropolitan Investment Fund (IMET)	<u>139,075</u>	<u>139,075</u>	—	—	—
	<u>7,444,834</u>	<u>7,444,834</u>	\$ -0-	\$ -0-	\$ -0-
Fiduciary activities:					
Categorized investments:					
U.S. Treasury obligation	4,307,716	177,605	2,488,463	893,894	747,754
U.S. Government agencies	1,501,341	289,222	1,012,733	153,009	46,377
State and local obligation	631,019	55,149	186,577	154,799	234,494
Uncategorized investments:					
Corporate bonds	4,297,164	159,770	1,647,290	1,862,244	627,860
Mutual funds	8,324,334	8,324,334			
Money market	1,356,382	1,356,382			
Common stock (1)	<u>7,282,774</u>				
	<u>27,700,730</u>	<u>10,362,462</u>	<u>5,335,063</u>	<u>3,063,946</u>	<u>1,656,485</u>
Total investments	<u>\$35,145,564</u>	<u>\$17,807,296</u>	<u>\$5,335,063</u>	<u>\$3,063,946</u>	<u>\$1,656,485</u>

(1) Risk disclosures do not apply to equities.

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. The securities of U.S. government agencies at April 30, 2015 consist of the following:

	<u>Fiduciary</u>
FHLMC	\$ 613,398
FNMA	796,510
GNMA	52,990
TVA	<u>38,443</u>
Total	<u>\$1,501,341</u>

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, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued):

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/MRI 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

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 - 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. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by the Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. The City does not separately issue audited financial reports for the Police and Firefighters' Pension Plans. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

A. Plan Descriptions

Illinois Municipal Retirement Fund:

The IMRF covers all City employees who occupy a job normally requiring 1,000 hours or more per year, are paid on a regular payroll from City funds, were under age 60 when first entering employment and are not covered by another state-created retirement system for the same service. Employees not qualifying above are considered "nonparticipating employees" and are covered under Social Security or under the Police Pension or Firefighters' Pension Plans.

The IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3 percent of their final rate of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3 percent of their final rate of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter.

As set by statute, employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2014, used by the City, was 12.56 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2014 was 13.57 percent. For the fiscal year ending April 30, 2015, the employer's actual contributions for pension cost were \$752,171. Its required contribution for the fiscal year ended April 30, 2015 was \$792,769. The City employer 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Police Pension Fund:

Plan Administration

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 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.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

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.

Plan Membership

At April 30, 2015, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	58
Inactive plan members entitled To but not yet receiving benefits	0
Employees	
Vested	54
Nonvested	<u>13</u>
Total	<u>125</u>

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, 2015

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

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, 2015, the City's contribution was 47.55 percent of covered payroll.

Investment Policy

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

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	43%	1.98%
Domestic Equities	35%	3.50%
International Equities	20%	2.02%
Cash	2%	0.06%
Real Estate	0%	0.00%

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.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

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 March 2015 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, 2014. 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, 2015, 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, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.24 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the Police Pension Fund as of April 30, 2015 calculated in accordance with GASB Statement No. 67 were as follows:

Total Pension Liability	\$62,428,249
Plan Fiduciary Net Position	<u>18,642,059</u>
City's Net Pension Liability	<u>\$43,786,190</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	29.86%

See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Police Pension Fund.

Funding Policy and Actuarial Assumptions

The City funds its contribution to the Plan through an annual tax levy. The levy amount is actuarially determined as the annual contribution necessary to fund the normal cost, plus the amount to amortize the unfunded accrued liability. Actuarial valuations are performed annually.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2015 using the following actuarial methods and assumptions.

Actuarial Valuation Date	April 30, 2015
Actuarial Cost Method	Entry-age normal
Amortization Method	Level Percentage of Pay
Remaining Amortization Period	26 years
Asset Valuation Method	Market
Assumptions	
Inflation	2.50%
Salary increases	5.00%
Discount rate	7.00%

Mortality rates were based on the RP-2000 Mortality Table (CHBCA). The actuarial assumptions used in the April 30, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7.00 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.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 7.00 percent as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Net Pension Liability	<u>\$51,792,693</u>	<u>\$43,786,190</u>	<u>\$37,122,867</u>

Firefighters' Pension Fund:

Plan Administration

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 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.

Plan Membership

At April 30, 2015, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	71
Inactive plan members entitled To but not yet receiving benefits	7
Employees	
Vested	31
Nonvested	<u>17</u>
Total	<u>126</u>

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.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

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.

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.

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, 2015, the City's contribution was 69.26 percent of covered payroll.

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

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

insurance company general store and separate accounts, mutual funds and corporate equity securities and real estate investment trusts. No changes were made during the current year to investment policy.

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	48%	2.21%
Domestic Equities	35%	3.50%
International Equities	15%	1.52%
Cash	2%	0.06%
Real Estate	0%	0.00%

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 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 March 2015 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, 2014. 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, 2015 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, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.74 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Net Pension Liability

The components of the net pension liability of the Firefighters' Pension Fund as of April 30, 2015 calculated in accordance with GASB Statement No. 67 were as follows:

Total Pension Liability	\$53,907,723
Plan Fiduciary Net Position	<u>10,166,436</u>
City's Net Pension Liability	<u>\$43,741,287</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	18.86%

See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Firefighters' Pension Fund.

Funding Policy and Actuarial Assumptions

The City funds its contribution to the Plan through an annual tax levy. The levy amount is actuarially determined as the annual contribution necessary to fund the normal cost, plus the amount to amortize the unfunded accrued liability. Actuarial valuations are performed annually.

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2015 using the following actuarial methods and assumptions.

Actuarial Valuation Date	April 30, 2015
Actuarial Cost Method	Entry-age normal
Amortization Method	Level Percentage of Pay
Remaining Amortization period	26 years
Asset Valuation Method	Market
Assumptions	
Inflation	2.50%
Salary increases	5.00%
Discount rate	7.00%

Mortality rates were based on the RP-2000 Mortality Table (CHBCA). The actuarial assumptions used in the April 30, 2015 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 FINANCIAL STATEMENTS
April 30, 2015

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Discount Rate

The discount rate used to measure the total pension liability was 7.00 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.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 7.00 percent as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Net Pension Liability	<u>\$50,197,885</u>	<u>\$43,741,287</u>	<u>\$38,339,647</u>

B. 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 Midcap 400	\$ 975,419
SPDR Trust Series	<u>1,472,485</u>
	<u>\$2,447,904</u>
Firefighters' Pension Fund:	
SPDR Trust Series	<u>\$1,472,485</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

C. Annual Pension Costs

The annual required contribution (ARC) has been determined as follows:

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Actuarial Valuation Date	December 31, 2012	April 30, 2015	April 30, 2015
Actuarial Cost Method	Entry-age normal	Entry-age normal	Entry-age normal
Asset Valuation Method	5 year smoothed market	5 year average market	5 year average market
Amortization Method	Level percentage of payroll	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization Period	29 years, open	26 years	26 years
Significant Actuarial Assumption			
a) Rate of return on present and future assets*	7.50% compounded annually	7.00% compounded annually	7.00% compounded annually
b) Projected salary increase- attributable to inflation*	4.00% compounded annually	5.00% compounded annually	5.00% compounded annually
c) Additional projected salary increases/seniority/merit	0.40% to 10.00%	Not available	Not available
d) Cost of living adjustments	3.00% annually	Tier 1: 3.00% annually, compounded Tier 2: 2.00% annually, simple	Tier 1: 3.00% annually, compounded Tier 2: 2.00% annually, simple
*Includes inflation at	Not available	2.50%	2.50%

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

Employer annual pension costs (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	<u>Year Ending April 30,</u>	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
APC	2015	\$804,776	\$2,501,953	\$2,693,528
	2014	850,777	2,363,607	2,587,445
	2013	792,219	2,238,219	2,395,450
Actual contributions	2015	\$752,171	\$2,374,597	\$2,506,562
	2014	739,277	2,231,894	2,394,084
	2013	656,971	2,103,081	2,197,060
Percentage of APC contributed	2015	93.5%	94.9%	93.1%
	2014	86.9%	94.4%	92.5%
	2013	82.9%	94.0%	91.7%
NPO	2015	\$679,935	\$5,842,934	\$8,577,729
	2014	627,329	5,715,578	8,390,763
	2013	515,829	5,583,865	8,197,402

The NPO at April 30, 2015 has been calculated as follows:

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Annual required contribution	\$792,769	\$2,374,597	\$2,506,562
Interest on net pension obligation	47,050	400,090	587,353
Adjustment to annual required contribution	<u>(35,043)</u>	<u>(272,734)</u>	<u>(400,387)</u>
Annual pension cost	804,776	2,501,953	2,693,528
Contribution made	<u>752,171</u>	<u>2,374,597</u>	<u>2,506,562</u>
Increase in net pension obligation	52,606	127,356	186,966
Net pension obligation, beginning of year	<u>627,329</u>	<u>5,715,578</u>	<u>8,390,763</u>
Net pension obligation, end of year	<u>\$679,935</u>	<u>\$5,842,934</u>	<u>\$8,577,729</u>

The NPO is reported as a liability in the City's governmental activities column in the government-wide financial statements at April 30, 2015.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

D. Funded Status

As of December 31, 2014, the most recent actuarial valuation date the City's IMRF plan was 79.30 percent funded. The actuarial accrued liability for benefits was \$23,563,726 and the actuarial value of assets was \$18,685,734, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,877,992. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$6,080,393 and the ratio of the UAAL to the covered payroll was 80.22 percent. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer annual pension contribution of the plans as disclosed above in Note 3 C.

The funded status of the Police and Firefighters' Pension Plans based on actuarial valuations performed as of April 30, 2015, is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer annual pension contribution of the plans as disclosed above in Note 3 C.

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Actuarial accrued liability (AAL)	\$62,428,249	\$53,907,723
Actuarial value of plan assets	18,642,059	10,166,436
Unfunded actuarial accrued liability (UAAL)	43,786,190	43,741,287
Funded ratios (actuarial value of plan assets / AAL)	29.9%	18.9%
Covered payroll (active plan members)	4,993,793	3,618,844
UAAL as a percentage of covered payroll	876.8%	1,208.7%

See the schedules of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

F. Pension Financial Statements

The following is a combining statement of plan net position as of April 30, 2015:

	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Totals</u>
Assets:			
Cash and short-term investments	\$ 841,968	\$ 1,232,207	\$2,074,175
Receivables, less allowance for uncollectible amounts:			
Employee contributions	21,299	14,445	35,744
Employer contributions	342,952	375,924	718,876
Interest	49,326	31,424	80,750
Investments, at fair value:			
Open-end mutual funds	5,069,972	3,254,362	8,324,334
Corporate securities	5,932,976	1,349,798	7,282,774

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 3 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued):

	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Totals</u>
U.S. Treasury and agency securities	\$ 3,192,702	\$ 2,616,355	\$ 5,809,057
Corporate bonds	2,983,635	1,313,529	4,297,164
State and local obligations	413,589	217,430	631,019
Prepaid items	<u> </u>	<u>9,731</u>	<u>9,731</u>
Total assets	18,848,419	10,415,205	29,263,624
Liabilities:			
Benefits and other payables	<u>206,360</u>	<u>248,769</u>	<u>455,129</u>
Net position held in trust for pension benefits	<u>\$18,642,059</u>	<u>\$10,166,436</u>	<u>\$28,808,495</u>

The following is a combining statement of changes in plan net position for the year ended April 30, 2015:

	<u>Police Pension Fund</u>	<u>Firefighters' Pension Fund</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 2,374,597	\$ 2,506,562	\$ 4,881,159
Employee	<u>510,380</u>	<u>354,725</u>	<u>865,105</u>
Total contributions	<u>2,884,977</u>	<u>2,861,287</u>	<u>5,746,264</u>
Investment income:			
Net change in fair value of investments	829,600	193,872	1,023,472
Interest and dividends	<u>378,498</u>	<u>302,823</u>	<u>681,321</u>
	1,208,098	496,695	1,704,793
Less: investment expenses	<u>(123,426)</u>	<u>(63,807)</u>	<u>(187,233)</u>
Net investment income	<u>1,084,672</u>	<u>432,888</u>	<u>1,517,560</u>
Total additions	<u>3,969,649</u>	<u>3,294,175</u>	<u>7,263,824</u>
Deductions:			
Benefits	2,450,751	2,789,294	5,240,045
Refund of contributions	64,178	55,416	119,594
Administrative expenses	<u>35,615</u>	<u>63,591</u>	<u>99,206</u>
Total deductions	<u>2,550,544</u>	<u>2,908,301</u>	<u>5,458,845</u>
Net increase	1,419,105	385,874	1,804,979
Net position held in trust for pension benefits:			
May 1, 2014	<u>17,222,954</u>	<u>9,780,562</u>	<u>27,003,516</u>
April 30, 2015	<u>\$18,642,059</u>	<u>\$10,166,436</u>	<u>\$28,808,495</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 4 – OTHER POST-EMPLOYMENT BENEFITS (OPEB):

Plan Description

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

Benefits Provided

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

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

Membership

At April 30, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits	
Terminated employees entitled to benefits but not yet receiving them	15
Active vested plan members	40
Active nonvested plan members	<u>158</u>
Total	<u>213</u>

Funding Policy

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute 100% of the actuarially determined premium to the plan (except for the sewer operators of Local 399 and exempt employees of the Kankakee Environmental Services Utility retirees who contribute 20% of premium for up to the first three years only), to cover the cost of providing the benefits to the current members via the insured plan (pay as you go) which results in an implicit subsidy to the City as defined by the GASB Statement No. 45. For the fiscal year ending April 30, 2015 retirees contributed \$149,230 and the City contributed \$130,293 toward the implicit subsidy. The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 4 – OTHER POST-EMPLOYMENT BENEFITS (Continued):

Annual OPEB Costs and Net OPEB Obligation

The City had its actuarial valuation performed for the plan as of April 30, 2015. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Year Ending April 30,</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$333,803	\$130,293	39.0%	\$1,134,919
2014	308,400	95,141	30.9%	931,409
2013	366,387	145,422	39.7%	718,150

The net OPEB obligation (NOPEBO) as of April 30, 2015, was calculated as follows:

Annual required contribution	\$ 327,594
Interest on net OPEB obligation	37,256
Adjustment to annual required contribution	<u>(31,047)</u>
Annual OPEB cost	333,803
Contributions made	<u>130,293</u>
Increase in net OPEB obligation	203,510
Net OPEB obligation, beginning of year	<u>931,409</u>
Net OPEB obligation, end of year	<u>\$1,134,919</u>

Funded Status and Funding Progress

The funded status of the plan as of April 30, 2015 was as follows:

Actuarial accrued liability (AAL)	\$ 4,484,377
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	4,484,377
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	14,308,160
UAAL as a percentage of covered payroll	31.3%

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 4 – OTHER POST-EMPLOYMENT BENEFITS (Continued):

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the April 30, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate starting at .60 percent initially with the second year at 8.50 percent and 5.50 percent ultimately. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2015, was 30 years.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 5 - CAPITAL ASSETS:

A summary of changes in capital assets of the City and its component units for the year ended April 30, 2015 is as follows:

	<u>Balance May 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2015</u>
Primary government:				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,268,162	\$ 195,975		\$ 5,464,137
Construction in progress	<u>1,474,437</u>	<u>281,343</u>	<u>\$375,945</u>	<u>1,379,835</u>
Total capital assets not being depreciated	<u>6,742,599</u>	<u>477,318</u>	<u>375,945</u>	<u>6,843,972</u>
Capital assets being depreciated:				
Buildings	14,282,745			14,282,745
Equipment	851,945			851,945
Vehicles	4,555,988	148,681	271,024	4,433,645
Land improvements	3,530,558	179,970		3,710,528
Infrastructure	<u>79,720,293</u>	<u> </u>	<u> </u>	<u>79,720,293</u>
Total capital assets being depreciated	<u>102,941,529</u>	<u>328,651</u>	<u>271,024</u>	<u>102,999,156</u>
Less accumulated depreciation:				
Buildings	1,886,148	197,380		2,083,528
Equipment	679,018	83,901		762,919
Vehicles	2,869,989	291,342	199,308	2,962,023
Land improvements	1,540,617	173,566		1,714,183
Infrastructure	<u>18,808,458</u>	<u>988,838</u>	<u> </u>	<u>19,797,296</u>
Total accumulated depreciation	<u>25,784,230</u>	<u>1,735,027</u>	<u>199,308</u>	<u>27,319,949</u>
Total capital assets being depreciated, net	<u>77,157,299</u>	<u>(1,406,376)</u>	<u>71,716</u>	<u>75,679,207</u>
Total capital assets, net	<u>\$ 83,899,898</u>	<u>\$ (929,058)</u>	<u>\$447,661</u>	<u>\$ 82,523,179</u>

Depreciation expense for governmental activities for the year ended April 30, 2015 was charged to functions as follows:

General government	\$ 386,596
Public safety	359,593
Highways and streets	<u>988,838</u>
	<u>\$1,735,027</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 5 - CAPITAL ASSETS (Continued):

	<u>Balance</u> <u>May 1,</u> <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30,</u> <u>2015</u>
Business-type activities:				
Kankakee Environmental Services Utility:				
Capital assets not being depreciated:				
Land	\$ 642,263	\$ 10,000		\$ 652,263
Construction in progress	944,731	3,053,721	—	3,998,452
Total capital assets not being depreciated	<u>1,586,994</u>	<u>3,063,721</u>	\$-0-	<u>4,650,715</u>
Capital assets being depreciated:				
Buildings	11,965,986			11,965,986
Equipment	3,495,211	141,071		3,636,282
Vehicles	2,754,267	269,227		3,023,494
Leasehold improvements	289,696			289,696
Infrastructure	30,424,271	36,725	—	30,460,996
Total capital assets being depreciated	<u>48,929,431</u>	<u>447,023</u>	\$-0-	<u>49,376,454</u>
Less accumulated depreciation:				
Buildings	6,063,431	240,110		6,303,541
Equipment	2,813,208	165,409		2,978,617
Vehicles	1,983,549	208,632		2,192,181
Leasehold improvements	89,051	7,019		96,070
Infrastructure	12,590,721	702,591	—	13,293,312
Total accumulated depreciation	<u>23,539,960</u>	<u>1,323,761</u>	-0-	<u>24,863,721</u>
Total capital assets being depreciated, net	<u>25,389,471</u>	<u>(876,738)</u>	-0-	<u>24,512,733</u>
Total capital assets, net	<u>\$26,976,465</u>	<u>\$2,186,983</u>	\$-0-	<u>\$29,163,448</u>
Motor Vehicle Parking:				
Capital assets not being depreciated:				
Land	\$1,443,308	\$-0-	\$-0-	\$1,443,808
Capital assets being depreciated:				
Equipment	82,384			82,384
Vehicles	18,555			18,555
Land improvements	731,992	—	—	731,992
Total capital assets being depreciated	<u>832,931</u>	-0-	-0-	<u>832,931</u>
Less accumulated depreciation:				
Equipment	82,384			82,384
Vehicles	18,555			18,555
Land improvements	731,992	—	—	731,992
Total accumulated depreciation	<u>832,931</u>	-0-	-0-	<u>832,931</u>
Total capital assets being depreciated, net	-0-	-0-	-0-	-0-
Total capital assets, net	<u>\$1,443,808</u>	\$-0-	\$-0-	<u>\$1,443,808</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 5 - CAPITAL ASSETS (Continued):

	<u>Balance May 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2015</u>
Component Units:				
Kankakee Public Library:				
Capital assets being depreciated:				
Buildings	\$7,758,883			\$7,758,883
Equipment	59,489			59,489
Leasehold improvements	<u>294,670</u>	—	—	<u>294,670</u>
Total capital assets being depreciated	<u>8,113,042</u>	\$ -0-	\$-0-	<u>8,113,042</u>
Less accumulated depreciation:				
Buildings	1,544,921	98,546		1,643,467
Equipment	59,489			59,489
Leasehold improvements	<u>106,730</u>	<u>14,734</u>	—	<u>121,464</u>
Total accumulated depreciation	<u>1,711,140</u>	<u>113,280</u>	-0-	<u>1,824,420</u>
Total capital assets, net	<u>\$6,401,902</u>	<u>\$(113,280)</u>	\$-0-	<u>\$6,288,622</u>
Special Service Area No. 1:				
Capital assets being depreciated:				
Land improvements	<u>\$1,126,132</u>	\$ -0-	\$-0-	<u>\$1,126,132</u>
Less accumulated depreciation:				
Land improvements	<u>360,896</u>	<u>54,918</u>	-0-	<u>415,814</u>
Total capital assets, net	\$ <u>765,236</u>	\$ <u>(54,918)</u>	\$-0-	\$ <u>710,318</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES:

Interfund balances at April 30, 2015 consisted of the following:

Primary government:	
Governmental funds:	
Due to General Fund from:	
Kankakee Environmental Services Utility	\$ 67,250
Nonmajor governmental funds	<u>1,473,059</u>
Total	<u>\$1,540,309</u>
Component units:	
Library	<u>\$ 73,513</u>
Due to Capital Projects Fund from:	
General Fund	\$ 6,350
Nonmajor governmental funds	<u>171,344</u>
Total	<u>\$177,694</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES (Continued):

Due to nonmajor governmental funds from:		
Nonmajor governmental funds		\$1,502,403
General Fund		537,716
Kankakee Environmental Services Utility		<u>2,086</u>
Total		<u>\$2,042,205</u>
Component units:		
Library		<u>\$11,879</u>
Enterprise funds:		
Due to Kankakee Environmental Services Utility from:		
Nonmajor governmental funds		<u>\$285,688</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 7 - ACCOUNTS RECEIVABLE:

An analysis of the collectibility of accounts receivable for sewer, garbage collection, Community Development Agency loans and other receivables was performed as of April 30, 2015. The analysis shows that the collection of approximately \$410,724 of these accounts is doubtful. An allowance for uncollectible accounts for this amount has been recorded. At April 30, 2015, the City has deferred economic development loans receivable of \$532,367 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, 2016.

Accounts receivable at April 30, 2015, are as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Activities
Governmental activities:				
Trash collection	\$ 160,024			\$ 160,024
Franchise fees	164,030			164,030
Public safety	165,393			165,393
Economic development loans			\$ 730,024	730,024
Other receivables	<u>285,117</u>	<u>\$8,114</u>	<u>62</u>	<u>293,293</u>
Total	774,564	8,114	730,086	1,512,764
Less: allowance for doubtful accounts	(176,324)	(-0-)	(193,400)	(369,724)
Accounts receivable, net	<u>\$ 598,240</u>	<u>\$8,114</u>	<u>\$ 536,686</u>	<u>\$1,143,040</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 7 - ACCOUNTS RECEIVABLE (Continued):

	Kankakee Environmental Services Utility
Business-type activities:	
Sewer charges	\$1,338,315
Garbage collection	<u>412,766</u>
Total	1,751,081
Less: allowance for doubtful accounts	(41,000)
Accounts receivable, net	<u>\$1,710,081</u>
	Kankakee Public Library
Component units:	
Sponsorships	\$ 2,500
Room/venue rental	<u>11,628</u>
Total	14,128
Less: allowance for doubtful accounts	(-0-)
Accounts receivable, net	<u>\$14,128</u>

NOTE 8 - DUE FROM OTHER GOVERNMENTAL AGENCIES:

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

Governmental activities:	
General Fund:	
Sales tax	\$1,275,598
Local use tax	151,876
State replacement tax	150,374
Income tax	444,369
Gaming tax	24,936
Various grants	<u>120,979</u>
Total General Fund	<u>\$2,168,132</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 8 - DUE FROM OTHER GOVERNMENTAL AGENCIES (Continued):

Nonmajor governmental funds:	
CDBG Grant	\$ 56,804
Lead Grant	51,466
Home Grant	13,910
Home Modification Grant	11,091
EDI Grant	9,287
Motor Fuel Taxes	<u>169,719</u>
Total nonmajor governmental funds	<u>312,277</u>
Total governmental activities	<u>\$2,480,409</u>
Business-type activities:	
Kankakee Environmental Services Utility:	
Kankakee Township	<u>\$50,924</u>

NOTE 9 - SPECIAL ASSESSMENTS:

The special assessments receivable of \$1,268,836 results from the creation of Indian Meadows Special Tax Assessment District for infrastructure costs. The special assessments are recorded when levied. Deferred assessments consist of unbilled special assessments which are liens against the property benefited. \$749,896 of the special assessments receivable is not expected to be collected within one year.

NOTE 10 - LONG-TERM DEBT OBLIGATIONS:

A summary of changes in long-term debt for the year ended April 30, 2015 is as follows:

	Balance May 1, 2014	<u>Increases</u>	<u>Decreases</u>	Balance April 30, 2015	Due within One Year
Primary Government:					
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$53,687,328	\$6,455,000	\$10,847,672	\$49,294,656	\$4,685,125
Premium on bond proceeds	<u>613,879</u>	<u>383,133</u>	<u>188,526</u>	<u>808,486</u>	_____
Total bonds payable	54,301,207	6,838,133	11,036,198	50,103,142	4,685,125
Installment notes	1,970,020		329,604	1,640,416	342,836
Unfunded employer pension contributions	14,408,596	692,002		15,100,598	
Compensated absences	5,224,000	1,179,000	1,265,000	5,138,000	1,605,000
Net other post employment benefit obligation	<u>683,325</u>	<u>253,924</u>	<u>99,114</u>	<u>838,135</u>	_____
Total long-term debt	<u>\$76,587,148</u>	<u>\$8,963,059</u>	<u>\$12,729,916</u>	<u>\$72,820,291</u>	<u>\$6,632,961</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

Business-type activities:					
Kankakee Environmental Services Utility:					
Bonds Payable:					
Revenue bonds	\$14,035,000		\$465,000	\$13,570,000	\$480,000
Discount on bond proceeds	<u>(61,762)</u>		<u>(3,591)</u>	<u>(58,171)</u>	
Total bonds payable	13,973,238	\$ -0-	461,409	13,511,829	480,000
Illinois EPA loan	-0-	2,178,028		2,178,028	
Compensated absences	1,082,700	496,700	468,700	1,110,700	439,000
Net other post employment benefit obligation	<u>248,084</u>	<u>48,700</u>		<u>296,784</u>	
Total long-term debt	<u>\$15,304,022</u>	<u>\$2,723,428</u>	<u>\$930,109</u>	<u>\$17,097,341</u>	<u>\$919,000</u>
Component units:					
Capital lease obligations	<u>\$2,607,863</u>	<u>\$-0-</u>	<u>\$126,699</u>	<u>\$2,481,164</u>	<u>\$133,182</u>

Long-term liabilities other than debt typically have been liquidated in the General Fund and Kankakee Environmental Services Utility.

Long-term debt is comprised of the following:

General Obligation Bonds

Governmental
Activities

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, 2015, consist of the following:

\$9,555,000 City of Kankakee serial bonds dated September 15, 2006, due in annual installments on January 1 of amounts ranging from \$40,000 to \$1,125,000, through January 2025, plus interest ranging from 3.50% to 5.25% payable semiannually.	\$ 675,000
\$5,405,000 City of Kankakee serial bonds dated August 2, 2007, due in annual installments on January 1 of amounts ranging from \$110,000 to \$700,000, through January 2027, plus interest ranging from 4.00% to 5.00% payable semiannually.	3,675,000

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

	<u>Governmental Activities</u>
\$1,422,327 City of Kankakee serial bonds dated August 2, 2007, due in annual installments on January 1 of amounts ranging from \$267,496 to \$402,672, through January 2018, plus interest ranging from 4.25% to 4.36% payable annually.	\$1,019,656
\$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.	6,930,000
\$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.	9,760,000
\$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.	4,375,000
\$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.	4,895,000
\$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
\$2,645,000 City of Kankakee serial bonds dated March 13, 2012, due in annual installments on January 1 of amounts ranging from \$80,000 to \$465,000, through January 2019, plus interest ranging from 2.00% to 2.50% payable semiannually.	1,770,000

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 10 - 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.	\$ 3,855,000
\$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.	3,500,000
\$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.	2,015,000
\$6,455,000 City of Kankakee serial bonds dated December 16, 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.	<u>6,455,000</u>
Total general obligation bonds	49,294,656
Add: Unamortized premium on bond issuance	<u>808,486</u>
Total general obligation bonds payable	<u>\$50,103,142</u>

The annual requirements to amortize all general obligation bonds outstanding at April 30, 2015, are as follows:

<u>Year Ending April 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,685,125	\$ 1,970,158	\$ 6,655,283
2017	5,042,496	1,833,102	6,875,598
2018	4,852,035	1,809,466	6,661,501
2019	5,275,000	1,416,783	6,691,783
2020	4,660,000	1,215,879	5,875,879
2021 – 2025	19,935,000	3,595,761	23,530,761
2026 – 2029	<u>4,845,000</u>	<u>485,877</u>	<u>5,330,877</u>
	<u>\$49,294,656</u>	<u>\$12,327,026</u>	<u>\$61,621,682</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

<u>Installment Notes</u>	<u>Governmental Activities</u>
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.	\$ 100,000
\$2,876,532 general obligation bank note, dated January 30, 2008, secured by the full faith, credit and resources of the City, payable in 10 annual installments of \$352,500, including interest at 4.14%, through January 1, 2018.	1,040,416
\$500,000 Department of Housing and Urban Development Community Development Block Grant (CDBG) Section 108 loan dated February 27, 2008, secured by current and future CDBG funding allocations. The loan is payable in a one time payment of \$500,000 on December 2017, plus interest paid semi-annually at 1.64%.	<u>500,000</u>
Total installment notes	<u>\$1,640,416</u>

The annual requirements to amortize all long-term installment loans outstanding at April 30, 2015, are as follows:

<u>Year Ending April 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$342,836	\$51,301	\$394,137
2017	356,615	37,522	394,137
2018	870,965	19,058	890,023
2019	10,000		10,000
2020	10,000		10,000
2021 - 2025	<u>50,000</u>		<u>50,000</u>
	<u>\$1,640,416</u>	<u>\$107,881</u>	<u>\$1,748,297</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

Capital Lease Obligation

The City has entered into a lease agreement as lessee for financing the acquisition of the library building. This lease agreement qualifies as capital lease for accounting purposes and, therefore, has 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>Component Unit - Library</u>
\$7,758,882 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>\$2,481,164</u>

The following is an analysis of the assets recorded under capital leases at April 30, 2015:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Component Units - Library:			
Buildings	<u>\$7,758,883</u>	<u>\$1,643,467</u>	<u>\$6,115,416</u>

Future minimum lease payments for all capital lease obligations:

<u>Year Ending April 30,</u>	<u>Component Unit - Library</u>
2016	\$ 254,215
2017	254,215
2018	254,215
2019	254,215
2020	254,215
2021-2025	1,271,076
2026-2029	<u>868,570</u>
 Total minimum lease payments	 3,410,721
 Less: amount representing interest	 (929,557)
 Present value of minimum lease payments	 <u>\$2,481,164</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

	<u>Governmental Activities</u>	
<u>Unfunded Employer Pension Contributions</u>		
Cumulative difference between the annual pension cost and the contributions funded for the Police Pension Fund	\$ 5,842,934	
Cumulative difference between the annual pension cost and the contributions funded for the Firefighters' Pension Fund	8,577,729	
Cumulative difference between the annual required pension cost and the contributions funded for Illinois Municipal Retirement Fund	<u>679,935</u>	
Total unfunded employer pension contributions due from General Fund	<u>\$15,100,598</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Compensated Absences</u>		
Vested portion of the vacation and sick leave and other employee benefits which are expected to be paid from the governmental funds and enterprise funds.	<u>\$5,138,000</u>	<u>\$1,110,700</u>
<u>Net Other Post Employment Benefits</u>		
Cumulative difference between the actuarially determined annual other post employment benefit cost and contributions made for the governmental funds and enterprise funds.	<u>\$838,135</u>	<u>\$296,784</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, 2015, the Utility has drawn down proceeds of \$2,167,639. Total current year additions of \$2,178,028 consist of proceeds of \$2,167,639 and capitalized interest of \$10,389. This loan is secured by current and future utility revenues and is payable in 40 semi-annual payments, including interest at 1.995%. This loan has not been finalized and therefore the repayment schedule is not included in the schedule of debt service payments.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

Revenue Bonds

Details of the revenue bond indebtedness of the City's Environmental Services Utility Fund at April 30, 2015, 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.	\$3,085,000
\$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 2025, with a final single payment of \$1,440,000 due on May 1, 2030, plus interest at rates ranging from 5.35% to 5.75%, 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.	2,065,000
\$2,170,000 Taxable Sewer Utility serial bonds dated August 6, 2013, due in annual installments on May 1 of amounts ranging from \$215,000 to \$285,000, through May 2025, plus interest at rates ranging from 2.91% to 5.13%, payable semiannually.	2,170,000
\$3,550,000 Taxable Sewer Utility serial bonds dated August 6, 2013, due in annual installments on May 1 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.	<u>3,550,000</u>
Total revenue bonds	13,570,000
Less: Unamortized discount on bond issuance	<u>(58,171)</u>
Total revenue bonds payable	<u>\$13,511,829</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

Debt service on the above revenue bonds payable at April 30, 2015, are as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 480,000	\$ 642,685	\$ 1,122,685
2017	500,000	625,295	1,125,295
2018	730,000	606,017	1,336,017
2019	750,000	578,798	1,328,798
2020	785,000	548,869	1,333,869
2021-2025	4,475,000	2,162,951	6,637,951
2026-2030	3,375,000	1,135,709	4,510,709
2031-2035	<u>2,475,000</u>	<u>325,543</u>	<u>2,800,543</u>
	<u>\$13,570,000</u>	<u>\$6,625,867</u>	<u>\$20,195,867</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, 2015 in the Utility:

	<u>Required</u>	<u>Actual</u>	<u>Surplus</u> <u>(Deficit)</u>
Operation and maintenance	\$ 777,609	\$1,337,045	\$ 559,436
Bond reserve	1,336,017	1,377,926	41,909
Reserve and replacement	500,000	139,460	(360,540)
Bond and interest	<u>805,442</u>	<u>717,908</u>	<u>(87,534)</u>
	<u>\$3,419,068</u>	<u>\$3,572,339</u>	<u>\$ 153,271</u>

Activity in the reserve accounts during the year ended April 30, 2015 was as follows:

Restricted balance as of May 1, 2014	\$3,732,997
Additions to restricted balance	1,023,180
Revenue bond principal paid	(465,000)
Revenue bond interest	<u>(718,838)</u>
Restricted balance as of April 30, 2015	<u>\$3,572,339</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

The reserve account balances are represented in the Utility as restricted cash and investments. At April 30, 2015, the above amounts were sufficient to meet the minimum balance or reserve account transfer requirements of the revenue bond ordinance.

The Utility covenants in the bond ordinance to establish, maintain and collect at all times fees, charges and rates for the use and service of the system, sufficient at all times to pay operating and maintenance costs, to pay the principal of and interest on all outstanding revenue bonds of the City which by their terms are payable solely from the revenues, to provide net revenues in each fiscal year in the amount of not less than 120 percent of the current debt service requirement for all outstanding bonds for such fiscal year, and to the extent necessary after the application of the net revenues available pursuant to the rate covenant described in this paragraph, such additional amounts as may be required to provide an adequate depreciation fund, and to provide for the creation and maintenance of the respective reserve accounts described above. "Current Debt Service Requirement" as used in this paragraph means the amount required to be credited under the bond ordinance to the bond and interest account in a given fiscal year. "Revenues" as defined in the bond ordinance and as used in the covenant calculation does not include proceeds from the sale of capacity. During the year ended April 30, 2015, the Utility did comply with this rate covenant. The covenant calculation is included on page 124.

Required Bond Indenture Disclosures

Insurance Coverage - The plant, buildings and contents of the Kankakee Environmental Services Utility were insured at April 30, 2015 for \$8,557,296 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	\$32,616,738
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, 2015 there were 7,729 customers providing sewer charge revenue as follows:

	<u>Number of Customers</u>	<u>Sewer Charges</u>
Residential and commercial	7,683	\$ 4,282,713
Industrial and institutional	<u>46</u>	<u>7,911,136</u>
Total	<u>7,729</u>	<u>\$12,193,849</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (Continued):

User Rates - The rates in effect at April 30, 2015 were as follows:

Flow charge (100 cu. ft.)	\$ 5.25
BOD surcharge (lb.)	.40
SS surcharge (lb.)	.40
FOG surcharge (lb.)	.40
GW contaminated (100 cu. ft.)	11.00
Fixed charge (month)	34.00
IPP charges	10%

Outstanding Bond Issues - 2009 bonds due May 1, 2011 to 2019 are noncallable in advance of maturity. 2009 bonds due May 1, 2020 to 2024 are callable on or after May 1, 2019. 2010A and B bonds due May 1, 2011 to 2019 are noncallable in advance of maturity. 2010A and B bonds due May 1, 2020 to 2030 are callable on or after May 1, 2020. 2013A bonds due May 1, 2017 to 2025 are noncallable in advance of maturity. 2013B bonds due May 1, 2014 to 2022 are noncallable in advance of maturity. 2013B bonds due May 1, 2023 to 2034 are callable on or after May 1, 2023.

NOTE 11 - 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 2013 were due, payable, and collected in two installments in June and September 2014.

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 2013 were intended to finance the fiscal year 2015 expenditures. Accordingly, the City recognized revenue during the year ended April 30, 2015 for collections from the calendar year 2013 levy if it was received by June 30, 2015. Property taxes levied for calendar year 2014, which will be collected in fiscal year 2016, are recorded as receivables and unavailable revenue as of April 30, 2015. The 2015 tax levy, which attaches as an enforceable lien on property as of January 1, 2015, has not been recorded as a receivable as of April 30, 2015, as the tax has not yet been levied by the City and will not be levied until December 2015, and therefore, the levy is not measurable at April 30, 2015.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 12 - INTERFUND TRANSFERS:

Fund Transferred From	Fund Transferred To			
Fund Transferred From	General Fund	Kankakee Environmental Services Utility	Nonmajor Governmental	Total
Capital Projects Fund		\$269,227		\$ 269,227
Kankakee Environmental Services Utility	\$23,535		\$ 164,860	188,395
Nonmajor Governmental			<u>1,583,060</u>	<u>1,583,060</u>
	<u>\$23,535</u>	<u>\$269,227</u>	<u>\$1,747,920</u>	<u>\$2,040,682</u>

The following paragraphs provide information concerning the various interfund transfers for the year ended April 30, 2015:

The Capital Projects Fund transferred \$269,227 to the Kankakee Environmental Services Utility to provide for the purchase of certain capital assets.

The Kankakee Environmental Services Utility made the following transfers:

Transferred \$23,535 to the General Fund in payments of collection fees for the public safety fee.

Transferred \$164,860 to the Debt Service Fund to provide for bond and interest retirement.

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

Tax Increment Financing District No. 1	\$457,350
Tax Increment Financing District No. 5	192,541
Tax Increment Financing District No. 6	250,773
Tax Increment Financing District No. 7	35,733
Tax Increment Financing District No. 8	646,663

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 13 - 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 14 - 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, 2015, 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 15 - 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, 2015 was \$1,967.

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, 2015 was \$106,372.

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, 2015 was \$150,000.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 15 – COMMITMENTS (Continued):

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, 2015, the Utility received \$117,016 based upon the number of connections established for the residents of Chebanse.

Contractual Obligations

The Utility has entered into an intergovernmental agreement with KRMA in order to pay for what the Utility owed KRMA at April 30, 2014 and to prepay an additional \$100,000 of treatment charges. Beginning in August 2014, the Utility was required to pay KRMA \$15,000 per month for 36 months. During the year ended April 30, 2015, the Utility paid \$135,000 towards this obligation.

Construction Commitments

The City has several active construction projects as of April 30, 2015. These projects and the City’s commitment with contractors at April 30, 2015 are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Governmental activities:		
Traffic camera project	\$ <u>43,530</u>	\$ <u>65,000</u>
Business-type activities:		
Stone Street lift station	\$3,442,565	\$ 977,209
Sanitary sewer project	<u>364,025</u>	<u>6,670,753</u>
Total	<u>\$3,806,590</u>	<u>\$7,647,692</u>

NOTE 16 - 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.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 16 - INVESTMENT IN JOINT VENTURE (Continued):

As of April 30, 2015, the City has recorded in the Kankakee Environmental Services Utility an investment in the joint venture of \$2,755,848 relative to its investment in KRMA and a due to joint venture in the amount of \$333,028. During the year ended April 30, 2015, KRMA billed the Utility \$4,621,316 for treatment charges.

Financial statements of KRMA can be obtained from the City's comptroller's office. Pertinent financial information for the joint venture as of April 30, 2015 is as follows:

Statement of net position:	
Current assets	\$ 2,101,520
Restricted assets	3,099,615
Capital assets, net	<u>77,046,293</u>
Total assets	82,247,428
Deferred outflows of resources	<u>472,573</u>
Total assets and deferred outflows of resources	<u>82,720,001</u>
Current liabilities	8,308,061
Long-term liabilities	<u>66,406,074</u>
Total liabilities	<u>74,714,135</u>
Total net position	<u>\$ 8,005,866</u>
Statement of revenues, expenses and changes in net position:	
Operating revenues	\$ 9,534,059
Operating expenses	(6,731,307)
Other income (expense), net	<u>(181,999)</u>
Change in net position	2,620,753
Ownership percentage	<u>63.70%</u>
Utility's share of change in net position (equity interest in joint venture income)	<u>\$ 1,669,336</u>

An explosion at the facility on December 27, 2010, destroyed a building and certain plant equipment. Before insurance proceeds arrived, KRMA required funding to facilitate repairs and reconstruction work at its facility. Therefore, KRMA entered into an agreement with the City on July 19, 2011, requiring the City to establish a line of credit at a local bank on behalf of KRMA. The City's line of credit with the bank was paid off in April 2014. KRMA reimbursed the City for this payment, including interest expense of \$2,078.

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.

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 16 - INVESTMENT IN JOINT VENTURE (Continued):

As of April 30, 2015, the City has recorded in the Environmental Services Utility an investment in joint venture of \$(22,127) 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 costs of Wi-Fi.

Audited financial statements of Wi-Fi are not available. At April 30, 2015, the City has recorded in the Environmental Services Utility an equity interest in joint venture income (loss) of Wi-Fi in the amount of \$(3,421).

NOTE 17 - 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 is a defendant in various lawsuits. The City has been named in two lawsuits in regards to its sales tax incentive agreements. See Note 18 for additional details about the agreements. The City has also been named in a lawsuit in regards to a contract for services dispute. Although the outcome of these lawsuits is presently not determinable, in the opinion of the City's Attorney and management, the resolution of these 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 estimated claims.

NOTE 18 - SALES TAX INCENTIVES:

The City has entered into various sales tax sharing agreements with several retail firms to generate additional revenue for the General Fund. These tax sharing programs are 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 provide for rebating a portion of the sales taxes generated on the transactions conducted within the City by the partnering firm. During the fiscal year ended April 30, 2015, \$658,876 in sales taxes were rebated under these agreements. At April 30, 2015, the City owed \$4,782,922 in sales tax incentives to various firms which are reflected in accounts payable in the General Fund.

NOTE 19 - DEFICIT FUND BALANCE:

At April 30, 2015, the following funds had a deficit fund balance. This deficit is not in violation of any state law.

Tax Increment Financing District No. 6 Fund	\$314,637
General Obligation Bonds, Series 2007A	17,292
General Obligation Bonds, Series 2008	26,289
General Obligation Bonds, Series 2009	18,276

CITY OF KANKAKEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2015

NOTE 20 - BOND REFUNDING:

Refunding of General Obligation Bonds, Series 2006

On December 12, 2014, the City issued \$6,455,000 of General Obligation Bonds, Series 2014, with an average interest rate of 3.78 percent from which all the proceeds were used to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purposes of the advanced refunding of \$6,385,000 of General Obligation Bonds, Series 2006 with an average interest rate of 5.21 percent.

As a result of the above refunding, the refunded bonds were retired and the liability was removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$313,322. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. The City decreased its total debt service requirements (difference between the cash flow requirements to service old and new debt) over the next 10 years by \$554,540 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$482,405.

NOTE 21 - SUBSEQUENT EVENTS:

IEPA Loan

Subsequent to April 30, 2015, the Utility received an additional loan of \$1,530,553 from the IEPA for the Stone Street lift station improvements. The IEPA loan and related construction projects have not been completed. When the final loan disbursements, project inspections, and project reviews have been completed, the IEPA will provide the Utility with a loan amortization schedule based on the interest rate and repayment frequency discussed in Note 10 above.

Issuance of Sewer Revenue Bonds, Series 2015

On August 27, 2015, the Utility issued \$7,035,000 of Sewer Revenue Bonds, Series 2015, which will mature in annual installments ranging from \$55,000 to \$780,000 beginning on May 1, 2018, through May 1, 2035, plus interest at rates ranging from 3.00% to 4.5%, payable semiannually. The purpose of these bonds is to provide funding for the expansion of the sewer infrastructure near one of the Utility's largest industrial customers and the replacement of existing sanitary sewer lines in that area.

Tax Increment Financing District

On October 5, 2015, the City Council approved the creation of the Meadowview Tax Increment Financing District (TIF No. 9). The purpose of the new TIF district is for the redevelopment of the Meadowview Shopping complex.

REQUIRED SUPPLEMENTAL 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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 11,030,484	\$ 11,030,484	\$ 10,783,782	\$ (246,702)
Licenses, permits and fees	2,750,000	2,750,000	3,141,732	391,732
Charges for services	150,000	150,000	180,699	30,699
Fines and penalties	400,000	400,000	363,055	(36,945)
Intergovernmental	7,660,388	7,660,388	10,705,747	3,045,359
Miscellaneous	407,500	407,500	381,594	(25,906)
Total revenues	22,398,372	22,398,372	25,556,609	3,158,237
Expenditures:				
Current:				
General government	5,599,920	5,599,920	5,594,073	(5,847)
Public safety	16,759,644	16,759,644	17,350,720	591,076
Economic development			658,876	658,876
Debt service:				
Principal retirement	10,000	10,000	10,000	-0-
Total expenditures	22,369,564	22,369,564	23,613,669	1,244,105
Excess of revenues over expenditures	28,808	28,808	1,942,940	1,914,132
Other financing sources (uses):				
Transfers:				
From other funds			23,535	23,535
Net change in fund balance	\$ 28,808	\$ 28,808	1,966,475	\$ 1,937,667
Fund balance, May 1, 2014			3,542,750	
Fund balance, April 30, 2015			\$ 5,509,225	

CITY OF KANKAKEE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY COMPARISON SCHEDULE
April 30, 2015

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, 2015 was as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$23,613,669	\$22,369,564	\$1,244,105
Bond Fund	16,390	16,000	390
Special Service Area No. 5	66,667	45,000	21,667

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND
April 30, 2015

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ---Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
2014	\$ 18,685,734	\$ 23,563,726	\$ 4,877,992	79.30%	\$ 6,080,393	80.22%
2013	17,210,709	22,012,290	4,801,581	78.19%	6,251,915	76.80%
2012	15,043,081	20,703,923	5,660,842	72.66%	5,950,270	95.14%
2011	15,490,536	20,485,433	4,994,897	75.62%	5,818,925	85.84%
2010	14,660,404	19,042,169	4,381,765	76.99%	5,853,164	74.86%
2009	14,047,445	17,989,344	3,941,899	78.09%	5,695,408	69.21%
2008	14,024,803	17,070,490	3,045,687	82.16%	5,655,415	53.85%
2007	16,700,977	16,228,325	(472,652)	102.91%	5,448,065	(8.68%)
2006	15,930,997	16,047,139	116,142	99.28%	5,300,924	2.19%
2005	15,029,323	14,644,035	(385,288)	102.63%	5,175,035	(7.45%)

On a market value basis, the actuarial value of assets as of December 31, 2014, is \$22,126,121. On a market basis, the funded ratio would be 93.90%.

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND
April 30, 2015

Actuarial Valuation Date April 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ---Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
2015	\$ 18,642,060	\$ 62,428,249	\$ 43,786,189	29.86%	\$ 4,993,793	876.81%
2014	19,454,848	56,890,589	37,435,741	34.20%	5,183,659	722.19%
2013	17,955,268	53,641,749	35,686,481	33.47%	4,917,819	725.66%
2012	16,153,885	50,112,894	33,959,009	32.23%	5,040,621	673.71%
2011	15,528,178	47,690,763	32,162,585	32.56%	4,694,622	685.09%
2010	13,443,659	40,648,322	27,204,663	33.07%	4,888,208	556.54%
2009	11,900,298	35,675,410	23,775,112	33.36%	4,783,798	496.99%
2008	12,940,099	33,676,363	20,736,264	38.42%	4,367,019	474.84%
2007	12,567,316	31,376,263	18,808,947	40.05%	4,189,099	449.00%
2006	11,760,602	30,146,624	18,386,022	39.01%	4,088,956	449.65%

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF FUNDING PROGRESS
FIREFIGHTERS' PENSION FUND
April 30, 2015

Actuarial Valuation Date April 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ---Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
2015	\$ 10,166,436	\$ 53,907,723	\$ 43,741,287	18.86%	\$ 3,618,844	1208.71%
2014	9,780,562	49,458,630	39,678,068	19.78%	3,821,764	1038.21%
2013	9,288,664	48,053,263	38,764,599	19.33%	3,669,529	1056.39%
2012	8,874,137	44,289,836	35,415,699	20.04%	3,739,227	947.14%
2011	8,820,435	41,794,307	32,973,872	21.10%	3,680,655	895.87%
2010	8,284,059	37,037,202	28,753,143	22.37%	3,634,232	791.18%
2009	7,716,547	34,495,541	26,778,994	22.37%	3,666,627	730.34%
2008	10,207,462	31,736,197	21,528,735	32.16%	2,973,182	724.10%
2007	10,578,956	30,541,100	19,962,144	34.64%	3,008,348	663.56%
2006	10,236,367	29,094,938	18,858,571	35.18%	2,866,921	657.80%

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFIT PLAN
April 30, 2015

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

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
April 30, 2015

<u>Year Ended April 30,</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2015	\$ 792,769	\$ 752,171	94.88%
2014	840,303	739,277	87.98%
2013	784,078	656,971	83.79%
2012	713,178	563,101	78.96%
2011	685,879	517,807	75.50%
2010	222,691	166,291	74.67%

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND
April 30, 2015

Fiscal Year Ended April 30,	2015
Actuarially Determined Contribution	\$ 2,374,597
Contributions in Relation to the Actuarially Determined Contribution	2,374,597
Contribution Deficiency (Excess)	\$ -0-
Covered-Employee Payroll	\$ 4,993,793
Contributions as a Percentage of Covered-Employee Payroll	47.55%

The information above complies with GASB Statement No. 67, which was implemented by the City in 2015. Additional information as of the latest actuarial valuation presented is as follows: The actuarial cost method was entry age normal; the amortization method was level percentage of pay, closed; and the amortization period was 26 years. Since 2015 is the first year of implementation, more information will be displayed when it becomes available.

Year Ended April 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2015	\$ 2,374,597	\$ 2,374,597	100.00%
2014	2,231,894	2,231,894	100.00%
2013	2,103,081	2,103,081	100.00%
2012	1,988,469	1,988,469	100.00%
2011	1,968,889	1,968,889	100.00%
2010	1,794,582	1,794,582	100.00%

The information directly above is presented in accordance with GASB Statement No. 27. The information presented was determined as part of the actuarial valuation as of April 30 of the prior fiscal year. Additional information as of the the latest actuarial valuation is presented as follows: the actuarial cost method was entry age normal; the amortization method was level percent of pay, closed, and the amortization period was 26 years; the asset valuation method was 5-year average market value; and the significant actuarial assumptions were an investment rate of return at 7.00%, salary increases assumption of 5.00% compounded annually, inflation of 2.50%, and postretirement benefit increases of 3.00% compounded annually (Tier 1) or 2.00% per year, simple (Tier 2).

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIIGHTERS' PENSION FUND
April 30, 2015

Fiscal Year Ended April 30,	2015
Actuarially Determined Contribution	\$ 2,506,562
Contributions in Relation to the Actuarially Determined Contribution	2,506,562
Contribution Deficiency (Excess)	\$ -0-
Covered-Employee Payroll	\$ 3,618,844
Contributions as a Percentage of Covered-Employee Payroll	69.26%

The information above complies with GASB Statement No. 67, which was implemented by the City in 2015. Additional information as of the latest actuarial valuation presented is as follows: The actuarial cost method was entry age normal; the amortization method was level percentage of pay, closed; and the amortization period was 26 years. Since 2015 is the first year of implementation, more information will be displayed when it becomes available.

Year Ended April 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2015	\$ 2,506,562	\$ 2,506,562	100.00%
2014	2,394,084	2,394,084	100.00%
2013	2,197,060	2,197,060	100.00%
2012	2,075,813	2,075,813	100.00%
2011	2,117,020	2,117,020	100.00%
2010	2,046,132	2,046,132	100.00%

The information directly above is presented in accordance with GASB Statement No. 27. The information presented was determined as part of the actuarial valuation as of April 30 of the prior fiscal year. Additional information as of the latest actuarial valuation is presented as follows: the actuarial cost method was entry age normal; the amortization method was level percent of pay, closed, and the amortization period was 26 years; the asset valuation method was 5-year average market value; and the significant actuarial assumptions were an investment rate of return at 7.00%, salary increases assumption of 5.00% compounded annually, inflation of 2.50%, and postretirement benefit increases of 3.00% compounded annually (Tier 1) or 2.00% per year, simple (Tier 2).

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFIT PLAN
April 30, 2015

<u>Year Ended April 30,</u>	<u>Annual Required Contribution (ARC)</u>	<u>Employer Contributions</u>	<u>Percentage Contributed</u>
2015	\$ 327,594	\$ 130,293	39.77%
2014	303,612	95,141	31.34%
2013	363,074	145,422	40.05%
2012	363,074	145,422	40.05%
2011	202,103	112,792	55.81%
2010	202,103	112,792	55.81%
2009	204,545	112,792	55.14%

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
POLICE PENSION FUND
April 30, 2015

Total Pension Liability	
Service cost	\$ 1,224,284
Interest	3,894,319
Differences between expected and actual experience	(967,116)
Changes of assumptions	3,901,100
Benefit payments, including refunds of contributions	<u>(2,514,927)</u>
Net change in total pension liability	5,537,660
Total pension liability - beginning	<u>56,890,589</u>
Total pension liability - ending	<u>62,428,249</u>
Plan Fiduciary Net Position	
Employer contributions	2,374,596
Employee contributions	510,380
Net investment income	1,084,640
Benefit payments, including refunds of contributions	(2,514,927)
Administrative expense	<u>(35,584)</u>
Net change in plan fiduciary net position	1,419,105
Plan fiduciary net position - beginning	<u>17,222,954</u>
Plan fiduciary net position - ending	<u>18,642,059</u>
Employer's net pension liability	<u><u>\$ (43,786,190)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	29.86%
Covered-employee payroll	\$ 4,993,793
Employer's net pension liability as a percentage of covered-employee payroll	876.81%

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

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
FIREFIIGHTERS' PENSION FUND
April 30, 2015

Total Pension Liability	
Service cost	\$ 1,100,080
Interest	3,362,539
Differences between expected and actual experience	322,128
Changes of assumptions	2,509,056
Benefit payments, including refunds of contributions	<u>(2,844,710)</u>
Net change in total pension liability	4,449,093
Total pension liability - beginning	<u>49,458,630</u>
Total pension liability - ending	<u>53,907,723</u>
Plan Fiduciary Net Position	
Employer contributions	2,506,562
Employee contributions	354,696
Net investment income	461,407
Benefit payments, including refunds of contributions	(2,844,710)
Administrative expense	<u>(92,081)</u>
Net change in plan fiduciary net position	385,874
Plan fiduciary net position - beginning	<u>9,780,562</u>
Plan fiduciary net position - ending	<u>10,166,436</u>
Employer's net pension liability	<u><u>\$ (43,741,287)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	18.86%
Covered-employee payroll	\$ 3,618,844
Employer's net pension liability as a percentage of covered-employee payroll	1208.71%

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

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND
April 30, 2015

<u>Year Ended April 30,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2015	6.24%

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

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND
April 30, 2015

<u>Year Ended April 30,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2015	4.74%

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

**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, 2015
(With comparative totals for 2014)

	Budgeted Amounts		2015 Actual	2014 Actual
	Original	Final		
Taxes:				
Property taxes	\$ 7,015,484	\$ 7,015,484	\$ 6,802,391	\$ 6,506,059
Utility taxes	4,015,000	4,015,000	3,981,391	4,001,543
Total taxes	11,030,484	11,030,484	10,783,782	10,507,602
Licenses, permits and fees:				
Business licenses	140,000	140,000	123,922	128,825
Other licenses	90,000	90,000	26,356	13,487
Franchise fees	300,000	300,000	370,012	362,437
Ambulance fees	557,000	557,000	604,512	509,670
Vehicle sticker fees	350,000	350,000	483,146	15
Public safety fees	900,000	900,000	938,849	
Other permits and fees	413,000	413,000	594,935	317,577
Total licenses, permits and fees	2,750,000	2,750,000	3,141,732	1,332,011
Charges for services:				
Environmental Services Utility	15,000	15,000	15,635	250
Community Development Agency	89,000	89,000	100,000	100,000
Fire Department	34,000	34,000	52,400	37,782
Police Department	12,000	12,000	12,664	11,070
Total charges for services	150,000	150,000	180,699	149,102
Fines and penalties	400,000	400,000	363,055	318,152
Intergovernmental:				
State replacement income tax	589,000	589,000	747,804	714,450
State income tax	2,625,000	2,625,000	2,696,825	2,683,375
State sales tax	3,600,000	3,600,000	6,027,948	16,514,574
State gaming tax	110,000	110,000	229,548	141,358
Local use tax	445,000	445,000	567,957	483,125
Grants from various governmental agencies	241,388	241,388	385,665	391,280
Kankakee River Metropolitan Agency	50,000	50,000	50,000	50,000
Total intergovernmental	7,660,388	7,660,388	10,705,747	20,978,162
Miscellaneous revenues	407,500	407,500	381,594	386,537
Total revenues	\$ 22,398,372	\$ 22,398,372	\$ 25,556,609	\$ 33,671,566

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EXPENDITURES AND COMPARISON TO BUDGET
GENERAL FUND
For the year ended April 30, 2015
(With comparative totals for 2014)

	Budgeted Amounts		2015 Actual	2014 Actual
	Original	Final		
General city government:				
Council	\$ 160,000	\$ 160,000	\$ 146,551	\$ 151,691
Mayor	106,100	106,100	119,579	119,834
Commissions and boards	24,200	24,200	9,772	20,519
City clerk	130,600	130,600	122,128	141,679
Central services	511,020	511,020	241,727	324,539
Collection				27,404
Computer operations	30,500	30,500	37,338	47,088
Corporate counsel	197,300	197,300	225,839	211,672
Adjudication	128,000	128,000	119,224	118,236
City planning	40,000	40,000	37,772	2,933
Public buildings and grounds				140,593
Community promotion	50,500	50,500	167,874	128,744
Human relations	62,000	62,000	62,477	97,742
Group insurance	1,835,000	1,835,000	1,720,733	1,759,876
Liability and workers compensation insurance	1,453,000	1,453,000	1,524,512	1,442,882
Unemployment tax	65,000	65,000	36,303	49,203
Transportation support				75,994
Other	806,700	806,700	1,022,244	715,190
Total general city government	5,599,920	5,599,920	5,594,073	5,575,819
Public safety - police department:				
Administration and operations	6,197,123	6,197,123	6,271,210	6,437,705
Training	25,800	25,800	19,039	20,911
Records	190,000	190,000	184,369	402,879
Communications	798,196	798,196	790,649	759,019
Detention and custody	18,900	18,900	117,586	99,398
Pension contribution	2,232,109	2,232,109	2,374,597	2,231,894
Total public safety - police department	9,462,128	9,462,128	9,757,450	9,951,806
Public safety - fire department:				
Administration	607,308	607,308	729,010	659,049
Training	138,409	138,409	109,588	136,262
Alarm and communications system	5,000	5,000	1,203	1,070
Supplies and maintenance	20,900	20,900	47,962	40,446
Fire prevention	256,292	256,292	305,718	249,514
Fire fighting force	2,282,113	2,282,113	2,354,275	2,234,460
Emergency service	932,954	932,954	891,298	967,363
Pension contribution	2,394,204	2,394,204	2,506,562	2,394,084
Total public safety - fire department	6,637,180	6,637,180	6,945,616	6,682,248

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CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EXPENDITURES AND COMPARISON TO BUDGET
GENERAL FUND
(Continued)
For the year ended April 30, 2015
(With comparative totals for 2014)

	Budgeted Amounts		2015 Actual	2014 Actual
	Original	Final		
Public safety - code enforcement:				
Property maintenance	\$ 463,760	\$ 463,760	\$ 467,244	\$ 470,369
Building safety	107,076	107,076	112,060	154,278
Total public safety - code enforcement	570,836	570,836	579,304	624,647
Public safety - other:				
Animal control	24,000	24,000	19,210	19,095
Crossing guards	65,500	65,500	49,140	50,778
Total public safety - other	89,500	89,500	68,350	69,873
Total public safety	16,759,644	16,759,644	17,350,720	17,328,574
Economic development:				
Sales tax incentives			658,876	10,625,086
Debt service:				
Principal retirement	10,000	10,000	10,000	10,000
Total expenditures	<u>\$ 22,369,564</u>	<u>\$ 22,369,564</u>	<u>\$ 23,613,669</u>	<u>\$ 33,539,479</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 8

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

Motor Fuel Tax Fund

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

**CITY OF KANKAKEE, ILLINOIS
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 GOVERNMENTAL FUNDS
April 30, 2015**

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 5,713,123	\$ 1,089,253	\$ 6,802,376
Receivables, less allowance for uncollectible amounts:			
Property taxes	3,447,380	4,684,005	8,131,385
Due from other governmental agencies	312,277		312,277
Due from other funds	416,985	1,625,220	2,042,205
Due from component units	11,879		11,879
Accounts receivable	536,686		536,686
Total assets	<u>\$10,438,330</u>	<u>\$ 7,398,478</u>	<u>\$17,836,808</u>
Liabilities			
Accounts payable	\$ 134,651	\$ 20,000	\$ 154,651
Accrued wages payable	38,053		38,053
Due to other funds	1,876,128	1,556,366	3,432,494
Total liabilities	<u>2,048,832</u>	<u>1,576,366</u>	<u>3,625,198</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	3,447,380	4,684,005	8,131,385
Unavailable loan receivable	532,367		532,367
Total deferred inflows of resources	<u>3,979,747</u>	<u>4,684,005</u>	<u>8,663,752</u>
Fund Balance			
Restricted for:			
Debt service		1,199,964	1,199,964
Street maintenance programs	1,479,472		1,479,472
Economic development	2,471,970		2,471,970
Culture and recreation	19,094		19,094
Retirement obligations	644,404		644,404
Community development	109,448		109,448
Unassigned (deficit)	(314,637)	(61,857)	(376,494)
Total fund balance	<u>4,409,751</u>	<u>1,138,107</u>	<u>5,547,858</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$10,438,330</u>	<u>\$ 7,398,478</u>	<u>\$17,836,808</u>

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended April 30, 2015

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:			
Property taxes	\$ 3,255,728	\$ 5,293,724	\$ 8,549,452
Special assessments		298,590	298,590
Intergovernmental	2,454,886		2,454,886
Interest income	669	57,759	58,428
Miscellaneous	53,136		53,136
Total revenues	5,764,419	5,650,073	11,414,492
Expenditures:			
Current:			
General government	855,724		855,724
Highways and streets	1,276,322		1,276,322
Community development	1,409,807		1,409,807
Culture and recreation	16,390		16,390
Economic development	248,855		248,855
Debt service:			
Principal retirement		4,782,276	4,782,276
Interest and fiscal charges	7,700	2,391,238	2,398,938
Total expenditures	3,814,798	7,173,514	10,988,312
Excess (deficiency) of revenues over expenditures	1,949,621	(1,523,441)	426,180
Other financing sources (uses):			
Issuance of refunding bonds		6,455,000	6,455,000
Premium on issuance of refunding bonds		383,133	383,133
Payment to refunded debt escrow		(6,698,322)	(6,698,322)
Transfers:			
From other funds		1,747,920	1,747,920
To other funds	(1,583,060)		(1,583,060)
Total other financing sources (uses)	(1,583,060)	1,887,731	304,671
Net change in fund balances	366,561	364,290	730,851
Fund balance, May 1, 2014	4,043,190	773,817	4,817,007
Fund balance, April 30, 2015	\$ 4,409,751	\$ 1,138,107	\$ 5,547,858

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CITY OF KANKAKEE, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
April 30, 2015

	<u>Band Fund</u>	<u>Illinois Municipal Retirement Fund</u>	<u>Special Service Area No. 2</u>
Assets			
Cash and investments	\$ 19,094	\$ 705,905	\$ 36,762
Receivables, less allowance for uncollectible amounts:			
Property taxes	16,700	850,100	3,000
Due from other governmental agencies		8,796	
Due from other funds		11,879	
Due from component units			
Accounts receivable			
Total assets	<u><u>\$ 35,794</u></u>	<u><u>\$ 1,576,680</u></u>	<u><u>\$ 39,762</u></u>
Liabilities			
Accounts payable		\$ 44,123	
Accrued wages payable		38,053	
Due to other funds			
Total liabilities	<u><u>\$ -0-</u></u>	<u><u>82,176</u></u>	<u><u>\$ -0-</u></u>
Deferred Inflows of Resources			
Unavailable property tax revenue	16,700	850,100	3,000
Unavailable loan receivable			
Total deferred inflows of resources	<u><u>16,700</u></u>	<u><u>850,100</u></u>	<u><u>3,000</u></u>
Fund Balance			
Restricted for:			
Street maintenance program			
Economic development			36,762
Culture and recreation	19,094		
Retirement obligations		644,404	
Community development			
Unassigned (deficit)			
Total fund balance (deficit)	<u><u>19,094</u></u>	<u><u>644,404</u></u>	<u><u>36,762</u></u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 35,794</u></u>	<u><u>\$ 1,576,680</u></u>	<u><u>\$ 39,762</u></u>

<u>Special Service Area No. 3</u>	<u>Special Service Area No. 5</u>	<u>Community Development Agency</u>	<u>Motor Fuel Tax Fund</u>	<u>Tax Increment Financing District No. 1 Fund</u>	<u>Tax Increment Financing District No. 5 Fund</u>
\$ 52,057	\$ 72,719	\$ 189,038	\$ 1,433,515	\$ 710,494	\$ 134,645
3,230	18,550			1,026,600	210,300
		142,558	169,719	381,050	
		536,686			
<u>\$ 55,287</u>	<u>\$ 91,269</u>	<u>\$ 868,282</u>	<u>\$ 1,603,234</u>	<u>\$ 2,118,144</u>	<u>\$ 344,945</u>
		\$ 13,706	\$ 76,822		
		212,761	46,940	\$ 277,438	\$ 50,663
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>226,467</u>	<u>123,762</u>	<u>277,438</u>	<u>50,663</u>
3,230	18,550			1,026,600	210,300
		532,367			
<u>3,230</u>	<u>18,550</u>	<u>532,367</u>	<u>-0-</u>	<u>1,026,600</u>	<u>210,300</u>
52,057	72,719		1,479,472	814,106	83,982
		109,448			
<u>52,057</u>	<u>72,719</u>	<u>109,448</u>	<u>1,479,472</u>	<u>814,106</u>	<u>83,982</u>
<u>\$ 55,287</u>	<u>\$ 91,269</u>	<u>\$ 868,282</u>	<u>\$ 1,603,234</u>	<u>\$ 2,118,144</u>	<u>\$ 344,945</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
(Continued)
April 30, 2015

	Tax Increment Financing District No. 6 Fund	Tax Increment Financing District No. 7 Fund	Tax Increment Financing District No. 8 Fund	Totals
Assets				
Cash and investments		\$ 24,489	\$ 2,334,405	\$ 5,713,123
Receivables, less allowance for uncollectible amounts:				
Property taxes	\$ 250,900	2,600	1,065,400	3,447,380
Due from other governmental agencies				312,277
Due from other funds		27,139		416,985
Due from component units				11,879
Accounts receivable				536,686
Total assets	<u>\$ 250,900</u>	<u>\$ 54,228</u>	<u>\$ 3,399,805</u>	<u>\$ 10,438,330</u>
Liabilities				
Accounts payable				\$ 134,651
Accrued wages payable				38,053
Due to other funds	\$ 314,637		\$ 973,689	1,876,128
Total liabilities	<u>314,637</u>	<u>\$ -0-</u>	<u>973,689</u>	<u>2,048,832</u>
Deferred Inflows of Resources				
Unavailable property tax revenue	250,900	2,600	1,065,400	3,447,380
Unavailable loan receivable				532,367
Total deferred inflows of resources	<u>250,900</u>	<u>2,600</u>	<u>1,065,400</u>	<u>3,979,747</u>
Fund Balance				
Restricted for:				
Street maintenance program				1,479,472
Economic development		51,628	1,360,716	2,471,970
Culture and recreation				19,094
Retirement obligations				644,404
Community development				109,448
Unassigned (deficit)	(314,637)			(314,637)
Total fund balance (deficit)	<u>(314,637)</u>	<u>51,628</u>	<u>1,360,716</u>	<u>4,409,751</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 250,900</u>	<u>\$ 54,228</u>	<u>\$ 3,399,805</u>	<u>\$ 10,438,330</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, 2015

	<u>Band Fund</u>	<u>Illinois Municipal Retirement Fund</u>	<u>Special Service Area No. 2</u>
Revenues:			
Property taxes	\$ 16,193	\$ 814,225	\$ 3,014
Intergovernmental			
Interest income		20	
Miscellaneous			
Total revenues	<u>16,193</u>	<u>814,245</u>	<u>3,014</u>
Expenditures:			
Current:			
General government		709,661	
Highways and streets			
Community development			
Culture and recreation	16,390		
Economic development			1,152
Debt service:			
Interest and fiscal charges			
Total expenditures	<u>16,390</u>	<u>709,661</u>	<u>1,152</u>
Excess (deficiency) of revenues over expenditures	<u>(197)</u>	<u>104,584</u>	<u>1,862</u>
Other financing sources (uses):			
Transfer to other funds			
Net change in fund balances	(197)	104,584	1,862
Fund balance (deficit), May 1, 2014	<u>19,291</u>	<u>539,820</u>	<u>34,900</u>
Fund balance (deficit), April 30, 2015	<u>\$ 19,094</u>	<u>\$ 644,404</u>	<u>\$ 36,762</u>

<u>Special Service Area No. 3</u>	<u>Special Service Area No. 5</u>	<u>Community Development Agency</u>	<u>Motor Fuel Tax Fund</u>	<u>Tax Increment Financing District No. 1 Fund</u>	<u>Tax Increment Financing District No. 5 Fund</u>
\$ 2,401	\$ 17,296	\$ 1,544,866	\$ 910,020	\$ 942,987	\$ 203,709
		30,636	108	23	
<u>2,401</u>	<u>17,296</u>	<u>1,575,502</u>	<u>910,128</u>	<u>943,010</u>	<u>203,709</u>
		146,063	1,276,322		
		1,409,807			
1,057	66,667			164,154	1,735
		7,700			
<u>1,057</u>	<u>66,667</u>	<u>1,563,570</u>	<u>1,276,322</u>	<u>164,154</u>	<u>1,735</u>
1,344	(49,371)	11,932	(366,194)	778,856	201,974
				(457,350)	(192,541)
1,344	(49,371)	11,932	(366,194)	321,506	9,433
50,713	122,090	97,516	1,845,666	492,600	74,549
<u>\$ 52,057</u>	<u>\$ 72,719</u>	<u>\$ 109,448</u>	<u>\$ 1,479,472</u>	<u>\$ 814,106</u>	<u>\$ 83,982</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, 2015

	Tax Increment Financing District <u>No. 6 Fund</u>	Tax Increment Financing District <u>No. 7 Fund</u>	Tax Increment Financing District <u>No. 8 Fund</u>	<u>Totals</u>
Revenues:				
Property taxes	\$ 240,484		\$ 1,015,419	\$ 3,255,728
Intergovernmental				2,454,886
Interest income	6	\$ 39	473	669
Miscellaneous		22,500		53,136
	<u>240,490</u>	<u>22,539</u>	<u>1,015,892</u>	<u>5,764,419</u>
Total revenues				
Expenditures:				
Current:				
General government				855,724
Highways and streets				1,276,322
Community development				1,409,807
Culture and recreation				16,390
Economic development	951	950	12,189	248,855
Debt service:				
Interest and fiscal charges				7,700
	<u>951</u>	<u>950</u>	<u>12,189</u>	<u>3,814,798</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>239,539</u>	<u>21,589</u>	<u>1,003,703</u>	<u>1,949,621</u>
Other financing sources (uses):				
Transfer to other funds	<u>(250,773)</u>	<u>(35,733)</u>	<u>(646,663)</u>	<u>(1,583,060)</u>
Net change in fund balances	(11,234)	(14,144)	357,040	366,561
Fund balance (deficit), May 1, 2014	<u>(303,403)</u>	<u>65,772</u>	<u>1,003,676</u>	<u>4,043,190</u>
Fund balance (deficit), April 30, 2015	<u>\$ (314,637)</u>	<u>\$ 51,628</u>	<u>\$ 1,360,716</u>	<u>\$ 4,409,751</u>

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BAND FUND
For the year ended April 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Property taxes	\$ 16,000	\$ 16,000	\$ 16,193	\$ 193
Expenditures:				
Current:				
Culture and recreation	16,000	16,000	16,390	390
Net change in fund balance	\$ -0-	\$ -0-	(197)	\$ (197)
Fund balance, May 1, 2014			19,291	
Fund balance, April 30, 2015			\$ 19,094	

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, 2015

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 840,000	\$ 840,000	\$ 814,225	\$ (25,775)
Interest income			20	20
Total revenues	840,000	840,000	814,245	(25,755)
Expenditures:				
Current:				
General government	840,000	840,000	709,661	(130,339)
Net change in fund balance	\$ -0-	\$ -0-	104,584	\$ 104,584
Fund balance, May 1, 2014			539,820	
Fund balance, April 30, 2015			\$ 644,404	

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 3,000	\$ 3,000	\$ 3,014	\$ 14
Expenditures:				
Current:				
Economic development	<u>3,000</u>	<u>3,000</u>	<u>1,152</u>	<u>(1,848)</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	1,862	<u>\$ 1,862</u>
Fund balance, May 1, 2014			<u>34,900</u>	
Fund balance, April 30, 2015			<u>\$ 36,762</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 3,250	\$ 3,250	\$ 2,401	\$ (849)
Expenditures:				
Current:				
Economic development	<u>3,200</u>	<u>3,200</u>	<u>1,057</u>	<u>(2,143)</u>
Net change in fund balance	<u>\$ 50</u>	<u>\$ 50</u>	1,344	<u>\$ 1,294</u>
Fund balance, May 1, 2014			<u>50,713</u>	
Fund balance, April 30, 2015			<u>\$ 52,057</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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Property taxes	\$ 17,680	\$ 17,680	\$ 17,296	\$ (384)
Expenditures:				
Current:				
Economic development	45,000	45,000	66,667	21,667
Net change in fund balance	\$ (27,320)	\$ (27,320)	(49,371)	\$ (22,051)
Fund balance, May 1, 2014			122,090	
Fund balance, April 30, 2015			\$ 72,719	

**CITY OF KANKAKEE, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
April 30, 2015**

	General Obligation Bonds, Series 2006	General Obligation Bonds, Series 2007A	Indian Meadows Debt Service	General Obligation Bonds, Series 2008
Assets				
Cash and investments			\$ 22,495	\$ 133,179
Receivables, less allowance for uncollectible amounts:				
Property taxes	\$ 94,150	\$ 500,000		599,975
Due from other funds	319,109	174,223	523,082	
Total assets	\$ 413,259	\$ 674,223	\$ 545,577	\$ 733,154
Liabilities				
Accounts payable				
Due to other funds	\$ 278,675	\$ 191,515	\$ 240,125	\$ 159,468
Total liabilities	278,675	191,515	240,125	159,468
Deferred Inflows of Resources				
Unavailable property tax revenue	94,150	500,000	-0-	599,975
Fund Balance				
Restricted for debt service	40,434		305,452	
Unassigned (deficit)		(17,292)		(26,289)
Total fund balance (deficit)	40,434	(17,292)	305,452	(26,289)
Total liabilities, deferred inflows of resources and fund balance	\$ 413,259	\$ 674,223	\$ 545,577	\$ 733,154

<u>General Obligation Bonds, Series 2009</u>	<u>General Obligation Bonds, Series 2011</u>	<u>General Obligation Bonds, Series 2012</u>	<u>General Obligation Bonds, Series 2013</u>	<u>General Obligation Bonds, Series 2014</u>	<u>Totals</u>
\$ 7,100	\$ 136,316	\$ 429,011	\$ 361,152		\$ 1,089,253
963,223	402,925	1,660,879	296,960	\$ 165,893	4,684,005
<u>372,017</u>	<u>139,024</u>	<u>97,765</u>			<u>1,625,220</u>
<u>\$ 1,342,340</u>	<u>\$ 678,265</u>	<u>\$ 2,187,655</u>	<u>\$ 658,112</u>	<u>\$ 165,893</u>	<u>\$ 7,398,478</u>
\$ 20,000					\$ 20,000
<u>377,393</u>	\$ 122,788	\$ 147,570	\$ 38,832		<u>1,556,366</u>
<u>397,393</u>	<u>122,788</u>	<u>147,570</u>	<u>38,832</u>	\$ -0-	<u>1,576,366</u>
<u>963,223</u>	<u>402,925</u>	<u>1,660,879</u>	<u>296,960</u>	<u>165,893</u>	<u>4,684,005</u>
	152,552	379,206	322,320		1,199,964
<u>(18,276)</u>					<u>(61,857)</u>
<u>(18,276)</u>	<u>152,552</u>	<u>379,206</u>	<u>322,320</u>	<u>-0-</u>	<u>1,138,107</u>
<u>\$ 1,342,340</u>	<u>\$ 678,265</u>	<u>\$ 2,187,655</u>	<u>\$ 658,112</u>	<u>\$ 165,893</u>	<u>\$ 7,398,478</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, 2015

	General Obligation Bonds, Series 2006	General Obligation Bonds, Series 2007A	Indian Meadows Debt Service	General Obligation Bonds, Series 2008
Revenues:				
Property taxes	\$ 622,520	\$ 532,020	\$ 77,385	\$ 275,659
Special assessments			298,590	
Interest income	15	13	57,632	7
Total revenues	<u>622,535</u>	<u>532,033</u>	<u>433,607</u>	<u>275,666</u>
Expenditures:				
Debt service:				
Principal retirement	655,000	492,672	319,604	
Interest and fiscal charges	522,847	315,773	56,340	284,975
Total expenditures	<u>1,177,847</u>	<u>808,445</u>	<u>375,944</u>	<u>284,975</u>
Excess (deficiency) of revenues over expenditures	<u>(555,312)</u>	<u>(276,412)</u>	<u>57,663</u>	<u>(9,309)</u>
Other financing sources (uses):				
Issuance of refunding bonds	6,455,000			
Premium on issuance of refunding bonds	383,133			
Payment to refunded debt escrow	(6,698,322)			
Transfers:				
From other funds	388,218	258,445		
Total other financing sources (uses)	<u>528,029</u>	<u>258,445</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance	(27,283)	(17,967)	57,663	(9,309)
Fund balance (deficit), May 1, 2014	<u>67,717</u>	<u>675</u>	<u>247,789</u>	<u>(16,980)</u>
Fund balance (deficit), April 30, 2015	<u>\$ 40,434</u>	<u>\$ (17,292)</u>	<u>\$ 305,452</u>	<u>\$ (26,289)</u>

General Obligation Bonds, Series 2009	General Obligation Bonds, Series 2011	General Obligation Bonds, Series 2012	General Obligation Bonds, Series 2013	General Obligation Bonds, Series 2014	Totals
\$ 2,268,700	\$ 484,211	\$ 359,970	\$ 673,259		\$ 5,293,724
55	12	9	16		298,590
<u>2,268,755</u>	<u>484,223</u>	<u>359,979</u>	<u>673,275</u>	\$ -0-	<u>5,650,073</u>
1,835,000	255,000	605,000	620,000		4,782,276
665,230	245,575	224,486	76,012		2,391,238
<u>2,500,230</u>	<u>500,575</u>	<u>829,486</u>	<u>696,012</u>	-0-	<u>7,173,514</u>
(231,475)	(16,352)	(469,507)	(22,737)	-0-	(1,523,441)
					6,455,000
					383,133
					(6,698,322)
<u>200,593</u>		<u>649,891</u>	<u>250,773</u>		<u>1,747,920</u>
<u>200,593</u>	-0-	<u>649,891</u>	<u>250,773</u>	-0-	<u>1,887,731</u>
(30,882)	(16,352)	180,384	228,036	-0-	364,290
<u>12,606</u>	<u>168,904</u>	<u>198,822</u>	<u>94,284</u>	-0-	<u>773,817</u>
<u>\$ (18,276)</u>	<u>\$ 152,552</u>	<u>\$ 379,206</u>	<u>\$ 322,320</u>	<u>\$ -0-</u>	<u>\$ 1,138,107</u>

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**CITY OF KANKAKEE, ILLINOIS
FIDUCIARY FUNDS**

Police Pension Fund

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

Firefighters' Pension Fund

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

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CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
April 30, 2015

	Police Pension Fund	Firefighters' Pension Fund	Totals
Assets			
Cash and short-term investments	\$ 841,968	\$ 1,232,207	\$ 2,074,175
Receivables, less allowance for uncollectible amounts:			
Employee contributions	21,299	14,445	35,744
Employer contributions	342,952	375,924	718,876
Interest	49,326	31,424	80,750
Investments, at fair value:			
Open-end mutual funds	5,069,972	3,254,362	8,324,334
Corporate securities	5,932,976	1,349,798	7,282,774
U. S. Treasury and agency securities	3,192,702	2,616,355	5,809,057
Corporate bonds	2,983,635	1,313,529	4,297,164
State and local obligations	413,589	217,430	631,019
Prepaid items		9,731	9,731
Total assets	18,848,419	10,415,205	29,263,624
Liabilities			
Benefits and other payables	206,360	248,769	455,129
Net Position			
Net position held in trust for pension benefits	<u>\$18,642,059</u>	<u>\$10,166,436</u>	<u>\$28,808,495</u>

CITY OF KANKAKEE, ILLINOIS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the year ended April 30, 2015

	Police Pension Fund	Firefighters' Pension Fund	Totals
Additions:			
Contributions:			
Employer	\$ 2,374,597	\$ 2,506,562	\$ 4,881,159
Employee	510,380	354,725	865,105
Total contributions	2,884,977	2,861,287	5,746,264
Investment income:			
Net change in fair value of investments	829,600	193,872	1,023,472
Interest and dividends	378,498	302,823	681,321
	1,208,098	496,695	1,704,793
Less: investment expense	(123,426)	(63,807)	(187,233)
Net investment income	1,084,672	432,888	1,517,560
Total additions	3,969,649	3,294,175	7,263,824
Deductions:			
Benefits	2,450,751	2,789,294	5,240,045
Refunds of contributions	64,178	55,416	119,594
Administrative expenses	35,615	63,591	99,206
Total deductions	2,550,544	2,908,301	5,458,845
Change in net position-restricted for pension benefits	1,419,105	385,874	1,804,979
Net position held in trust for pension benefits:			
May 1, 2014	17,222,954	9,780,562	27,003,516
April 30, 2015	<u>\$ 18,642,059</u>	<u>\$ 10,166,436</u>	<u>\$ 28,808,495</u>

**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, 2015

	<u>General Operating</u>	<u>Adjustment</u>	<u>Statement of Net Position</u>
Assets			
Cash and investments	\$ 766,624		\$ 766,624
Receivables, less allowance for uncollectible amounts:			
Property taxes	1,748,900		1,748,900
Accounts receivable	14,128		14,128
Capital assets:			
Depreciable (net of accumulated depreciation)		\$ 6,288,622	6,288,622
Total assets	\$ 2,529,652	\$ 6,288,622	\$ 8,818,274
Liabilities			
Accounts payable	\$ 58,776		\$ 58,776
Due to primary government	85,392		85,392
Long-term liabilities:			
Due within one year		\$ 133,182	133,182
Due within more than one year		2,347,982	2,347,982
Total liabilities	144,168	2,481,164	2,625,332
Deferred Inflows of Resources			
Unavailable property tax revenue	1,748,900		1,748,900
Deferred grant revenue	4,115		4,115
Total deferred inflows of resources	1,753,015	-0-	1,753,015
Fund Balance / Net Position			
Net investment in capital assets		3,807,458	3,807,458
Unassigned / Unrestricted	632,469		632,469
Total fund balances / net position	632,469	3,807,458	4,439,927
Total liabilities, deferred inflows of resources and fund balances / net position	\$ 2,529,652	\$ 6,288,622	\$ 8,818,274

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, 2015

	<u>General Operating</u>	<u>Adjustment</u>	<u>Statement of Activities</u>
Revenues:			
Property taxes	\$ 1,664,655		\$ 1,664,655
Fees	175,249		175,249
Intergovernmental	60,672		60,672
Interest	1,950		1,950
Other	70,467		70,467
	<u>1,972,993</u>		<u>1,972,993</u>
Total revenues	1,972,993	\$ -0-	1,972,993
Expenditures/expenses:			
Current:			
Culture and recreation	1,725,529	113,280	1,838,809
Debt service:			
Principal retirement	126,699	(126,699)	-0-
Interest and fiscal charges	127,516		127,516
	<u>1,979,744</u>	<u>(13,419)</u>	<u>1,966,325</u>
Total expenditures/expenses	1,979,744	(13,419)	1,966,325
Net change in fund balances/net position	(6,751)	13,419	6,668
Fund balances/net position, May 1, 2014	639,220	3,794,039	4,433,259
Fund balances/net position, April 30, 2015	<u>\$ 632,469</u>	<u>\$ 3,807,458</u>	<u>\$ 4,439,927</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, 2015

	<u>General Operating</u>	<u>Adjustment</u>	<u>Statement of Net Position</u>
Assets			
Cash and investments	\$ 218,462		\$ 218,462
Receivables, less allowance for uncollectible amounts:			
Property taxes	116,345		116,345
Capital assets:			
Depreciable (net of accumulated depreciation)	<u> </u>	<u>\$ 710,318</u>	<u>710,318</u>
Total assets	<u>\$ 334,807</u>	<u>\$ 710,318</u>	<u>\$ 1,045,125</u>
Liabilities			
Accounts payable	<u>\$ 3,421</u>	<u>\$ -0-</u>	<u>\$ 3,421</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	<u>116,345</u>		<u>116,345</u>
Fund Balance / Net Position			
Net investment in capital assets		710,318	710,318
Unassigned / Unrestricted	<u>215,041</u>		<u>215,041</u>
Total fund balances / net position	<u>215,041</u>	<u>710,318</u>	<u>925,359</u>
Total liabilities, deferred inflows of resources and fund balances / net position	<u>\$ 334,807</u>	<u>\$ 710,318</u>	<u>\$ 1,045,125</u>

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, 2015

	General Operating	Adjustment	Statement of Activities
Revenues:			
Property taxes	\$ 125,016		\$ 125,016
Interest	173		173
Other	16,890		16,890
Total revenues	142,079	\$ -0-	142,079
Expenditures/expenses:			
Current:			
General government	120,079	54,918	174,997
Net change in fund balances/net position	22,000	(54,918)	(32,918)
Fund balances/net position, May 1, 2014	193,041	765,236	958,277
Fund balances/net position, April 30, 2015	\$ 215,041	\$ 710,318	\$ 925,359

CITY OF KANKAKEE, ILLINOIS
PROPERTY TAXES RECEIVABLE
2014 LEVY TO BE COLLECTED IN 2015
April 30, 2015

	<u>Taxes extended</u>	<u>Estimated losses</u>	<u>Estimated net taxes receivable</u>
Primary Government:			
General Fund	<u>\$ 7,373,893</u>	<u>\$ 1,223</u>	<u>\$ 7,372,670</u>
Special Revenue Funds:			
Band Fund	16,770	70	16,700
Illinois Municipal Retirement Fund	850,377	277	850,100
Special Service Area No. 2	3,004	4	3,000
Special Service Area No. 3	3,237	7	3,230
Special Service Area No. 5	18,557	7	18,550
Tax Increment Financing District #1	1,026,693	93	1,026,600
Tax Increment Financing District #5	210,307	7	210,300
Tax Increment Financing District #6	250,951	51	250,900
Tax Increment Financing District #7	2,645	45	2,600
Tax Increment Financing District #8	<u>1,065,479</u>	<u>79</u>	<u>1,065,400</u>
Total Special Revenue Funds	<u>3,448,020</u>	<u>640</u>	<u>3,447,380</u>
Debt Service Funds	<u>4,684,079</u>	<u>74</u>	<u>4,684,005</u>
Total Primary Government	<u><u>\$ 15,505,992</u></u>	<u><u>\$ 1,937</u></u>	<u><u>\$ 15,504,055</u></u>
Component Units:			
Library	<u>\$ 1,748,941</u>	<u>\$ 41</u>	<u>\$ 1,748,900</u>
Special Service Area No. 1	<u>116,350</u>	<u>5</u>	<u>116,345</u>
Total Component Units	<u><u>\$ 1,865,291</u></u>	<u><u>\$ 46</u></u>	<u><u>\$ 1,865,245</u></u>

CITY OF KANKAKEE, ILLINOIS
PROPRIETARY FUND TYPES
KANKAKEE ENVIRONMENTAL SERVICES UTILITY FUND
SCHEDULE OF BOND RATE COVENANT CALCULATION
April 30, 2015

Debt service requirements	\$ 1,122,685	
120% covenant	x 120%	
	<u>1,347,222</u>	
Total required revenues	<u>1,347,222</u>	
Net revenues generated by sewer utility:		
Sewer charges	12,193,849	
Utility operations expenses	<u>(4,709,997)</u>	
Net revenues generated	7,483,852	
Sewer Utility's share of Kankakee River Metropolitan Agency's plant operations expenses	<u>(4,621,316)</u>	
Total net revenues available (expressed in dollars and as a percentage of debt service requirements)	<u>2,862,536</u>	<u>255%</u>
Bond covenant coverage over the required revenues	<u>\$ 1,515,314</u>	

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CITY OF KANKAKEE, ILLINOIS
PROPRIETARY FUND TYPES
KANKAKEE ENVIRONMENTAL SERVICES UTILITY FUND
SCHEDULE OF REVENUE BONDS PAYABLE
April 30, 2015

	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>915,000</u>		<u>-0-</u>		<u>675,000</u>	
Balance, April 30, 2014	<u>\$ 3,085,000</u>		<u>\$ 2,700,000</u>		<u>\$ 2,065,000</u>	
Date as follows:						
Year ending April 30,	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 250,000	\$ 154,038		\$ 163,755	\$ 230,000	\$ 66,795
2017	260,000	143,698		163,755	240,000	59,745
2018	270,000	131,695		163,755	245,000	52,470
2019	280,000	118,283		163,755	250,000	44,920
2020	295,000	103,686		163,755	260,000	36,430
2021	310,000	87,875		163,755	270,000	27,023
2022	325,000	70,885		163,755	280,000	16,770
2023	345,000	52,623		163,755	290,000	5,655
2024	365,000	32,733	\$ 300,000	155,730		
2025	385,000	11,165	310,000	139,180		
2026			320,000	121,615		
2027			330,000	103,088		
2028			340,000	82,550		
2029			355,000	59,963		
2030			365,000	36,563		
2031			380,000	12,350		
2032						
2033						
2034						
2035						
	<u>\$ 3,085,000</u>	<u>\$ 906,681</u>	<u>\$ 2,700,000</u>	<u>\$ 2,021,079</u>	<u>\$ 2,065,000</u>	<u>\$ 309,808</u>

Series 2013A		Series 2013B		Totals		
August 6, 2013 2.91% to 5.13%		August 6, 2013 4.375% to 4.875%				
May 1		May 1				
May 1 and November 1 \$ 2,170,000 -0-		May 1 and November 1 \$ 3,550,000 -0-		\$ 15,160,000 1,590,000		
<u>\$ 2,170,000</u>		<u>\$ 3,550,000</u>		<u>\$ 13,570,000</u>		
Principal	Interest	Principal	Interest	Principal	Interest	Totals
	\$ 93,347		\$ 164,750	\$ 480,000	\$ 642,685	\$ 1,122,685
	93,347		164,750	500,000	625,295	1,125,295
\$ 215,000	93,347		164,750	730,000	606,017	1,336,017
220,000	87,090		164,750	750,000	578,798	1,328,798
230,000	80,248		164,750	785,000	548,869	1,333,869
235,000	71,439		164,750	815,000	514,842	1,329,842
245,000	62,438		164,750	850,000	478,598	1,328,598
260,000	50,727		164,750	895,000	437,510	1,332,510
270,000	38,300		164,750	935,000	391,513	1,326,513
285,000	25,393		164,750	980,000	340,488	1,320,488
210,000	10,773	\$ 95,000	164,750	625,000	297,138	922,138
		320,000	160,594	650,000	263,682	913,682
		330,000	146,594	670,000	229,144	899,144
		345,000	132,156	700,000	192,119	892,119
		365,000	117,063	730,000	153,626	883,626
		380,000	100,181	760,000	112,531	872,531
		400,000	82,606	400,000	82,606	482,606
		415,000	64,106	415,000	64,106	479,106
		440,000	43,875	440,000	43,875	483,875
		460,000	22,425	460,000	22,425	482,425
<u>\$ 2,170,000</u>	<u>\$ 706,449</u>	<u>\$ 3,550,000</u>	<u>\$ 2,681,850</u>	<u>\$ 13,570,000</u>	<u>\$ 6,625,867</u>	<u>\$ 20,195,867</u>

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE
April 30, 2015

	Series 2006		Series 2007A		Series 2007B	
Date of issue	September 15, 2006		August 2, 2007		August 2, 2007	
Interest rates	3.50% to 5.25%		4.00% to 5.00%		4.25% to 4.36%	
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	\$ 9,555,000		\$ 5,405,000		\$ 1,422,327	
Paid to date	<u>8,880,000</u>		<u>1,730,000</u>		<u>402,671</u>	
Balance, April 30, 2014	<u>\$ 675,000</u>		<u>\$ 3,675,000</u>		<u>\$ 1,019,656</u>	
Due as follows:						
Year ending April 30,	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 675,000	\$ 25,988	\$ 90,000	\$ 164,845	\$ 350,125	\$ 149,875
2017			95,000	161,155	267,496	132,504
2018			110,000	157,260	402,035	227,966
2019			125,000	152,750		
2020			140,000	147,625		
2021			160,000	141,745		
2022			170,000	135,025		
2023			180,000	127,885		
2024			600,000	120,325		
2025			635,000	90,325		
2026			670,000	58,575		
2027			700,000	30,100		
2028						
2029						
	<u>\$ 675,000</u>	<u>\$ 25,988</u>	<u>\$ 3,675,000</u>	<u>\$ 1,487,615</u>	<u>\$ 1,019,656</u>	<u>\$ 510,345</u>

Series 2008		Series 2009A		Series 2009B	
June 1, 2008 3.45% to 5.25%		April 15, 2009 2.30% to 5.00%		April 15, 2009 3.00% to 5.00%	
January 1		January 1		January 1	
July 1 and January 1		July 1 and January 1		July 1 and January 1	
\$ 6,930,000		\$ 10,180,000		\$ 14,905,000	
<u>-0-</u>		<u>420,000</u>		<u>10,530,000</u>	
<u>\$ 6,930,000</u>		<u>\$ 9,760,000</u>		<u>\$ 4,375,000</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 315,000	\$ 284,975	\$ 135,000	\$ 431,803	\$ 430,000	\$ 169,212
425,000	274,108	165,000	427,078	475,000	153,812
585,000	259,020	735,000	421,303	1,145,000	137,322
670,000	228,308	1,025,000	384,553	1,500,000	96,102
900,000	193,803	635,000	333,303	610,000	39,853
900,000	159,603	660,000	306,633	35,000	9,353
985,000	124,953	690,000	278,913	40,000	7,830
1,075,000	86,538	715,000	249,933	45,000	6,090
1,075,000	43,538	745,000	219,903	45,000	4,133
		780,000	187,868	50,000	2,175
		810,000	154,328		
		850,000	119,093		
		890,000	81,693		
		925,000	42,088		
<u>\$ 6,930,000</u>	<u>\$ 1,654,846</u>	<u>\$ 9,760,000</u>	<u>\$ 3,638,492</u>	<u>\$ 4,375,000</u>	<u>\$ 625,882</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE
(Continued)
April 30, 2015

	Series 2011A		Series 2011B		Series 2012	
Date of issue	April 27, 2011		April 27, 2011		March 13, 2012	
Interest rates	2.50% to 4.90%		4.10%		2.00% to 2.50%	
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	\$ 5,000,000		\$ 370,000		\$ 2,645,000	
Paid to date	<u>105,000</u>		<u>-0-</u>		<u>875,000</u>	
Balance, April 30, 2014	<u>\$ 4,895,000</u>		<u>\$ 370,000</u>		<u>\$ 1,770,000</u>	
Due as follows:						
Year ending April 30,	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 165,000	\$ 222,755		\$ 15,170	\$ 420,000	\$ 44,250
2017	225,000	216,980		15,170	435,000	33,750
2018		209,105		15,170	450,000	22,875
2019		209,105		15,170	465,000	11,625
2020	440,000	209,105	\$ 370,000	15,170		
2021	600,000	190,185				
2022	725,000	164,385				
2023	855,000	132,123				
2024	930,000	92,365				
2025	955,000	46,795				
2026						
2027						
2028						
2029						
	<u>\$ 4,895,000</u>	<u>\$ 1,692,903</u>	<u>\$ 370,000</u>	<u>\$ 75,850</u>	<u>\$ 1,770,000</u>	<u>\$ 112,500</u>

Series 2012A		Series 2012B		Series 2013C	
October 11, 2012 2.00% to 2.90%		November 1, 2012 2.00% to 3.00%		December 23, 2013 2.00% to 3.95%	
January 1		January 1		January 1	
July 1 and January 1		July 1 and January 1		July 1 and January 1	
\$ 3,915,000		\$ 3,790,000		\$ 2,635,000	
<u>60,000</u>		<u>290,000</u>		<u>620,000</u>	
<u>\$ 3,855,000</u>		<u>\$ 3,500,000</u>		<u>\$ 2,015,000</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 460,000	\$ 95,035	\$ 1,370,000	\$ 73,100	\$ 235,000	\$ 61,960
475,000	85,835	1,820,000	45,700	245,000	57,260
495,000	76,335	100,000	9,300	255,000	52,360
510,000	63,960	100,000	6,300	265,000	44,710
520,000	51,210	110,000	3,300	270,000	36,760
535,000	38,210			280,000	27,310
320,000	24,300			170,000	17,510
320,000	15,500			175,000	11,390
220,000	6,380			120,000	4,740
<u>\$ 3,855,000</u>	<u>\$ 456,765</u>	<u>\$ 3,500,000</u>	<u>\$ 137,700</u>	<u>\$ 2,015,000</u>	<u>\$ 314,000</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE
(Continued)
April 30, 2015

	Series 2014		Totals		
Date of issue	December 30, 2014				
Interest rates	2.00% to 4.00%				
Principal redemption date	January 1				
Interest payment dates	July 1 and January 1				
Original issue	\$ 6,455,000		\$ 73,207,327		
Paid to date	-0-		23,912,671		
Balance, April 30, 2014	<u>\$ 6,455,000</u>		<u>\$ 49,294,656</u>		
Due as follows:					
Year ending April 30,	Principal	Interest	Principal	Interest	Totals
2016	\$ 40,000	\$ 231,190	\$ 4,685,125	\$ 1,970,158	6,655,283
2017	415,000	229,750	5,042,496	1,833,102	6,875,598
2018	575,000	221,450	4,852,035	1,809,466	6,661,501
2019	615,000	204,200	5,275,000	1,416,783	6,691,783
2020	665,000	185,750	4,660,000	1,215,879	5,875,879
2021	730,000	165,800	3,900,000	1,038,839	4,938,839
2022	785,000	136,600	3,885,000	889,516	4,774,516
2023	860,000	105,200	4,225,000	734,659	4,959,659
2024	685,000	70,800	4,420,000	562,184	4,982,184
2025	1,085,000	43,400	3,505,000	370,563	3,875,563
2026			1,480,000	212,903	1,692,903
2027			1,550,000	149,193	1,699,193
2028			890,000	81,693	971,693
2029			925,000	42,088	967,088
	<u>\$ 6,455,000</u>		<u>\$ 1,594,140</u>		<u>\$ 49,294,656</u>
			<u>\$ 12,327,026</u>		<u>\$ 61,621,682</u>

STATISTICAL SECTION



STATISTICAL SECTION

The objective of this part of the City of Kankakee's Comprehensive Annual Financial Report is to provide financial statement users with additional historical perspective, context, and detail. It is intended that the information in the financial statements, notes to financial statements, required supplementary information, combining and individual fund financial statements and supplemental schedules, and the statistical section, taken as a whole, will assist readers in further understanding and assessing the City's economic condition.

<u>Contents</u>	<u>Page(s)</u>
(A) <u>Financial Trends</u> These schedules contain trend information that indicates how the City's financial performance has changed over time.	132-136
(B) <u>Revenue Capacity</u> These schedules provide information on one of the City's most significant and locally controlled revenue sources, the property tax	137-140
(C) <u>Debt Capacity</u> These schedules provide information about the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future	141-144
(D) <u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators about the environment within which the City operates. This information is intended to facilitate comparisons of the City's finances over time and among other cities.	145-146
(E) <u>Operating Information</u> These schedules contain service and infrastructure data related to the services the City provides and the activities it performs	147-149

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF KANKAKEE, ILLINOIS
NET POSITION BY COMPONENT (Unaudited)
Fiscal Years Ended April 30, 2006 to 2015
(accrual basis of accounting)
(amounts expressed in millions)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Net investment in capital assets	\$ 32.3	\$ 36.9	\$ 40.7	\$ 45.3	\$ 43.7	\$ 46.9	\$ 42.8	\$ 49.1	\$ 44.7	\$ 45.9
Restricted	6.9	9.8	8.9	10.8	6.3	9.6	7.6	6.3	5.9	5.9
Unrestricted	<u>(29.0)</u>	<u>(31.8)</u>	<u>(33.6)</u>	<u>(47.5)</u>	<u>(41.1)</u>	<u>(45.6)</u>	<u>(40.0)</u>	<u>(44.2)</u>	<u>(33.0)</u>	<u>(29.6)</u>
Total governmental activities net position	<u>\$ 10.2</u>	<u>\$ 14.9</u>	<u>\$ 15.9</u>	<u>\$ 8.6</u>	<u>\$ 9.0</u>	<u>\$ 10.8</u>	<u>\$ 10.4</u>	<u>\$ 11.1</u>	<u>\$ 17.6</u>	<u>\$ 22.3</u>
Business-type activities										
Net investment in capital assets	\$ 22.4	\$ 22.0	\$ 22.0	\$ 24.9	\$ 21.3	\$ 22.3	\$ 21.8	\$ 20.9	\$ 20.1	\$ 20.6
Restricted	2.8	1.7	1.1	2.2	1.4	1.5	2.0	1.7	2.7	2.2
Unrestricted	<u>3.2</u>	<u>3.6</u>	<u>3.7</u>	<u>2.6</u>	<u>5.3</u>	<u>2.8</u>	<u>1.2</u>	<u>0.1</u>	<u>(3.5)</u>	<u>(2.5)</u>
Total business-type activities net position	<u>\$ 28.4</u>	<u>\$ 27.4</u>	<u>\$ 26.8</u>	<u>\$ 29.7</u>	<u>\$ 28.0</u>	<u>\$ 26.6</u>	<u>\$ 25.0</u>	<u>\$ 22.7</u>	<u>\$ 19.4</u>	<u>\$ 20.3</u>
Primary government										
Net investment in capital assets	\$ 54.7	\$ 58.9	\$ 62.7	\$ 70.2	\$ 65.0	\$ 69.1	\$ 64.6	\$ 70.0	\$ 64.8	\$ 66.5
Restricted	9.7	11.5	10.0	13.0	7.7	11.0	9.6	8.0	8.7	8.2
Unrestricted	<u>(25.8)</u>	<u>(28.1)</u>	<u>(29.9)</u>	<u>(44.9)</u>	<u>(35.8)</u>	<u>(42.8)</u>	<u>(38.8)</u>	<u>(44.1)</u>	<u>(36.5)</u>	<u>(32.1)</u>
Total primary government net position	<u>\$ 38.7</u>	<u>\$ 42.3</u>	<u>\$ 42.8</u>	<u>\$ 42.8</u>	<u>\$ 37.0</u>	<u>\$ 37.4</u>	<u>\$ 35.4</u>	<u>\$ 33.8</u>	<u>\$ 37.0</u>	<u>\$ 42.5</u>

Source: Audited Financial Statements

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

CITY OF KANKAKEE, ILLINOIS
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (Unaudited)
Fiscal Years Ended April 30, 2006 to 2015
(accrual basis of accounting)
(amounts expressed in millions)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Program Revenues										
Charges for services:										
General government	\$ 1.1	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.3	\$ 1.4	\$ 1.1	\$ 2.9
Public safety	1.0	1.0	0.5	0.6	0.6	0.6	0.5	0.6	0.6	0.7
Public works	0.3	0.3	0.2	0.4	0.6	0.1				
Community development	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Operating grants and contributions	2.9	2.8	3.5	4.0	3.4	4.3	3.9	3.2	3.0	2.7
Capital grants and contributions	2.0	2.9	6.9	0.7	4.3	0.2	0.1	0.3		0.2
Total program revenues	<u>7.4</u>	<u>8.3</u>	<u>12.4</u>	<u>7.0</u>	<u>10.2</u>	<u>6.5</u>	<u>5.9</u>	<u>5.6</u>	<u>4.8</u>	<u>6.7</u>
Expenses										
General government	\$ 6.0	\$ 6.7	\$ 6.2	\$ 8.6	\$ 8.3	\$ 8.8	\$ 8.2	\$ 7.8	\$ 7.8	\$ 8.0
Public safety	12.5	13.1	13.6	14.2	16.1	16.2	17.0	17.1	17.6	17.7
Public works	2.2	2.1	2.5	3.6	2.4	0.3				
Highways and streets	3.3	1.7	7.2	2.2	3.3	1.2	3.1	2.6	2.4	2.1
Community development	1.4	1.5	1.8	2.5	1.9	2.4	2.2	1.9	1.5	1.4
Culture and recreation	0.1	0.1	0.1	0.3	0.1	0.0	0.2	0.0		
Economic development	1.4	0.5	23.5	18.8	17.0	16.4	12.3	12.9	10.8	0.9
Interest and fiscal charges	2.2	2.1	2.3	2.8	2.8	2.9	2.8	2.6	2.3	2.3
Total expenses	<u>29.1</u>	<u>27.8</u>	<u>57.1</u>	<u>53.0</u>	<u>51.9</u>	<u>48.2</u>	<u>45.8</u>	<u>44.9</u>	<u>42.3</u>	<u>32.4</u>
Net revenue (expense)	<u>\$(21.7)</u>	<u>\$(19.5)</u>	<u>\$(44.7)</u>	<u>\$(46.0)</u>	<u>\$(41.7)</u>	<u>\$(41.7)</u>	<u>\$(39.9)</u>	<u>\$(39.3)</u>	<u>\$(37.6)</u>	<u>\$(25.7)</u>
General Revenues and Other Changes in Net Position										
Property taxes	\$ 9.8	\$ 9.7	\$ 10.7	\$ 11.4	\$ 12.1	\$ 14.6	\$ 13.5	\$ 13.9	\$ 14.6	\$ 15.4
Special assessments				0	0.3	0.3	0.3	0.0	0.4	0.3
Illinois retailers' tax, net	6.2	6.0	26.6	24.4	21.1	21.3	18.7	18.6	16.5	6.0
Utility taxes	3.3	3.3	3.5	3.4	3.4	3.6	3.9	4.1	4.0	4.0
Other taxes	3.1	3.4	3.8	3.6	3.1	3.3	3.3	3.6	3.9	4.2
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	0.6	0.9	0.9	0.4	0.1	0.1	0.1	0.0	0.1	0.1
Other	0.2	0.1	0.1	0.3	0.4	0.8	0.9	0.5	0.5	0.4
Contributions from developers	1.6									
Transfers	0.9	0.7	(0.0)	(4.9)	1.5	(0.4)	(0.1)	0.1	3.9	(0.1)
Total general revenues and other changes	<u>\$ 25.8</u>	<u>\$ 24.2</u>	<u>\$ 45.7</u>	<u>\$ 39.0</u>	<u>\$ 42.1</u>	<u>\$ 43.7</u>	<u>\$ 40.7</u>	<u>\$ 40.9</u>	<u>\$ 44.1</u>	<u>\$ 30.4</u>
Total change in net position	<u>\$ 4.1</u>	<u>\$ 4.7</u>	<u>\$ 1.0</u>	<u>\$ (7.0)</u>	<u>\$ 0.4</u>	<u>\$ 2.0</u>	<u>\$ 0.8</u>	<u>\$ 1.6</u>	<u>\$ 6.5</u>	<u>\$ 4.6</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, 2006 to 2015
(accrual basis of accounting)
(amounts expressed in millions)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Business-type activities										
Charges for services	\$ 8.3	\$ 8.4	\$ 8.8	\$ 10.0	\$ 12.6	\$ 12.0	\$ 12.6	\$ 12.7	\$ 16.6	\$ 17.4
Expenses	<u>8.9</u>	<u>8.9</u>	<u>9.6</u>	<u>12.2</u>	<u>14.2</u>	<u>13.9</u>	<u>14.3</u>	<u>14.6</u>	<u>15.7</u>	<u>16.6</u>
Net business-type revenues (expenses)	<u>(0.6)</u>	<u>(0.5)</u>	<u>(0.8)</u>	<u>(2.2)</u>	<u>(1.6)</u>	<u>(1.9)</u>	<u>(1.7)</u>	<u>(1.9)</u>	<u>0.9</u>	<u>0.7</u>
Other income and changes in net position:										
Investment income	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	1.7	0.0	0.1	(0.0)	0.1	0.0	0.1	0.1	0.1	0.1
Contributions from developers										
Transfers	<u>(0.9)</u>	<u>(0.7)</u>	<u>0.0</u>	<u>4.9</u>	<u>1.2</u>	<u>(0.8)</u>	<u>0.1</u>	<u>(0.1)</u>	<u>(3.9)</u>	<u>0.1</u>
Total other income and changes in net position	<u>0.9</u>	<u>(0.6)</u>	<u>0.2</u>	<u>4.9</u>	<u>1.3</u>	<u>(0.8)</u>	<u>0.2</u>	<u>0.0</u>	<u>(3.9)</u>	<u>0.1</u>
Total change in net position	<u>0.3</u>	<u>(1.1)</u>	<u>(0.6)</u>	<u>2.7</u>	<u>(0.3)</u>	<u>(2.7)</u>	<u>(1.5)</u>	<u>(1.9)</u>	<u>(3.0)</u>	<u>0.9</u>
Total Primary Government										
Program revenues	\$ 15.7	\$ 16.7	\$ 21.4	\$ 17.0	\$ 22.7	\$ 18.5	\$ 18.5	\$ 18.3	\$ 21.3	\$ 24.0
Expenses	<u>(38.1)</u>	<u>(36.7)</u>	<u>(66.7)</u>	<u>(65.4)</u>	<u>(66.2)</u>	<u>(62.1)</u>	<u>(60.8)</u>	<u>(59.6)</u>	<u>(58.0)</u>	<u>(49.0)</u>
Net revenues (expenses)	(22.4)	(20.0)	(45.3)	(48.4)	(43.5)	(43.6)	(42.3)	(41.3)	(36.7)	(25.0)
General revenues and other changes in net position	<u>26.8</u>	<u>23.6</u>	<u>45.9</u>	<u>43.8</u>	<u>43.4</u>	<u>42.9</u>	<u>40.3</u>	<u>40.8</u>	<u>40.2</u>	<u>30.5</u>
Total change in net position	<u>\$ 4.4</u>	<u>\$ 3.6</u>	<u>\$ 0.6</u>	<u>\$ (4.6)</u>	<u>\$ (0.1)</u>	<u>\$ (0.7)</u>	<u>\$ (2.0)</u>	<u>\$ (0.5)</u>	<u>\$ 3.6</u>	<u>\$ 5.5</u>

Source: Audited Financial Statements

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

CITY OF KANKAKEE, ILLINOIS
FUND BALANCES, GOVERNMENTAL FUNDS (Unaudited)
Fiscal Years Ended April 30, 2006 to 2015
(accrual basis of accounting)
(amounts expressed in millions)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Nondisposable	\$ 0.5	\$ 0.6	\$ 0.8	\$ 0.9	\$ 0.5	\$ 0.5	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.5
Unassigned	<u>2.6</u>	<u>2.6</u>	<u>2.3</u>	<u>1.3</u>	<u>0.0</u>	<u>1.0</u>	<u>1.4</u>	<u>2.4</u>	<u>3.1</u>	<u>5.1</u>
Total General Fund	<u>\$ 3.1</u>	<u>\$ 3.2</u>	<u>\$ 3.1</u>	<u>\$ 2.2</u>	<u>\$ 0.5</u>	<u>\$ 1.6</u>	<u>\$ 1.8</u>	<u>\$ 2.8</u>	<u>\$ 3.5</u>	<u>\$ 5.5</u>
All Other Governmental Funds										
Restricted for:										
Capital projects fund	\$ 3.5	\$ 7.4	\$ 5.4	\$ 7.9	\$ 4.4	\$ 8.0	\$ 5.0	\$ 3.1	\$ 1.5	\$ 0.8
Unexpended street maintenance							1.3	1.4	1.8	1.5
Economic development							0.9	1.3	1.8	2.5
Culture & recreation							0.0	0.0	0.0	0.0
Retirement obligations							0.4	0.5	0.5	0.6
Community development							0.2	0.2	0.1	0.1
Special revenue funds	2.2	1.8	2.5	1.9	1.6	1.3				
Debt service funds	1.2	0.7	0.9	1.0	0.3	0.3	0.4	0.4	0.8	1.2
Unassigned, reported in:										
Special revenue funds	0.9	0.4	1.7	0.7	0.3	0.8	(0.1)	(0.4)	(0.3)	(0.4)
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>\$ 7.8</u>	<u>\$ 10.3</u>	<u>\$ 10.5</u>	<u>\$ 11.5</u>	<u>\$ 6.6</u>	<u>\$ 10.4</u>	<u>\$ 8.1</u>	<u>\$ 6.5</u>	<u>\$ 6.3</u>	<u>\$ 6.3</u>
Total, all governmental funds	<u>\$ 10.9</u>	<u>\$ 13.5</u>	<u>\$ 13.6</u>	<u>\$ 13.7</u>	<u>\$ 7.1</u>	<u>\$ 12.0</u>	<u>\$ 9.9</u>	<u>\$ 9.3</u>	<u>\$ 9.8</u>	<u>\$ 11.8</u>

Source: Audited Financial Statements

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

CITY OF KANKAKEE, ILLINOIS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (Unaudited)
Fiscal Years Ended April 30, 2006 to 2015
(modified accrual basis of accounting)
(amounts expressed in millions)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues										
Taxes	\$ 22.4	\$ 22.5	\$ 44.6	\$ 42.9	\$ 39.8	\$ 42.7	\$ 38.8	\$ 40.1	\$ 39.0	\$ 29.5
Special assessments				0.3	0.3	0.3	0.3	0.0	0.4	0.3
Licenses, fees and permits	1.4	1.5	1.1	1.1	1.2	1.3	1.4	1.6	1.3	3.1
Intergovernmental	4.8	4.7	7.9	4.7	3.6	4.5	4.1	3.6	3.0	3.0
Charges for services	0.7	0.6	0.5	0.7	0.8	0.3	0.2	0.2	0.1	0.2
Fines and penalties	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.4
Investment earnings	0.6	0.9	0.9	0.4	0.1	0.1	0.1	0.5	0.1	0.1
Other revenues	<u>0.3</u>	<u>0.2</u>	<u>0.1</u>	<u>0.3</u>	<u>0.7</u>	<u>0.8</u>	<u>0.9</u>	<u>0.0</u>	<u>0.5</u>	<u>0.4</u>
Total revenues	<u>\$ 30.8</u>	<u>\$ 30.9</u>	<u>\$ 55.6</u>	<u>\$ 50.8</u>	<u>\$ 46.9</u>	<u>\$ 50.4</u>	<u>\$ 46.2</u>	<u>\$ 46.3</u>	<u>\$ 44.9</u>	<u>\$ 37.0</u>
Expenditures										
General government	\$ 6.5	\$ 7.1	\$ 9.1	\$ 8.2	\$ 7.6	\$ 7.2	\$ 6.8	\$ 6.7	\$ 7.1	\$ 6.8
Public safety	12.4	13.0	14.2	22.8	16.0	16.1	16.9	17.0	17.4	17.4
Public works	2.2	2.1	2.7	3.5	2.6	0.3				
Highways and streets	5.0	3.8	7.7	4.0	2.8	1.3	2.2	1.7	1.4	1.3
Community development	1.4	1.4	2.3	2.5	1.9	2.4	2.2	1.9	1.5	1.4
Culture and recreation	0.1	0.1	0.1	0.3	0.1	0.0	0.2	0.0	0.0	0.0
Economic development	1.4	0.5	24.2	18.8	16.5	16.4	12.4	12.9	10.8	0.9
Debt service:										
Principal retirement	2.8	2.9	3.3	3.9	4.2	4.6	4.8	4.9	4.6	4.8
Interest and fiscal charges	<u>2.2</u>	<u>4.0</u>	<u>2.3</u>	<u>3.4</u>	<u>2.7</u>	<u>3.1</u>	<u>2.9</u>	<u>2.8</u>	<u>2.4</u>	<u>2.4</u>
Total expenditures	<u>\$ 34.0</u>	<u>\$ 34.9</u>	<u>\$ 65.9</u>	<u>\$ 67.4</u>	<u>\$ 54.4</u>	<u>\$ 51.4</u>	<u>\$ 48.4</u>	<u>\$ 47.9</u>	<u>\$ 45.3</u>	<u>\$ 35.0</u>
Other Financing Sources (Uses)										
Proceeds from borrowing		\$ 5.8	\$ 10.3	\$ 17.6		\$ 5.0				
Proceeds from refunding		4.3		15.1		1.7	\$ 4.8	\$ 7.9	\$ 2.7	\$ 6.8
Payments to escrow agent		(4.4)		(11.0)		(1.7)	(4.7)	(7.7)	(5.7)	(6.7)
Proceeds from disposal of capital assets		0.1								
Transfers in	2.9	\$ 4.1	4.0	4.7	4.4	\$ 4.5	2.9	3.0	6.3	1.8
Transfers out	<u>(2.0)</u>	<u>(3.4)</u>	<u>(4.1)</u>	<u>(9.6)</u>	<u>(2.9)</u>	<u>(3.7)</u>	<u>(3.0)</u>	<u>(2.9)</u>	<u>(2.3)</u>	<u>(1.9)</u>
Total other financing sources (uses)	<u>\$ 0.9</u>	<u>\$ 6.5</u>	<u>\$ 10.2</u>	<u>\$ 16.8</u>	<u>\$ 1.5</u>	<u>\$ 5.8</u>	<u>\$ -</u>	<u>\$ 0.3</u>	<u>\$ 0.9</u>	<u>\$ 0.1</u>
Net change in fund balances	<u>\$ (2.3)</u>	<u>\$ 2.5</u>	<u>\$ (0.1)</u>	<u>\$ 0.2</u>	<u>\$ (6.0)</u>	<u>\$ 4.8</u>	<u>\$ (2.2)</u>	<u>\$ (1.3)</u>	<u>\$ 0.6</u>	<u>\$ 2.0</u>
Capital outlay (included in expenditures above)	<u>\$ 4.0</u>	<u>\$ 4.3</u>	<u>\$ 6.7</u>	<u>\$ 12.2</u>	<u>\$ 1.6</u>	<u>\$ 1.6</u>	<u>\$ (0.0)</u>	<u>\$ (0.0)</u>	<u>\$ 0.6</u>	<u>\$ 0.3</u>
Debt service as a percentage of non-capital expenditures	16.8%	22.5%	9.5%	13.2%	13.2%	15.3%	16.0%	16.0%	15.7%	20.7%

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 2005 - 2014
(amounts expressed in thousands)

Levy Year	Valuation,					City of Kankakee		Ratio, Assessed/ Actual	City Direct Rate ¹
	Residential ²	Commercial ²	Industrial ²	Farm ²	Railroad ²	Assessed ²	Actual ²		
2014	\$ 122,677	\$ 80,826	\$ 22,082	\$ 425	\$ 2,269	\$ 228,279	\$ 684,838	33.3%	6.879
2013	130,167	80,839	22,486	395	2,310	236,198	708,594	33.3%	6.817
2012	147,614	81,104	21,058	371	2,256	252,403	757,209	33.3%	6.156
2011	164,041	79,539	21,613	374	2,185	267,752	803,255	33.3%	5.448
2010	182,769	82,501	21,676	448	1,887	289,282	867,845	33.3%	4.880
2009	182,470	83,328	21,645	428	1,682	289,554	868,661	33.3%	4.785
2008	183,737	81,298	20,377	467	1,382	287,261	861,782	33.3%	3.997
2007	181,232	79,317	22,242	482	1,135	284,408	853,225	33.3%	3.808
2006	168,329	75,596	20,813	483	1,090	266,311	798,933	33.3%	3.806
2005	153,859	70,978	20,783	483	1,066	247,168	741,504	33.3%	3.735
2004	138,099	68,247	21,439	488	1,203	229,476	688,429	33.3%	3.923

Source: Office of the Kankakee County Clerk

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

¹City direct rate is per \$100 EAV

²Amounts expressed in thousands

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

CITY OF KANKAKEE, ILLINOIS
PROPERTY TAX RATES - PER \$100 ASSESSED VALUATION, DIRECT AND OVERLAPPING GOVERNMENT (Unaudited)
LEVY YEARS 2005 - 2014

LEVY YEAR	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
City Direct Rates										
General Fund:										
General Corporate	\$0.009	\$0.009	\$0.008	\$0.008	\$0.008	\$0.006	\$0.007	\$0.008	\$0.009	\$0.010
Fire Protection	0.098	0.092	0.087	0.087	0.086	0.163	0.183	0.201	0.225	0.242
Police Protection	0.076	0.071	0.067	0.067	0.067	0.173	0.194	0.213	0.238	0.254
Firemen's Pension	0.482	0.510	0.511	0.547	0.797	0.753	0.826	0.936	1.087	1.181
Police Pension	0.461	0.461	0.484	0.501	0.699	0.661	0.792	0.897	1.014	1.119
School Crossing Guard	0.012	0.011	0.010	0.010	0.010	0.011	0.012	0.013	0.014	0.015
Liability Insurance	0.421	0.378	0.371	0.370	0.369	0.401	0.452	0.496	0.554	0.598
Audit	0.015	0.014	0.013	0.013	0.013	0.015	0.017	0.019	0.021	0.022
Debt Service	<u>1.377</u>	<u>1.509</u>	<u>1.465</u>	<u>1.550</u>	<u>1.812</u>	<u>1.773</u>	<u>1.961</u>	<u>2.295</u>	<u>2.485</u>	<u>2.207</u>
Total General Fund	<u>\$2.951</u>	<u>\$3.055</u>	<u>\$3.016</u>	<u>\$3.153</u>	<u>\$3.861</u>	<u>\$3.956</u>	<u>\$4.444</u>	<u>\$5.078</u>	<u>\$5.646</u>	<u>\$5.647</u>
Special Revenue Funds										
Parks	\$0.016	\$0.015	\$0.014	\$0.014	\$0.014	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Band	0.006	0.006	0.006	0.006	0.006	0.006	0.007	0.007	0.008	0.008
IMRF	0.220	0.207	0.194	0.203	0.280	0.295	0.323	0.355	0.382	0.401
Library	<u>0.542</u>	<u>0.523</u>	<u>0.578</u>	<u>0.621</u>	<u>0.624</u>	<u>0.623</u>	<u>0.674</u>	<u>0.716</u>	<u>0.781</u>	<u>0.824</u>
Total Special Revenue Funds	<u>\$0.784</u>	<u>\$0.751</u>	<u>\$0.792</u>	<u>\$0.844</u>	<u>\$0.924</u>	<u>\$0.924</u>	<u>\$1.004</u>	<u>\$1.078</u>	<u>\$1.171</u>	<u>\$1.232</u>
Total City Direct Rate	<u>\$3.735</u>	<u>\$3.806</u>	<u>\$3.808</u>	<u>\$3.997</u>	<u>\$4.785</u>	<u>\$4.880</u>	<u>\$5.448</u>	<u>\$6.156</u>	<u>\$6.817</u>	<u>\$6.879</u>
Special District and										
Overlapping Unit Rates										
Special Service Area No. 1	\$1.986	\$1.963	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000	\$2.000
Special Service Area No. 2	0.047	0.043	0.041	0.039	0.040	0.040	0.044	0.049	0.057	0.059
Special Service Area No. 3	1.087	1.008	0.947	0.952	0.083	0.083	0.100	0.100	0.100	0.100
Special Service Area No. 5		0.300	0.300	0.300	0.300	0.300	0.145	0.154	0.163	0.174
Kankakee Township (including Road & Bridge)	0.515	0.508	0.494	0.511	0.515	0.533	0.569	0.618	0.674	0.702
School District No. 111	4.455	4.320	4.196	4.294	4.319	4.325	4.695	4.491	5.377	5.656
Kankakee Valley Airport Authority	0.045	0.043	0.039	0.039	0.038	0.038	0.040	0.041	0.044	0.045
Kankakee Valley Park District	0.549	0.531	0.511	0.518	0.519	0.526	0.568	0.618	0.464	0.702
Kankakee County Forest Preserve District	0.058	0.056	0.054	0.056	0.057	0.059	0.060	0.600	0.060	0.060
Kankakee County	0.842	0.833	0.833	0.816	0.807	0.833	0.890	0.953	1.022	1.053
Kankakee Community College District #520	<u>0.320</u>	<u>0.348</u>	<u>0.381</u>	<u>0.377</u>	<u>0.384</u>	<u>0.396</u>	<u>0.404</u>	<u>0.417</u>	<u>0.451</u>	<u>0.461</u>
Total Overlapping Units	<u>\$9.904</u>	<u>\$9.953</u>	<u>\$9.796</u>	<u>\$9.902</u>	<u>\$9.062</u>	<u>\$9.133</u>	<u>\$9.515</u>	<u>\$10.041</u>	<u>\$10.411</u>	<u>\$11.011</u>
Overall Tax Rate	<u>\$13.639</u>	<u>\$13.759</u>	<u>\$13.604</u>	<u>\$13.899</u>	<u>\$13.847</u>	<u>\$14.013</u>	<u>\$14.963</u>	<u>\$16.197</u>	<u>\$17.228</u>	<u>\$17.890</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 2005 AND 2014 (10 YEARS, PRIOR AND CURRENT LEVY YEAR)

<u>Taxpayer</u>	<u>Levy year 2005</u>			<u>Levy year 2014</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
BASF Cognis Corporation	\$ 6,774,059	1	2.74%	\$ 4,799,019	1	2.10%
Great Oak LLC	4,209,159	2	1.70%			
Walmart				3,638,933	2	1.59%
Armstrong World Industries, Inc.	2,775,201	5	1.12%	2,864,843	3	1.25%
Riverside Senior Living Center	2,849,634	3	1.15%	2,849,634	4	1.25%
Riverside Medical Center	2,797,696	4	1.13%			
IKO Midwest, Inc.				2,839,129	5	1.24%
Presence Properties (Med Centers)				2,702,837	6	1.18%
Riverwoods Association	2,609,679	6	1.06%	2,609,679	7	1.14%
Space Center Chicago, Inc.	2,557,311	7	1.03%	2,577,311	8	1.13%
Rohm & Haas (Cor Unum)	1,999,204	9	0.81%	2,169,030	9	0.95%
Sun Chemical Corp.				1,648,426	10	0.72%
GNB Industrial Battery	1,938,391	10	0.78%	-		0.00%
Heritage Executive Center, Inc.	2,116,658	8	0.86%	-		0.00%
Total	<u>\$ 30,626,992</u>		<u>12.39%</u>	<u>\$ 28,698,841</u>		<u>12.57%</u>
Total EAV	<u>\$ 247,167,843</u>			<u>\$ 228,279,322</u>		

Source: Kankakee County Supervisor of Assessments

CITY OF KANKAKEE, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS (Unaudited)
LEVY YEARS 2005 - 2014

<u>Tax Levy</u> <u>Year</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Amount</u>	<u>Collected within the</u> <u>Fiscal Year of the Levy</u> <u>Percentage</u> <u>of Levy</u>
2014	\$ 14,603,094		
2013	15,107,818	\$ 15,351,843	101.6%
2012	14,542,067	14,338,748	98.6%
2011	13,699,916	13,878,101	101.3%
2010	13,293,730	13,273,991	99.9%
2009	12,300,212	12,328,309	100.2%
2008	10,438,232	10,325,580	98.9%
2007	10,015,994	9,822,065	98.1%
2006	9,432,477	9,238,993	97.9%
2005	8,702,452	8,714,051	100.1%

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

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

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

CITY OF KANKAKEE, ILLINOIS
OUTSTANDING DEBT (PRINCIPAL AND INTEREST) BY TYPE AND LEGAL DEBT MARGIN (Unaudited)
Fiscal Years Ended April 30, 2006 to 2015

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) ¹	Total Business- type (C+D=E)			
2015	\$49,294,656	\$1,640,416	\$13,570,000		\$13,570,000	\$64,505,072	\$2,342	6.3%
2014	53,687,327	1,970,020	14,035,000		14,035,000	69,692,347	2,531	6.9%
2013	60,842,327	2,286,919	8,315,000	\$4,350,000	12,665,000	75,794,246	2,752	7.5%
2012	65,302,327	2,591,617	8,765,000	\$4,000,000	12,765,000	80,658,944	2,929	8.3%
2011	69,687,327	2,884,600	9,205,000		9,205,000	81,776,927	2,970	8.7%
2010	68,912,327	3,166,333	6,795,000		6,795,000	78,873,660	2,869	8.8%
2009	72,817,327	3,484,556	2,970,000		2,970,000	79,271,883	2,884	8.9%
2008	55,097,327	3,660,534	7,545,000		7,545,000	66,302,861	2,412	7.3%
2007	51,455,000	359,319	8,075,000		8,075,000	59,889,319	2,179	7.0%
2006	50,620,000	444,500	8,585,000		8,585,000	59,649,500	2,170	7.3%

¹Line of credit

²Installment 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.

**CITY OF KANKAKEE, ILLINOIS
RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING (Unaudited)
Fiscal Years Ended April 30, 2006 to 2015**

<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>Value</u>	<u>Revenue Coverage, Utility Bonds</u>
2015	\$ 49,294,656	\$ 1,790	4.9%	21.6%	7.2%	2.55
2014	53,687,327	1,950	5.3%	22.7%	7.6%	2.82
2013	60,842,327	2,209	6.0%	24.1%	8.0%	1.06
2012	65,302,327	2,371	6.7%	24.4%	8.1%	2.48
2011	69,687,327	2,531	7.2%	24.1%	8.0%	0.69
2010	68,912,327	2,507	7.7%	23.8%	7.9%	3.80
2009	72,817,327	2,649	8.2%	25.3%	8.4%	0.19
2008	55,097,327	2,004	6.1%	19.4%	6.5%	1.36
2007	51,455,000	1,872	6.0%	19.3%	6.4%	1.31
2006	50,620,000	1,841	6.2%	20.5%	6.8%	0.99

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, 2015

<u>Jurisdiction</u>	<u>Outstanding Debt</u>	<u>Estimate</u>	
		<u>Applicable to City Percent</u>	<u>Amount</u>
Direct			
City of Kankakee ⁽¹⁾	<u>\$ 37,106,483</u>	100.00%	<u>\$ 37,106,483</u>
Overlapping ⁽²⁾			
Kankakee School District No. 111	12,470,821	64.30%	8,018,738
Herscher School District No. 2	8,115,000	0.71%	57,617
Bradley School District No. 61	2,930,000	5.01%	146,793
Bradley-Bourbonnais High School District No. 307	12,220,000	1.50%	183,300
Clifton School District No. 4	7,733,792	1.82%	140,755
Bourbonnais Township Park District	2,435,000	1.69%	41,152
Kankakee Community College Dist. No. 520	11,950,000	9.81%	1,172,295
Kankakee County ³	<u>-</u>	12.58%	<u>-</u>
Total Overlapping Debt	<u>57,854,613</u>		<u>9,760,650</u>
Total Net Direct and Overlapping Debt	<u>\$ 94,961,096</u>		<u>\$ 46,867,133</u>
2014 Equalized Assessed Valuation (EAV)			\$ 228,279,322
2014 Estimated Full Valuation			\$ 684,837,966
Population - 2010 Census			27,537
Full Valuation per Capita			\$ 24,870

Debt Ratios

	<u>% EAV</u>	<u>% Full Value</u>	<u>Per Capita</u>
Net Direct Debt: \$ 37,106,483	16.25%	5.42%	\$ 1,348
Net Direct and Overlapping Debt: \$ 46,867,133	20.53%	6.84%	\$ 1,702

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

(2) Debt Information current to April 2015; overlapping bonded debt as of July 2015; source is Kankakee County

(3) The County's bonded debt totals \$19,260,000, all of which is self-supporting

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF UTILITY REVENUE SUPPORTED BOND COVERAGE (UNAUDITED)
Fiscal Years Ended April 30, 2006 to 2015

<u>Fiscal Year</u>	<u>Sewer Revenue</u>	<u>Sewer Expense (1)</u>	<u>Net Revenues Available for Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage (2)</u>
2015	\$ 12,193,849	\$ 9,331,313	\$ 2,862,536	\$ 480,000	\$ 642,685	\$ 1,122,685	2.55
2014	11,502,262	8,526,303	2,975,959	465,000	589,788	1,054,788	2.82
2013	9,293,626	8,374,382	919,244	450,000	420,195	870,195	1.06
2012	9,426,813	7,284,586	2,142,227	440,000	424,515	864,515	2.48
2011	8,626,955	7,212,080	2,409,054	3,030,000	438,202	3,468,202	0.69
2010	7,872,919	6,392,731	1,480,188	175,000	214,788	389,788	3.80
2009	7,692,088	7,053,293	638,795	3,078,923	356,250	3,435,173	0.19
2008	8,836,943	7,598,441	1,238,502	530,000	377,936	907,936	1.36
2007	8,391,133	7,203,822	1,187,311	510,000	398,626	908,626	1.31
2006	8,290,892	7,393,728	897,164	490,000	417,930	907,930	0.99

(1) Total operating expenses exclusive of depreciation.

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

**CITY OF KANKAKEE, ILLINOIS
DEMOGRAPHIC AND ECONOMIC STATISTICS (Unaudited)
Fiscal Years Ended April 30, 2006 to 2015**

<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
2015	27,537	\$ 36,892	\$ 1,015,895,004	6.0%
2014	27,537	36,892	1,015,895,004	8.6%
2013	27,537	36,892	1,015,895,004	11.3%
2012	27,537	35,243	970,486,491	14.5%
2011	27,537	33,945	934,743,465	15.0%
2010	27,491	32,643	897,388,713	16.7%
2009	27,491	32,451	892,110,441	15.5%
2008	27,491	32,866	903,519,206	12.0%
2007	27,491	31,302	860,523,282	8.8%
2006	27,491	29,838	820,276,458	7.9%

¹ Census Bureau, 2010

² Bureau of Economic Analysis for Kankakee Metro Statistical Area

³ June 2015, Illinois Department of Employment Security

CITY OF KANKAKEE, ILLINOIS
LARGEST REGIONAL EMPLOYERS (Unaudited)
Fiscal Years Ended April 30, 2006 and April 30, 2015

<u>Employer</u>	2006			2015		
	<u>Number of Employees</u>	<u>Rank</u>	<u>% of Total County Population</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>% of Total County Population</u>
Riverside Healthcare	2,100	1	2.0%	2,600	1	2.3%
Shapiro Developmental Center	1,288	2	1.2%	1,167	2	1.0%
CIGNA (Connecticut General Insurance)	900	4	0.9%	1,100	4	1.0%
CSL Behring	550	10	0.5%	1,000	5	0.9%
Presence St. Mary's Hospital	1,000	3	1.0%	850	3	0.7%
Kankakee School District No. 111	800	5	0.8%	800	6	0.7%
Baker & Taylor Company	640	6	0.6%	580	7	0.5%
Olivet Nazarene University	400	11	0.4%	579	8	0.5%
Kankakee County Government	550	9	0.5%	550	9	0.5%
Kankakee Community College	396	12	0.4%	500	10	0.4%
Van Drunen Farms ¹				400	11	0.4%
Illinois Veterans Home ¹				360	12	0.3%
Flanders-Precisionaire ¹				350	13	0.3%
Nucor Steel	300	16	0.3%	325	14	0.3%
City of Kankakee	<u>352</u>	14	<u>0.3%</u>	<u>284</u>	15	<u>0.3%</u>
Total	<u>9,276</u>		<u>8.9%</u>	<u>11,445</u>		<u>10.1%</u>

¹Employer was not in top 15 in calendar 2006

Source: Economic Alliance of Kankakee County
City of Kankakee records from fiscal 2006 audit

Table E-1

CITY OF KANKAKEE, ILLINOIS
FULL-TIME EQUIVALENT EMPLOYEES (Unaudited)
Fiscal Years Ended April 30, 2006 to 2015

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
Mayor and Council	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	17.0	17.0
Affirmative Action/Personnel	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	-
Clerk	3.5	3.5	3.5	3.0	3.0	3.0	2.5	2.5	2.5	2.5
Finance/Central Services										
Accounting	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Billing and Collections	1.5	1.5	1.5	1.5	1.5	1.5	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	2.0	2.0
Adjudication	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Senior Aides	2.0	2.0	2.0	2.0	2.0	-	-	-	-	-
Public Safety										
Police										
Officers	70.0	73.0	73.0	74.0	74.0	70.0	69.0	70.0	69.0	67.0
Civilians	15.0	15.0	15.0	13.0	13.0	12.0	7.0	7.5	9.0	4.0
Fire										
Firefighters and Officers	51.0	52.0	52.0	58.0	58.0	56.0	52.0	53.0	51.0	48.0
Civilians	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	3.0	2.0
Code	16.0	16.0	16.0	15.0	15.0	12.0	9.0	9.0	12.0	10.0
Public Works										
Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Garage	2.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0
Streets, Alleys, and Solid Waste	10.0	19.0	21.0	21.0	21.0	22.0	25.0	29.0	24.0	24.0
Parks	1.0	1.0	1.0	1.0	1.0	-	-			
Community Development Agency	6.0	6.0	6.0	9.0	9.0	9.0	9.0	7.0	5.5	6.0
Sewer Utility										
Administration and clerical	4.0	4.0	4.0	3.0	3.0	2.0	1.0	5.0	5.0	5.0
Lab	6.0	6.0	6.0	5.0	5.0	5.0	6.0	6.0	4.0	4.0
Sewer services	10.0	10.0	10.0	9.0	9.0	9.0	9.0	7.0	6.0	9.0
Technical services	4.0	5.0	5.0	11.0	11.0	11.0	9.0	8.0	5.0	4.0
Building maintenance	4.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	-	-	-	-	-	-	-	-	-	-
Total	<u>237.5</u>	<u>251.5</u>	<u>253.5</u>	<u>262.0</u>	<u>262.0</u>	<u>248.0</u>	<u>232.5</u>	<u>238.0</u>	<u>230.0</u>	<u>218.0</u>

Source: City records

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

CITY OF KANKAKEE, ILLINOIS
OPERATING INDICATORS (Unaudited)
Fiscal Years Ended April 30, 2006 to April 30, 2015

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public Safety										
Police										
Total arrests	2,633	2,575	3,750	2,366	2,225	2,038	2,038	2,230	1,494	1,498
Traffic citations	3,459	4,265	6,983	5,279	3,540	5,260	5,260	3,330	4,217	5,296
Fire										
Fire runs	2,479	2,643	2,564	2,727	2,328	2,509	5,377	5,372	4,299	5,569
Structure fires	123	124	114	144	173	123	88	57	168	51
EMS calls	3,394	3,445	3,755	3,723	3,768	3,782	3,658	3,685	3,941	4,391
Public Works										
Street Sweepings (tons)	932	1,079	1,079	1,079	903	478	478	475	568	603
Non-demolition waste (tons)	629	922	922	922	613	656	656	665	774	672
Wastewater										
Number of customers										
Residential and commercial	8,337	8,302	8,162	8,043	7,907	7,985	7,957	7,683	7,683	7,683
Industrial and institutional	38	33	36	40	40	40	44	45	46	46
Sewer charges (in thousands of \$'s)										
Residential	\$2,558	\$2,525	\$2,516	\$2,737	\$3,222	\$3,373	\$3,718	\$3,491	\$4,065	\$4,167
Industrial	\$3,979	\$4,130	\$4,714	\$4,372	\$4,729	\$5,076	\$5,709	\$5,355	\$7,437	\$7,220
Treatment capacity (MGD)	15	14	14	14	14	14	14	14	25	25
Present Load (MGD)	8	8	8	8	8	8	8	8	12	16

Source: City records

CITY OF KANKAKEE, ILLINOIS
CAPITAL ASSET STATISTICS (Unaudited)
Fiscal Years Ended April 30, 2006 to April 30, 2015

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	24	24	25	25	25	25	25	22	22
Fire										
Stations	6	6	6	7	7	7	7	7	7	7
Front-line apparatus	6	6	6	7	7	7	7	7	7	7
Public works										
Streets (miles)	254	256	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)	221	222	222	222	222	222	222	222	222	222
Streetlights	180	192	192	192	192	192	192	192	192	192
Traffic signals (intersections)	9	33	33	33	33	33	33	33	33	33
Storm sewers (miles)	119	120	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

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SINGLE AUDIT SECTION



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

The Honorable Mayor and City Council
City of Kankakee, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kankakee, Illinois (the City), as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 23, 2015.

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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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*.

Purpose of this Report

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

Groskreutz, Abraham, Eschleman & Genetse LLC

Kankakee, Illinois
November 23, 2015



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

The Honorable Mayor and City Council
City of Kankakee, Illinois

Report on Compliance for Each Major Federal Program

We have audited the City of Kankakee, Illinois' (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended April 30, 2015. City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2015.

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Groskreutz, Abraham, Eshterman & Gerretse LLC

Kankakee, Illinois
November 23, 2015

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended April 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>MAJOR PROGRAMS</u>			
<u>Department of Housing and Urban Development</u>			
Lead-Based Paint Abatement	14.900	ILL HB 0526-12	\$ 592,556
Lead-Based Paint Abatement	14.900	ILL HB 0526-12	<u>146,635</u>
			<u>739,191</u>
<u>Environmental Protection Agency</u>			
Passed-through Illinois Environmental Protection Agency: Capitalization Grant for Clean Water State Revolving Fund	66.458		<u>613,433</u>
Total Major Programs			<u>1,352,624</u>
<u>OTHER PROGRAMS</u>			
<u>Department of Transportation</u>			
Passed-through Illinois Department of Transportation: Highway Planning and Construction	20.205	P-93-035-10	115,782
Highway Planning and Construction	20.205	C-93-121-12	<u>6,518</u>
			<u>122,300</u>
Highway Safety Project	20.600	OP-15-0185	9,925
Highway Safety Project	20.600	AP-14-0092	<u>23,976</u>
			<u>33,901</u>
Total Department of Transportation			<u>156,201</u>
<u>Department of Housing and Urban Development</u>			
Passed-through Illinois Housing Development Authority:			
Homebuyer Acquisition and Rehabilitation Program	14.239	SHB-50653	113,567
Single Family Owner-Occupied Rehabilitation Program	14.239	HO-50836	90,414
Single Family Owner-Occupied Rehabilitation Program	14.239	HO-50229	<u>28,431</u>
			<u>232,412</u>
Community Development Block Grant: Program year 2014	14.218	B-14-MC-17-0026	<u>434,217</u>
Economic Development Initiative	14.251	B-09-SP-IL-0137	<u>23,976</u>
Total Department of Housing and Urban Development			<u>690,605</u>

(Continued)

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
For the year ended April 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>Department of Justice</u>			
JAG Program Cluster:			
FY2011 Justice Assistance Grant Program	16.738	2011-DJ-BX-2914	24,859
FY2012 Justice Assistance Grant Program	16.738	2012-DJ-BX-0210	1,910
FY2013 Justice Assistance Grant Program	16.738	2013-DJ-BX-0690	21,309
FY2014 Justice Assistance Grant Program	16.738	2014-DJ-BX-1093	5,480
			<u>53,558</u>
Passed-through Illinois Criminal Justice Information Authority:			
Edward Byrne Memorial Justice Assistance	16.738	412005	63,189
Edward Byrne Memorial Justice Assistance	16.738	410005	48,457
			<u>111,646</u>
Total JAG Program Cluster			<u>165,204</u>
Bulletproof Vest Partnership	16.607		<u>2,485</u>
Total Department of Justice			<u>167,689</u>
<u>Department of Homeland Security</u>			
Passed-through Illinois Emergency Management Agency:			
State-Local Hazard Mitigation Grant Program	97.039	FEMA-DR-1960-IL	<u>67,077</u>
Fire Prevention and Safety	97.044	EMW-2013-FP-00119	<u>65,000</u>
Total Department of Homeland Security			<u>132,077</u>
Total Other Programs			<u>1,146,572</u>
Total Federal Awards			<u>\$2,499,196</u>

CITY OF KANKAKEE, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended April 30, 2015

SIGNIFICANT ACCOUNTING POLICIES:

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

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

Reporting Entity

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

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

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

Subrecipients

The City did not have any subrecipients.

Other information

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

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended April 30, 2015

SECTION I – SUMMARY OF AUDITORS RESULTS:

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

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

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

Any audit finding disclosed that are required to be reported in accordance with §510(a) of OMB Circular A-133? X yes _____ no

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

CITY OF KANKAKEE, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
For the year ended April 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS:

No findings are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

2015-001 – Lead Based Paint Abatement – CFDA No. 14.900, Year Ended April 30, 2015.

Condition: Two properties of the 24 properties tested did not have the post rehabilitation inspection, lead level analysis and Certificate of Lead Compliance completed at the conclusion of the rehabilitation.

Criteria: 24 CFR part 35, subpart A9C states “Clearance Testing. If rehabilitation is conducted in conjunction with lead hazard control, clearance may be conducted either after the lead hazard control work is completed and again after any subsequent rehabilitation work is completed, or after all the lead hazard control and rehabilitation work is completed. Clearance shall be successfully completed before re-occupancy.”

Questioned Costs: None.

Cause and Effect: The City did not complete the post rehabilitation inspection prior to re-occupancy.

Recommendation: We recommend the City review the process of completing lead based paint abatement files and properties before allowing re-occupancy.

Response and Corrective Action Plan:

The City is implementing a formal policy and revising its process of completing lead based paint abatement rehabilitation files to ensure that clearances have occurred before the conclusion of the rehabilitation. The implementation of the formal policy will include staff training on proper completion of each file.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS:

No findings were reported.

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