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May 27, 2019

To the Kankakee County Board, Finance Committee, and Management
Kankakee County, Illinois

In planning and performing our audit of the financial statements of Kankakee County, Illinois, as of and for the year ended November 30, 2018, we noted the following items which are worthy of your consideration.

Cash Deposits

We noted that there were no cash deposits made for the Commissary Fund between November 15, 2018 and November 30, 2018. Deposits should be made within two days of receipt per the State's Prompt Deposit Act. We also noted delayed deposits during our testing of Circuit Clerk receipts, which was communicated to management in a separate letter. We recommend that departments develop processes to ensure compliance with the Prompt Deposit Act.

Special Revenue Funds

Per GASB No. 54, special revenue funds are permitted to be used when revenues that are restricted or committed to expenditures for a specified purpose (other than debt service or capital projects) serve as the foundation for the fund. Per discussion with management, the revenues in the SAO HH Collections Fund (Fund 304) are not restricted or committed for a specified purpose and therefore should be included in the General Fund for reporting purposes. The amounts are immaterial to the financial statements for fiscal year ending November 30, 2018. However, the County should consider moving the activity to the General Fund or report with the General Fund on future financial statements.

Accruals at Highway Department

Audit adjustments were posted in the County Highway Fund to record approximately \$121,700 of payroll reimbursements receivable from the County Motor Fuel Tax Fund at November 30, 2018. At year-end, the Highway Department should verify that payables and receivables between funds are posted in all related funds.

Bonds and Interest Levy

For tax years 2017 and 2018, the County once again levied for bonds and interest on the General Obligation Bonds (2011, 2012 and 2012A alternate revenue bonds) which were paid by pledged revenue sources prior to tax year 2015. This decision was made due to the deteriorating fiscal condition of the County. As inmate housing revenues increase (total inmate revenues of \$5.7M in 2016, \$8.5M in 2017, and \$10.5M in 2018), the County should consider whether and when those revenues should once again be pledged for the payment of debt service in accordance the requirements of the bond ordinances.



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Circuit Clerk

Items worthy of consideration related to the Circuit Clerk operations were communicated in a separate letter to management dated May 27, 2019.

We appreciate the courtesy and cooperation of your staff during our audit and would be happy to discuss the above items further at your request. This report is intended solely for the information and use of the Board, Board Committees, management, and appropriate regulatory agencies.

Sincerely,

Smith, Kelling, Dykstra and Ohm, P.C.