CITY OF BUNKER HILL, ILLINOIS

REPORT AND FINANCIAL STATEMENTS

APRIL 30, 2015

CITY OF BUNKER HILL, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Bunker Hill, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bunker Hill, Illinois, 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bunker Hill, Illinois, as of April 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the management discussion and analysis and budgetary comparison schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bunker Hill, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditure of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedule of expenditure of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditure of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The combining and individual nonmajor fund financial statements and schedule of expenditure of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2015 on our consideration of the City of Bunker Hill, Illinois' 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 do not 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 of Bunker Hill, Illinois' internal control over financial reporting and compliance.

Franklin & Vaughn, LLC

Franklin & Vaughn, LLC
Edwardsville, IL 62025
October 1, 2015

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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*

To the Mayor and City Council
City of Bunker Hill, 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 Bunker Hill, Illinois as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise The City of Bunker Hill, Illinois' basic financial statements, and have issued our report thereon dated October 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bunker Hill, Illinois' 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 of Bunker Hill, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bunker Hill, Illinois' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies, Finding 2015-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bunker Hill, Illinois' 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs, Finding 2015-001.

The City of Bunker Hill, Illinois' Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Franklin & Vaughn, LLC

Franklin & Vaughn, LLC
Edwardsville, IL 62025
October 1, 2015

CITY OF BUNKER HILL, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2015

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
CURRENT ASSETS:			
Cash	$ 63,470	$ 459,146	$ 522,616
Cash Investments	130,409	186,151	316,560
Accounts and Taxes Receivable	238,942	150,566	389,508
Inventory		12,000	12,000
Total Current Assets	$ 432,821	$ 807,863	$ 1,240,684
CAPITAL ASSETS:			
Utility Systems		$ 9,660,540	$ 9,660,540
Streets	$ 711,792		711,792
Buildings and Improvements	2,261,340		2,261,340
Equipment	368,549		368,549
Vehicles	244,298		244,298
Total Cost of Capital Assets	$ 3,585,979	$ 9,660,540	$ 13,246,519
Less: Accumulated Depreciation	(1,403,790)	(3,594,921)	(4,998,711)
Net Capital Assets	$ 2,182,189	$ 6,065,619	$ 8,247,808
TOTAL ASSETS	$ 2,615,010	$ 6,873,482	$ 9,488,492
LIABILITIES AND NET ASSETS:			
CURRENT LIABILITIES:			
Accounts Payable	$ 20,892	$ 4,775	$ 25,667
Accrued Payroll and Payroll Costs	2,838	1,448	4,286
Customer Deposits		58,108	58,108
Accrued Interest		20,000	20,000
Current Portion - Long-term Debt	13,713	4,168	17,881
Total Current Liabilities	$ 37,443	$ 88,499	$ 125,942
LONG-TERM DEBT:			
Bonds and Notes Payable - Net of Current Portion	$ 199,507	$ 2,825,000	$ 3,024,507
TOTAL LIABILITIES	$ 236,950	$ 2,913,499	$ 3,150,449
NET ASSETS:			
Investment in Capital Assets, Net of Related Debt	$ 1,968,969	$ 3,220,619	$ 5,189,588
Restricted (Note 1)	535,956	182,076	718,032
Unassigned	(126,865)	557,288	430,423
TOTAL NET ASSETS	$ 2,378,060	$ 3,959,983	$ 6,338,043

The accompanying notes are an integral part of these financial statements.

EXHIBIT "B"

CITY OF BUNKER HILL, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED APRIL 30, 2015

			PROGRAM REVENUES		
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSES) REVENUE
PRIMARY GOVERNMENT:					
Governmental Activities:					
General Government	$ 242,414	$ 11,346			$ (231,068)
Public Safety	327,480	52,443			(275,037)
Transportation and Public Works	199,048	27,636			(171,412)
Culture and Recreation	32,071	36,221			4,150
Total Governmental Activities	$ 801,013	$ 127,646	$ -	$ -	$ (673,367)
Business-Type Activities:					
Water	$ 606,296	$ 512,790			$ (93,506)
Sewer	410,842	435,352		$ 630,526	655,036
Total Business-Type Activities	$1,017,138	$ 948,142	$ -	$ 630,526	$ 561,530
Total Primary Government	$1,818,151	$1,075,788	$ -	$ 630,526	$ (111,837)

CHANGES IN NET ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
NET (EXPENSE) REVENUE	$ (673,367)	$ 561,530	$ (111,837)
GENERAL REVENUES:			
Local Taxes	$ 155,013	$ 37,649	$ 192,662
Intergovernmental Taxes	459,142		459,142
Licenses and Permits	17,826		17,826
Interest Income	121	1,592	1,713
Other Income	25,378		25,378
Total General Revenue	$ 657,480	$ 39,241	$ 696,721
Change in Net Assets	$ (15,887)	$ 600,771	$ 584,884
NET ASSETS, MAY 1	2,393,947	3,359,212	5,753,159
NET ASSETS, APRIL 30	$2,378,060	$3,959,983	$6,338,043

The accompanying notes are an integral part of these financial statements.

CITY OF BUNKER HILL, ILLINOIS
BALANCE SHEET - GOVERNMENTAL FUNDS
APRIL 30, 2015

	GENERAL CORPORATE FUND	STREET FUND	MOTOR FUEL TAX FUND	ROAD AND BRIDGES FUND	PARKS AND RECREATION FUND	POLICE PROTECTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:								
Current Assets:								
Cash	$ 17,834		$ 915	$ 28,420	$ 2,718		$ 13,583	$ 63,470
Cash Investments	83,167		5,403	41,839				130,409
Accounts Receivable			8,000		14,562			22,562
Property Taxes Receivable	36,000	$ 27,490				$ 31,419	50,897	145,806
State Income Tax Receivable	36,324							36,324
Sales and Telecom Tax Receivable	34,250							34,250
Total Assets	$ 207,575	$ 27,490	$ 14,318	$ 70,259	$ 17,280	$ 31,419	$ 64,480	$ 432,821
LIABILITIES AND FUND BALANCES:								
Current Liabilities:								
Accounts Payable	$ 15,637	$ 1,901	$ 665		$ 932	$ 1,377		$ 20,512
Accrued Expenses	380							380
Accrued Payroll	422	311			148	1,448		2,329
Accrued Payroll Taxes and Retirement	92	68			32	317		509
Deferred Tax Revenue	36,000	27,490				31,419	$ 50,897	145,806
Total Current Liabilities	$ 52,531	$ 29,770	$ 665	$ -	$ 1,112	$ 34,561	$ 50,897	$ 169,536
FUND BALANCES:								
Restricted			$ 13,653					$ 13,653
Assigned		$ (2,280)		$ 70,259	$ 16,168	$ (3,142)	$ 13,583	94,588
Unassigned	$ 155,044							155,044
Total Fund Balances	$ 155,044	$ (2,280)	$ 13,653	$ 70,259	$ 16,168	$ (3,142)	$ 13,583	$ 263,285
Total Liabilities and Fund Balances	$ 207,575	$ 27,490	$ 14,318	$ 70,259	$ 17,280	$ 31,419	$ 64,480	$ 432,821

The accompanying notes are an integral part of these financial statements.

EXHIBIT "D"

CITY OF BUNKER HILL, ILLINOIS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
APRIL 30, 2015

Total Fund Balances - Total Governmental Funds	$	263,285
Amounts Reported for Governmental Activities in the Statement of Net Assets Are Different Because:		
Certain taxes applicable to the City's governmental activities are not earned until available for fund financial reporting and accordingly are not reported as revenues on the fund statements		145,806
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the Statement of Net Position.		(213,220)
Capital assets of $3,585,979 net of accumulated depreciation of $1,403,790 are not financial resources and, therefore, are not reported in the funds.		2,182,189
Net Position of Governmental Activities	$	2,378,060

The accompanying notes are an integral part of these financial statements.

CITY OF BUNKER HILL, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2015

	GENERAL CORPORATE FUND	STREET FUND	MOTOR FUEL TAX FUND	ROAD AND BRIDGES FUND	PARKS AND RECREATION FUND	POLICE PROTECTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:								
Local Taxes	$ 35,882	$ 26,461		$ 10,760		$ 31,316	$ 50,732	$ 155,151
Intergovernmental Taxes	418,401		$ 40,741					459,142
Interest			20	93	$ 8			121
Fines and Penalties						15,492		15,492
Licenses and Permits	17,826							17,826
Rental Income	17,378	8,000						25,378
Service, Reimbursements and Other Income	11,346	27,636			36,221	36,951		112,154
Total Revenues	$ 500,833	$ 62,097	$ 40,761	$ 10,853	$ 36,229	$ 83,759	$ 50,732	$ 785,264
EXPENDITURES:								
General Government	$ 174,987						$ 31,550	$ 206,537
Public Safety						$ 317,624		317,624
Transportation and Public Works		$ 151,898						151,898
Culture and Recreation					$ 30,110			30,110
Capital Outlay			$ 62,651			54,648		117,299
Total Expenditures	$ 174,987	$ 151,898	$ 62,651	$ -	$ 30,110	$ 372,272	$ 31,550	$ 823,468
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	$ 325,846	$ (89,801)	$ (21,890)	$ 10,853	$ 6,119	$ (288,513)	$ 19,182	$ (38,204)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In / (Out)	$ (359,920)	$ 88,685			$ 10,856	$ 260,978	$ (599)	$ -
Long-Term Borrowings						44,648		44,648
Principal Payments						(6,428)	(5,000)	(11,428)
Total Other Financing Sources (Uses)	$ (359,920)	$ 88,685	$ -	$ -	$ 10,856	$ 299,198	$ (5,599)	$ 33,220
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (34,074)	$ (1,116)	$ (21,890)	$ 10,853	$ 16,975	$ 10,685	$ 13,583	$ (4,984)
FUND BALANCE - MAY 1	189,118	(1,164)	35,543	59,406	(807)	(13,827)	-	268,269
FUND BALANCE - APRIL 30	$ 155,044	$ (2,280)	$ 13,653	$ 70,259	$ 16,168	$ (3,142)	$ 13,583	$ 263,285

The accompanying notes are an integral part of these financial statements.

CITY OF BUNKER HILL, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2015

Net Change in Fund Balances - Total Governmental Funds	$	(4,984)
Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because:		
Governmental funds report payments on debt principal as an expense. However, in the Statement of Activities, the payment of debt principal is not recorded. This payment is reflected on the Statement of Net Assets as a reduction in the loan principal.		11,428
Governmental funds report proceeds from loans as income. However, in the Statement of Activitites, the receipt of loan proceeds is not recorded. This receipt is reflected on the Statement of Net Assets as an increase in long term debt.		(44,648)
Certain taxes applicable to the City's governmental activities are not earned until available for fund financial reporting and accordingly are not reported as revenues in the fund statements.		(138)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount shown is the amount by which capital outlay of $115,885 exceeded depreciation of $93,430 in the current period.		22,455
Change in Net Position of Governmental Activities	$	(15,887)

The accompanying notes are an integral part of these financial statements.

CITY OF BUNKER HILL, ILLINOIS
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
APRIL 30, 2015

	WATER	SEWER	OTHER PROPRIETARY FUNDS	TOTAL PROPRIETARY FUNDS
ASSETS:				
Current Assets:				
Cash	$ 107,391	$ 315,447	$ 36,308	$ 459,146
Cash Investments	77,229	28,922	80,000	186,151
Accounts Receivable (Net of Allowance)	51,113	61,819	37,634	150,566
Inventory	6,000	6,000		12,000
Total Current Assets	$ 241,733	$ 412,188	$ 153,942	$ 807,863
Capital Assets:				
Property, Plant, and Equipment	$ 3,645,367	$ 6,015,173		$ 9,660,540
Less Accumulated Depreciation	(1,988,034)	(1,606,887)		(3,594,921)
Net Capital Assets	$ 1,657,333	$ 4,408,286	$ -	$ 6,065,619
Total Assets	$ 1,899,066	$ 4,820,474	$ 153,942	$ 6,873,482
LIABILITIES:				
Current Liabilities:				
Accounts Payable	$ 1,803	$ 2,972		$ 4,775
Customer Deposits	58,108			58,108
Accrued Payroll	594	594		1,188
Accrued Payroll Taxes and Retirement	130	130		260
Bonds Payable - In One Year	20,000			20,000
Interest Payable - Current	4,168			4,168
Total Current Liabilities	$ 84,803	$ 3,696	$ -	$ 88,499
Long-Term Liabilities:				
Bonds and Notes Payable Beyond One Year	$ 325,000	$ 2,500,000		$ 2,825,000
Total Liabilities	$ 409,803	$ 2,503,696	$ -	$ 2,913,499
FUND NET ASSETS:				
Investment in Capital Assets	$ 1,312,333	$ 1,908,286		$ 3,220,619
Restricted for:				
Current Bond Maturities			$ 63,067	63,067
Future Bond Maturities		28,134	67,075	95,209
Sewer Reserves, Replacement, and Maintenance			23,800	23,800
Unrestricted	176,930	380,358		557,288
Total Fund Net Assets	$ 1,489,263	$ 2,316,778	$ 153,942	$ 3,959,983
Total Liabilities and Fund Net Assets	$ 1,899,066	$ 4,820,474	$ 153,942	$ 6,873,482

The accompanying notes are an integral part of these financial statements.

CITY OF BUNKER HILL, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2015

	WATER	SEWER	OTHER PROPRIETARY FUNDS	TOTAL PROPRIETARY FUNDS
OPERATING REVENUES:				
Water and Sewer Collections	$ 493,039	$ 419,320		$ 912,359
Connection Fees	5,120	600		5,720
Penalties	8,638	8,835		17,473
Refunds and Reimbursements	5,993	6,597		12,590
Total Revenues	$ 512,790	$ 435,352	$ -	$ 948,142
OPERATING EXPENSES:				
Cost of Water	$ 270,005			$ 270,005
Salaries and Wages	83,112	$ 84,413		167,525
Payroll Taxes and Fringe Benefits	46,655	46,394		93,049
Repairs and Maintenance	57,004	32,234		89,238
Professional Fees	3,768	6,214		9,982
Equipment Rental	13,347	3,573		16,920
Supplies	14,213	5,266		19,479
Telephone and Utilities	8,341	20,524		28,865
Insurance	5,420	8,819		14,239
Travel and Auto		5,689		5,689
Depreciation	104,431	166,226		270,657
Other Expenses		11,995		11,995
Total Expenses	$ 606,296	$ 391,347	$ -	$ 997,643
NET INCOME (LOSS) FROM OPERATIONS	$ (93,506)	$ 44,005	$ -	$ (49,501)
NON-OPERATING REVENUES (EXPENSES):				
Interest Income	$ 1,117	$ 475		$ 1,592
Property Taxes			$ 37,649	37,649
Grant Revenue		630,526		630,526
Interest Expense			(19,495)	(19,495)
Total Non-Operating Revenues (Expenses)	$ 1,117	$ 631,001	$ 18,154	$ 650,272
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	$ (92,389)	$ 675,006	$ 18,154	$ 600,771
TOTAL OPERATING TRANSFERS (TO) FROM OTHER FUNDS	$ 30,449		$ (30,449)	$ -
INCREASE (DECREASE) IN FUND NET ASSETS	$ (61,940)	$ 675,006	$ (12,295)	$ 600,771
FUND NET ASSETS - MAY 1	1,551,203	1,641,772	166,237	3,359,212
FUND NET ASSETS - APRIL 30	$1,489,263	$2,316,778	$ 153,942	$3,959,983

The accompanying notes are an integral part of these financial statements.

CITY OF BUNKER HILL, ILLINOIS
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2015

	WATER	SEWER	OTHER PROPRIETARY FUNDS	TOTAL PROPRIETARY FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Collections From Customers	$ 504,716	$ 409,718		$ 914,434
Other Income	19,751	16,032		35,783
Payroll Expenditures	(86,577)	(88,365)		(174,942)
Payments for Goods and Services	(421,912)	(146,466)		(568,378)
Net Cash Provided (Used) by Operating Activities	$ 15,978	$ 190,919	$ -	$ 206,897
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of Fixed Assets (Net)	$ (14,671)	$ (1,531,465)		$ (1,546,136)
Borrowings on Long-Term Debt		921,692		921,692
Principal Payments	(20,000)			(20,000)
Interest Paid			$ (19,495)	(19,495)
Taxes Collected for Water Bonds Payable			37,511	37,511
Grant Received for Capital Additions		630,526		630,526
Transfers (to) from other Funds	30,449		(30,449)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	$ (4,222)	$ 20,753	$ (12,433)	$ 4,098
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income Received	$ 1,117	$ 475		$ 1,592
Net Cash Provided (Used) by Investing Activities	$ 1,117	$ 475	$ -	$ 1,592
NET INCREASE (DECREASE) IN CASH	$ 12,873	$ 212,147	$ (12,433)	$ 212,587
CASH AND CASH EQUIVALENTS - MAY 1	171,747	132,222	128,741	432,710
CASH AND CASH EQUIVALENTS - APRIL 30	$ 184,620	$ 344,369	$ 116,308	$ 645,297
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	$ (93,506)	$ 44,005		$ (49,501)
Add Back Depreciation	104,431	166,226		270,657
Decrease (Increase) in Current Assets	11,677	(9,602)		2,075
(Decrease) Increase in Current Liabilities	(6,624)	(9,710)		(16,334)
Net Cash Provided (Used) by Operating Activities	$ 15,978	$ 190,919	$ -	$ 206,897

The accompanying notes are an integral part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bunker Hill, Illinois (the City), operates under a board form of government and provides the following services as authorized by state statute: public safety, streets, public improvements, planning and zoning, and general administrative services.

Reporting Entity

The City, for financial purposes, includes all of the funds relevant to the operation of the City of Bunker Hill. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Bunker Hill.

The financial statements include all organizations, activities, and functions that comprise the City. Component units are legally separate entities for which the City is financially accountable. Financial accountability is defined as the ability to appoint a majority of the organization's governing body and either (1) the City's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City. Using these criteria, the City has no component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

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. Program revenues include (1) 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 requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Grants, entitlements, interest and all other revenue items are considered measurable and available only when the City receives cash.

Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict or contradict Governmental Accounting Standards Board (GASB) pronouncements for its proprietary activities. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has not chosen to do so.

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

Government Fund Types

General Corporate Fund

The General Corporate 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.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. Funds included in this type are Streets, Motor Fuel Tax, Road and Bridges, Parks and Recreation, Police Protection, Tort and Retirement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to that of private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Grant income and interest income are considered non-operating revenues.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Nonexchange transactions, in which the City receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized when received and eligibility requirements have been satisfied.

Interfund Transactions

During the course of normal operation, the City has numerous transactions between funds. Transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Transfers In" by the recipient fund, and "Transfers Out" by the disbursing fund.

Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported on the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City maintains a capitalization threshold of $2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not. The infrastructure for streets is capitalized for expenditures beginning in fiscal year 2004. Capital assets are depreciated on a straight line basis over a period of five (5) to forty (40) years based on asset class.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The City does not record in the financial statements compensatory time for sick and vacation time.

Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded when earned by the City.

Restricted Fund Balances

The City records restrictions for portions of fund equity which are legally segregated for specific future use and are not available for appropriations or expenditure in the governmental fund balance sheet. Restricted fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets. The special revenue funds have $13,653 in restricted fund balances.

Assigned Fund Balances

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council to assign amounts to be used for a specific purpose. The City had $94,588 of assigned fund balances at April 30, 2015.

Restricted Net Assets

Net assets represent the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by City legislation or external restrictions by creditors, grantors, laws, or regulations of other governments. The Governmental Activities Funds have $535,956 in restricted net assets related to the Motor Fuel Tax Fund used to account for motor fuel taxes remitted to the City for use on certain street improvement projects.

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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2. DEFINED BENEFIT PENSION PLAN

Plan Description

The employer's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy

As set by state statute, your employer Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2014 was 13.43 percent. The 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.

Annual Pension Cost

The required contribution for calendar year 2014 was $63,770.

Three-Year Trend Information for the Regular Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/14	$63,770	100%	$0
12/31/13	60,321	100%	0
12/31/12	61,228	100%	0

If you utilized the phase-in contribution rate, the net pension obligation will have to be calculated.

The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from .4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually.

NOTE 2. DEFINED BENEFIT PENSION PLAN (Continued)

Annual Pension Cost (continued)

The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of the assets. The employer Regular plan's unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 72.80 percent funded. The actuarial accrued liability for benefits was $1,625,518 and the actuarial value of assets was $1,183,445, resulting in an unfunded actuarial accrued liability (UAAL) of $442,073. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was $438,074 and the ratio of the UAAL to the covered payroll was 101%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents 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.

NOTE 3. CASH AND CASH EQUIVALENTS

Separate bank accounts are maintained for City funds. At year end, the bank balance amount of the City's cash balances were $866,215. Of this amount, $441,394 exceeded FDIC limits. That excess deposit was collateralized by securities held by the bank's trust department, but not in the City's name. Interest rates on investment accounts range from .15% to .3%.

Statutes allow the City to invest in obligations of the U.S. Treasury or any U.S. Agency whose obligations are guaranteed by the full faith and credit of the United States of America as to principal and interest; interest bearing accounts of banks insured by the Bank Insurance Fund; commercial paper of U.S. Corporations with assets exceeding $500,000,000 provided the obligations are rated in the 3 highest classifications by at least 2 rating services and mature no later than 180 days from purchase; money mutual funds registered under the Investment Company Act of 1940; repurchase agreements, interest bearing accounts of savings and loan associations insured by the Savings Association Insurance Fund; dividend bearing accounts of Illinois or Federally chartered credit unions provided such accounts are insured; and the Public Treasurers Investment Pool.

NOTE 4. PROPERTY TAXES – REVENUE RECOGNITION

The City's property tax is levied each year on all real property located in the City on or before the last Tuesday in December. The 2014 levy was passed by the board in 2014 and property taxes attached as an enforceable lien on property as of January 1st. Taxes are payable in two installments, usually in

NOTE 4. PROPERTY TAXES – REVENUE RECOGNITION (Continued)

July and September. The City receives its first distributions of tax receipts approximately one month after the collection dates. Taxes recorded on these financial statements are from the 2013 and prior tax levies.

Property tax revenues are recognized as they are received since the City's general (municipal) fund operates on the modified accrual basis of accounting. A schedule of assessed valuation, rates and extension is presented in the NOTE 11.

NOTE 5. BUDGET AND BUDGETARY ACCOUNTING

The City prepares its budget in accordance with the account basis of accounting as utilized by the City Funds. All annual appropriations lapse at the end of each fiscal year. The budget was not amended during the fiscal year. The budget lapses at the end of the fiscal year.

NOTE 6. TRANSFERS

Fund	Transfer In	Transfer Out
General Fund		$359,920
Street Fund	$102,890	14,205
2009 Alternate Bond Fund	14,205	
Parks & Recreation Fund	10,856	
Police Protection	260,978	
Retirement Fund		14,804
Reserve Fund	30,449	
Water Funds		30,449
	$419,378	$419,378

NOTE 7. CAPITAL ASSETS

A summary of capital assets at April 30, 2015 follows:

	Governmental Activities	Business-Type Activities
Balance May 1, 2014	$3,470,094	$8,114,404
Additions	115,885	1,546,136
Balance April 30, 2015	$3,585,979	$9,660,540
Less Accumulated Depreciation	(1,403,790)	(3,594,921)
	$2,136,649	$6,065,619

Depreciation expense for the current year was $93,430 for Governmental Activities and $270,657 for Business-Type Activities.

NOTE 8. LONG TERM DEBT

Bonds payable for Water Debt Service are dated July 22, 2008. Bonds totaling $450,000 with interest beginning at 4.125% were issued. A special tax levy was approved to repay the bonds. The amortization for the next five years is as follows:

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2015			8,335	8,335	
02/01/2016	20,000	4.125%	8,335	28,335	36,670
08/01/2016			7,923	7,923	
02/01/2017	20,000	4.250%	7,923	27,923	35,846
08/01/2017			7,498	7,498	
02/01/2018	20,000	4.350%	7,498	27,498	34,996
08/01/2018			7,063	7,063	
02/01/2019	25,000	4.500%	7,063	32,063	39,126
08/01/2019			6,500	6,500	
02/01/2020	25,000	4.625%	6,500	31,500	38,000
Thereafter	235,000		57,363	292,363	

On December 4, 2009, the City issued General Obligation Bonds to finance the purchase of certain property to be used by the Street Department for a storage facility. The total issue was $200,000 at interest with varying rates from 1.90% to 5.375%. The amortization schedule for the bonds is as follows. These bonds are to be repaid from the tax levy approved by the City.

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2015			4,445	4,445	
02/01/2016	5,000	3.70%	4,445	9,445	13,890
08/01/2016			4,353	4,353	
02/01/2017	5,000	3.90%	4,353	9,353	13,706
08/01/2017			4,255	4,255	
02/01/2018	5,000	4.10%	4,255	9,255	13,510
08/01/2018			4,153	4,153	
02/01/2019	5,000	4.25%	4,153	9,153	13,306
08/01/2019			4,046	4,046	
02/01/2020	5,000	4.40%	4,046	9,046	13,092
Thereafter	150,000		94,430	244,430	

Total interest paid by the City was $9,825 for governmental fund types and $19,495 for Proprietary Fund Types.

NOTE 8. LONG TERM DEBT (CONT'D)

On August 20, 2013 the City approved the issuance of $2,500,000 of Sewerage Revenue Bonds Series 2013 with interest at 2.125%. These Bonds were to be used to pay for the cost of acquiring and constructing improvements to the existing sewer system of the City. The Bonds were issued through the United States of America Department of Agriculture, Rural Development. The Bonds were issued in two series, Series A ($2,180,000) and Series B ($320,000). The City will pay interest only during the construction period, and the initial principal payments will begin in 2016 and continuing until fully paid in 2053.

The Bond agreement required the establishment of a Bond and Interest Account. Payments are to be made into this account that equal one-sixth of the next semi-annual interest payment until May 1, 2015. Beginning May 1, 2015, an amount equal to one-sixth of the next semi-annual interest and one-twelfth of the next annual principal payments are to be made on the first day of each month.

Under the provisions of the Bond agreement, the City is required to establish two reserve accounts. The Debt Service Reserve Account is to be funded with $805 the first of each month until the account balance reaches $96,600. This fund is to be used only in the event that there are insufficient funds in the Bond and Interest Account to pay such principal or interest on the Outstanding Bonds as they become due. The City is also required to establish and maintain a Short-Lived Asset Reserve Account in the amount of $2,574. Payments into these two reserve accounts are not required to begin until May 1, 2015.

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Series A					
05/01/2016	$40,000	2.125%	23,163	63,163	
11/01/2016			22,738	22,738	85,901
05/01/2017	40,000	2.125%	22,738	62,738	
11/01/2017			22,313	22,313	85,051
05/01/2018	40,000	2.125%	22,313	62,313	
11/01/2018			21,888	21,888	84,201
05/01/2019	40,000	2.125%	21,888	61,888	
11/01/2019			21,463	21,463	83,351
Thereafter	$2,020,000		828,534	2,848,534	
Series B					
05/01/2016	$4,000	2.125%	3,400	7,400	
11/01/2016			3,358	3,358	10,758
05/01/2017	4,000	2.125%	3,358	7,358	
11/01/2017			3,315	3,315	10,673
05/01/2018	6,000	2.125%	3,315	9,315	
11/01/2018			3,251	3,251	12,566
05/01/2019	6,000	2.125%	3,251	9,251	
11/01/2019			3,188	3,188	12,439
Thereafter	$300,000		122,017	422,017	

NOTE 8. LONG TERM DEBT (CONT'D)

In July, 2014, the City purchased two new police cruisers. They were purchased through a downpayment of $10,000 and a loan from United Community Bank in the amount of $44,648. The loan is repayable over a five year period with interest at 2.0%. Following is a schedule of the next five years principal and interest.

	Principal	Interest	Total
04/30/2016	$8,712	$685	$9,397
04/30/2017	8,889	509	9,398
04/30/2018	9,068	330	9,398
04/30/2019	9,251	147	9,398
04/30/2020	2,300	8	2,308

Following are the changes in long-term debt:

	Balance May 1, 2014	Increase	Decrease	Balance April 30, 2015
Governmental Activities				
2009 General Obligation Bonds	$180,000		$5,000	$175,000
United Community Bank Loan		$44,648	6,428	38,220
Business-type Activities				
2009 General Obligation Bonds	365,000		20,000	345,000
2013 Sewerage Revenue Bonds	866,000	1,634,000		2,500,000

NOTE 9. OTHER DISCLOSURES

The City has no material contingent liabilities.

No related party transactions occurred during the fiscal year.

All operations of the City are included in the City's financial statements.

NOTE 10. ASSET VALUATIONS

Investments are valued at "market" and are all either cash or cash equivalents.

Capital assets for proprietary and governmental funds are valued at cost less depreciation. Depreciation is calculated on straight-line basis over a period of ten to forty years.

NOTE 11. SCHEDULE OF EQUALIZED VALUATIONS, TAX RATE EXTENSIONS AND COLLECTIONS

	2014 Taxes To Be Collected In 2015	2013 Taxes Collected In 2014	2012 Taxes Collected In 2013
Equalized Valuations	$16,774,554	$16,959,966	$17,017,140
Tax Rates:			
General Corporate	.17622	.15915	.15435
Police Protection	.16857	.15424	.14212
Streets	.05655	.05813	.05805
Tort	.13485	.13710	.13643
IMRF	.16857	.17138	.15917
Audit	.01966	.02000	.01989
Social Security	.05057	.05142	.05117
Unemployment Taxes	.00562	.00572	.00569
ESDA	.00562	.00572	.00569
Bond & Interest	.30733	.30970	.31142
	1.09356	1.07256	1.04398
Tax Extensions:			
General Corporate	$29,560	$26,992	$25,422
Police Protection	28,277	26,159	21,511
Streets	9,486	9,859	9,868
Tort	22,620	23,252	23,469
IMRF	28,277	29,066	27,150
Audit	3,298	3,392	3,423
Social Security	8,483	8,721	8,800
Unemployment Taxes	943	970	979
ESDA	943	970	979
Bond & Interest	51,553	52,525	14,439
	$183,440	$181,906	$136,040

Levy Date	September 1
Assessment Date	December 31
Due Dates	Usually July and September
Collection Dates	September, October, November, and December
Lien Date	January 1

NOTE 12. SCHEDULE OF LEGAL DEBT MARGIN

Assessed Valuation	$16,774,554
Legal Debt Margin:	
8.625% of $16,774,554	$1,446,805
General obligation debt outstanding	(213,220)
Total Debt Margin	$1,233,585

NOTE 13. DEFICIT FUND BALANCES

The following funds had a deficit fund balance at April 30, 2015

Special Revenue:	
Street Fund	$ (2,280)
Police Protection Fund	(3,142)

NOTE 14. SUBSEQUENT EVENTS

The effects of subsequent events on the financial statements has been evaluated through the date of this report, which is the date the financial statements were available to be issued. Management does not feel any events or transactions occurred that would require disclosure.

NOTE 15. CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BUNKER HILL, ILLINOIS
BALANCE SHEET
GENERAL CORPORATE FUND
APRIL 30, 2015
(COMPARED TO APRIL 30, 2014)

	GENERAL CORPORATE FUND 2015	2014
ASSETS:		
Cash	$ 17,834	$ 2,704
Cash Investments	83,167	121,617
Property Tax Receivable	36,000	36,000
State Income Tax Receivable	36,324	32,494
Sales and Telecom Tax Receivable	34,250	35,891
Total Assets	$ 207,575	$ 228,706
LIABILITES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	$ 15,637	$ 2,097
Accrued Expenses	380	163
Accrued Payroll	422	1,090
Accrued Payroll Taxes and Retirement	92	238
Deferred Tax Revenue	36,000	36,000
Total Liabilities	$ 52,531	$ 39,588
FUND BALANCE:		
Unassigned	$ 155,044	$ 189,118
Total Liabilities and Fund Balance	$ 207,575	$ 228,706

CITY OF BUNKER HILL, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL CORPORATE FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2015
(COMPARED TO THE FISCAL YEAR ENDED APRIL 30, 2014)

	GENERAL CORPORATE FUND 2015	GENERAL CORPORATE FUND 2014
REVENUES:		
Property Taxes	$ 35,882	$ 34,963
State Income Taxes	209,066	203,857
Sales and Use Tax	180,445	162,415
Replacement Taxes	4,298	3,185
Telecommunication Taxes	20,483	39,931
Video Gaming Taxes	4,109	851
Licenses and Permits	17,826	16,322
Rental Income	17,378	18,602
Service, Reimbursements and Other Income	11,346	2,733
Total Revenues	$ 500,833	$ 482,859
EXPENDITURES:		
Salaries and Wages	$ 42,823	$ 39,382
Payroll Taxes and Fringe Benefits	20,353	13,282
Insurance	3,356	3,245
Repairs and Maintenance	34,079	17,062
Professional Fees	40,333	31,357
Supplies	6,673	4,132
Telephone and Utilities	9,732	8,984
Library Portion of PPRT	959	7,047
Other Expenditures	16,679	8,436
Total Expenditures	$ 174,987	$ 132,927
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	$ 325,846	$ 349,932
OTHER FINANCING SOURCES (USES):		
Operating Transfers In / (Out)	(359,920)	(325,932)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (34,074)	$ 24,000
FUND BALANCE - MAY 1	189,118	165,118
FUND BALANCE - APRIL 30	$ 155,044	$ 189,118

SCHEDULE "3"

CITY OF BUNKER HILL, ILLINOIS
COMBINING BALANCE SHEETS
SPECIAL REVENUE FUNDS
APRIL 30, 2015
(COMPARED TO APRIL 30, 2014)

	STREET FUND	MOTOR FUEL TAX FUND	ROAD AND BRIDGES FUND	PARKS AND RECREATION FUND	POLICE PROTECTION FUND	TORT	RETIREMENT	2009 ALTERNATE BOND FUND	TOTALS 2015	TOTALS 2014
ASSETS:										
Current Assets:										
Cash		$ 915	$ 28,420	$ 2,718		$ 202	$ 13,381		$ 45,636	$ 66,549
Cash Investments		5,403	41,839						47,242	23,717
Property Taxes Receivable	$ 27,490				$ 31,419	22,620	28,277		109,806	109,944
State Income Tax Receivable										
Sales and Telecom Tax Receivable										
Accounts Receivable		8,000		14,562					22,562	11,360
Total Assets	$ 27,490	$ 14,318	$ 70,259	$ 17,280	$ 31,419	$ 22,822	$ 41,658	$ -	$ 225,246	$ 211,570
LIABILITIES AND FUND BALANCES:										
Liabilities										
Accounts Payable	$ 1,901	$ 665		$ 932	$ 1,377				$ 4,875	$ 8,363
Accrued Payroll	311			148	1,448				1,907	11,580
Accrued Payroll Taxes and Retirement	68			32	317				417	2,532
Deferred Tax Revenue	27,490				31,419	$ 22,620	$ 28,277		109,806	109,944
Total Current Liabilities	$ 29,770	$ 665	$ -	$ 1,112	$ 34,561	$ 22,620	$ 28,277	$ -	$ 117,005	$ 132,419
FUND BALANCES:										
Restricted		$ 13,653							$ 13,653	$ 35,543
Assigned	$ (2,280)		$ 70,259	$ 16,168	$ (3,142)	$ 202	$ 13,381		94,588	43,608
Total Fund Balances	$ (2,280)	$ 13,653	$ 70,259	$ 16,168	$ (3,142)	$ 202	$ 13,381	$ -	$ 108,241	$ 79,151
Total Liabilities and Fund Balances	$ 27,490	$ 14,318	$ 70,259	$ 17,280	$ 31,419	$ 22,822	$ 41,658	$ -	$ 225,246	$ 211,570

CITY OF BUNKER HILL, ILLINOIS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2015
(COMPARED TO THE FISCAL YEAR ENDED APRIL 30, 2014)

	STREET FUND	MOTOR FUEL TAX FUND	ROAD AND BRIDGES FUND	PARKS AND RECREATION FUND	POLICE PROTECTION FUND	TORT	RETIREMENT FUND	2009 ALTERNATE BOND FUND	TOTAL 2015	TOTAL 2014
REVENUES:										
Property Taxes	$ 26,461		$ 10,760		$ 31,316	$ 22,547	$ 28,185		$ 119,269	$ 118,274
Motor Fuel Taxes		$ 40,741							40,741	53,715
Rental Income	8,000								8,000	12,000
Grant Income										7,773
Interest Income		20	93	$ 8					121	133
Fines and Fees					15,492				15,492	17,232
Service, Reimbursements and Other Income	27,636			36,221	36,951				100,808	16,484
Total Revenues	$ 62,097	$ 40,761	$ 10,853	$ 36,229	$ 83,759	$ 22,547	$ 28,185	$ -	$ 284,431	$ 225,611
EXPENDITURES:										
Salaries and Wages	$ 56,504			$ 2,205	$ 194,982				$ 253,691	$ 242,550
Payroll Taxes and Fringe Benefits	30,459			498	65,583				96,540	104,154
Insurance	1,667			89	1,515	$ 22,345			25,616	28,962
Professional Fees	1,117			323	20,772				22,212	19,804
Repairs and Maintenance	3,067			15,571					18,638	13,132
Supplies	10,308			932	7,550				18,790	15,478
Telephone and Utilities	4,842			2,346	7,184				14,372	15,263
Training and Conferences					809				809	3,041
Street Lighting	14,516								14,516	23,028
Travel and Auto	14,609				13,279				27,888	42,286
Capital Outlay		$ 62,651			54,648				117,299	72,607
Debt Payment					620			$ 9,205	9,825	9,501
Other Expenditures	14,809			8,146	5,330				28,285	27,485
Total Expenditures	$ 151,898	$ 62,651	$ -	$ 30,110	$ 372,272	$ 22,345	$ -	$ 9,205	$ 648,481	$ 617,291
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	$ (89,801)	$ (21,890)	$ 10,853	$ 6,119	$ (288,513)	$ 202	$ 28,185	$ (9,205)	$ (364,050)	$ (391,680)
OTHER FINANCING SOURCES (USES):										
Operating Transfers In	$ 102,890			$ 10,856	$ 260,978			$ 14,205	$ 388,929	$ 430,990
Operating Transfers Out	(14,205)						$ (14,804)		(29,009)	(105,058)
Long-Term Borrowings					44,648				44,648	
Principal Payments					(6,428)			(5,000)	(11,428)	(5,000)
Total Other Financing Sources (Uses)	$ 88,685	$ -	$ -	$ 10,856	$ 299,198	$ -	$ (14,804)	$ 9,205	$ 393,140	$ 320,932
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (1,116)	$ (21,890)	$ 10,853	$ 16,975	$ 10,685	$ 202	$ 13,381		$ 29,090	$ (70,748)
FUND BALANCE - MAY 1	(1,164)	35,543	59,406	(807)	(13,827)				79,151	79,151
FUND BALANCE - APRIL 30	$ (2,280)	$ 13,653	$ 70,259	$ 16,168	$ (3,142)	$ 202	$ 13,381	$ -	$ 108,241	$ 8,403

CITY OF BUNKER HILL, ILLINOIS
COMBINING BALANCE SHEETS
ENTERPRISE FUNDS
APRIL 30, 2015
(COMPARED TO APRIL 30, 2014)

	WATER FUND	SEWER FUND	SEWER BOND AND INTEREST FUND	SEWER DEPRECIATION FUND	SEWER BOND RESERVE FUND	TOTALS 2015	TOTALS 2014
ASSETS:							
Current Assets:							
Cash	$ 107,391	$ 315,447	$ 10,433	$ 23,800	$ 2,075	$ 459,146	$ 298,612
Cash Investments	77,229	28,922	15,000		65,000	186,151	134,098
Accounts Receivable (net of allowance)	51,113	61,819	37,634			150,566	152,503
Inventory	6,000	6,000				12,000	12,000
Total Current Assets	$ 241,733	$ 412,188	$ 63,067	$ 23,800	$ 67,075	$ 807,863	$ 597,213
Capital Assets:							
Property, Plant, and Equipment	$ 3,645,367	$ 6,015,173				$ 9,660,540	$ 8,114,404
Less: Accumulated Depreciation	(1,988,034)	(1,606,887)				(3,594,921)	(3,324,264)
Net Capital Assets	$ 1,657,333	$ 4,408,286				$ 6,065,619	$ 4,790,140
Total Assets	$ 1,899,066	$ 4,820,474	$ 63,067	$ 23,800	$ 67,075	$ 6,873,482	$ 5,387,353
LIABILITIES AND FUND NET ASSETS:							
Liabilities							
Accounts Payable	$ 1,803	$ 2,972				$ 4,775	$ 725,794
Customer Deposits	58,108					58,108	58,108
Accrued Payroll	594	594				1,188	7,274
Accrued Payroll Taxes and Retirement	130	130				260	1,591
Interest Payable	4,168					4,168	20,000
Bonds Payable - Current Portion	20,000					20,000	4,374
Total Current Liabilities	$ 84,803	$ 3,696	$ -	$ -	$ -	$ 88,499	$ 817,141
Long-Term Liabilities							
Bonds and Notes Payable - Net of Current Portion	$ 325,000	$ 2,500,000				$ 2,825,000	$ 1,211,000
Total Liabilities	$ 409,803	$ 2,503,696	$ -	$ -	$ -	$ 2,913,499	$ 2,028,141
FUND NET ASSETS:							
Investment in Capital Assets, Net of Related Debt	$ 1,312,333	$ 1,908,286				$ 3,220,619	$ 2,846,831
Restricted for:							
Current Bond Maturities			$ 63,067			63,067	74,162
Future Bond Maturities		28,134			$ 67,075	95,209	67,075
Sewer Reserves, Replacement, and Maintenance				$ 23,800		23,800	25,000
Unrestricted	176,930	380,358				557,288	346,144
Total Fund Net Assets	$ 1,489,263	$ 2,316,778	$ 63,067	$ 23,800	$ 67,075	$ 3,959,983	$ 3,359,212
Total Liabilities and Fund Net Assets	$ 1,899,066	$ 4,820,474	$ 63,067	$ 23,800	$ 67,075	$ 6,873,482	$ 5,387,353

CITY OF BUNKER HILL, ILLINOIS
COMBINING SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2015
(COMPARED TO FISCAL YEAR ENDED APRIL 30, 2014)

	WATER FUND	SEWER FUND	SEWER BOND AND INTEREST FUND	SEWER DEPRECIATION FUND	SEWER BOND RESERVE	TOTAL 2015	TOTAL 2014
OPERATING REVENUES:							
Water and Sewer Collections	$ 493,039	$ 419,320				$ 912,359	$ 871,732
Connection Fees	5,120	600				5,720	11,655
Penalties	8,638	8,835				17,473	17,140
Refunds and Reimbursements	5,993	6,597				12,590	20,848
Total Operating Revenues	$ 512,790	$ 435,352	$ -	$ -	$ -	$ 948,142	$ 921,375
OPERATING EXPENSES:							
Cost of Water	$ 270,005					$ 270,005	$ 251,231
Salaries and Wages	83,112	$ 84,413				167,525	166,448
Payroll Taxes and Fringe Benefits	46,655	46,394				93,049	84,660
Repairs and Maintenance	57,004	32,234				89,238	71,975
Professional Fees	3,768	6,214				9,982	11,206
Equipment Rental	13,347	3,573				16,920	12,618
Supplies	14,213	5,266				19,479	19,894
Telephone and Utilities	8,341	20,524				28,865	25,179
Insurance	5,420	8,819				14,239	20,716
Travel and Auto		5,689				5,689	13,163
Depreciation	104,431	166,226				270,657	220,859
Other Expenses		11,995				11,995	24,114
Total Operating Expenses	$ 606,296	$ 391,347	$ -	$ -	$ -	$ 997,643	$ 922,063
NET INCOME (LOSS) FROM OPERATIONS	$ (93,506)	$ 44,005	$ -	$ -	$ -	$ (49,501)	$ (688)
NON-OPERATING REVENUES (EXPENSES):							
Interest Income	$ 1,117	$ 475				$ 1,592	$ 44
Property Taxes			$ 37,649			37,649	75,522
Grant Revenue		630,526				630,526	71,134
Interest Expense			(19,495)			(19,495)	(18,114)
Total Non-Operating Revenues (Expenses)	$ 1,117	$ 631,001	$ 18,154	$ -	$ -	$ 650,272	$ 128,586
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	$ (92,389)	$ 675,006	$ 18,154	$ -	$ -	$ 600,771	$ 127,898
TOTAL OPERATING TRANSFERS (TO) FROM OTHER FUNDS	$ 30,449		$ (29,249)	$ (1,200)		$ -	$ -
INCREASE (DECREASE) IN FUND NET ASSETS	$ (61,940)	$ 675,006	$ (11,095)	$ (1,200)	$ -	$ 600,771	$ 127,898
FUND NET ASSETS - MAY 1	1,551,203	1,641,772	74,162	25,000	67,075	3,359,212	3,231,314
FUND NET ASSETS - APRIL 30	$ 1,489,263	$ 2,316,778	$ 63,067	$ 23,800	$ 67,075	$ 3,959,983	$ 3,359,212

SCHEDULE "7"

CITY OF BUNKER HILL, ILLINOIS
EMPLOYER NUMBER: 00359R
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE FISCAL YEAR ENDED APRIL 30, 2015

Actuarial Valuation	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded ALL (UALL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/2014	1,183,445	1,625,518	442,073	72.80%	438,074	100.91%
12/31/2013	994,338	1,337,951	343,613	74.32	383,232	89.66
12/31/2012	847,699	1,233,671	358,972	70.90	375,634	95.56

FEDERAL FINANCIAL COMPLIANCE SECTION

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Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

To the Mayor and City Council
City of Bunker Hill, Illinois

Report on Compliance for Each Major Federal Program

We have audited The City of Bunker Hill, Illinois' 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 of Bunker Hill, Illinois' major federal programs for the year ended April 30, 2015. The City of Bunker Hill, Illinois' 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 of Bunker Hill, Illinois' 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 of Bunker Hill, Illinois 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 of Bunker Hill, Illinois' compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Bunker Hill, Illinois 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.

Other Matters

The results of our auditing procedures disclosed no 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. Our opinion on each major federal program is not modified with respect to these matters

Report on Internal Control Over Compliance

Management of the City of Bunker Hill, Illinois 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 of Bunker Hill, Illinois' 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 of Bunker Hill, Illinois' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs, Finding 2015-001, as items that we consider to be significant deficiencies.

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the City of Bunker Hill, Illinois as of and for the year ended April 30, 2015, and have issued our report thereon dated October 1, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Franklin & Vaughn, LLC

Franklin & Vaughn, LLC
Edwardsville, IL 62025
October 1, 2015

CITY OF BUNKER HILL, ILLINOIS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2015

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant and loan activity of Bunker Hill, Illinois under programs of the federal government for the year ended April 30, 2015. 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 of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Because the schedule presents only a selected portion of the operations of the City of Bunker Hill, Illinois, it is not intended to and does not present the financial position or changes in assets of the City of Bunker Hill, Illinois.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

3. Subrecipients

The City of Bunker Hill did not provide any of the federal expenditures presented in the Schedule of Expenditures of Federal Awards to subrecipients.

4. Loan Assistance

The City of Bunker Hill has received federal assistance through the form of a loan. This loan was used to provide the funding for the program expenditures. The loan is to be repaid over a 40 year period, and is further outlined in Note 8 to the Financial Statements.

CITY OF BUNKER HILL, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2015

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Pass-through Entity Identifying Number	Prior Year Expenditures	Expenditures May 1, 2014 - April 30, 2015	Final Status
United States Department of Agriculture					
Sewerage Revenue Bonds, Series 2013	10.76		$ 1,577,142	$ 922,858	$ 2,500,000

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

CITY OF BUNKER HILL, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED APRIL 30, 2015

Section I – Summary of Auditor's Results

Financial Statements

Type of Auditor's Report issued: Unmodified

Internal control over financial reporting:

• Material Weakness(es) identified?	______Yes	_X_ No
• Significant Deficiencies identified that are not considered to be material weakness(es)	_X_ Yes	______No
• Noncompliance material to financial statements noted	______Yes	_X_ No

Federal Awards

Internal Control over major programs:

• Material Weakness(es) identified	______Yes	_X_ No
• Significant Deficiencies identified that are not considered to be material weakness(es) reported	______Yes	_X_ No

Type of auditor's report issued on non-compliance for major programs: Unmodified

Any findings disclosed that are required to be reported in accordance with Circular A-133 Section .510(a)?	______Yes	_X_ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.76	Water and Waste Loan and Grant Program

Dollar Threshold used to distinguish between Type A and Type B programs: $300,000

Auditee qualified as a low risk auditee	______Yes	_X_ No

CITY OF BUNKER HILL, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED APRIL 30, 2015
SECTION 2

FINDINGS

Finding 2015-001
SIGNIFICANT DEFICIENCY

Condition:

As part of the audit, management has requested us to prepare a draft of the City's financial statements, including related notes to the financial statements. Management reviewed, approved, and accepted responsibility for the financial statements prior to their issuance; however, management did not perform a detailed review of the financial statements and related notes.

Criteria:

Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position and results of operations, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles.

Effect:

The deficiency in design of internal control over financial reporting is considered a significant deficiency in internal control because it adversely affects the entity's ability to report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Cause of Condition:

There are no procedures in place for management to perform a detailed review of the financial statements prior to their issuance.

Recommendation:

In order to provide improved oversight of the financial statement preparation services at an appropriate level and implement controls over the financial reporting process, management might establish review policies and procedures including the performance of some or all of the following functions:

Reconcile general ledger amounts to the draft financial statements
Review the adequacy of financial statement disclosures, possibly including reviewing and approving a completed disclosure checklist we would provide to you or by completing the disclosure checklist.
Review and approve schedules and calculations supporting amounts included in the notes to the financial statements.
Apply analytical procedures to the draft financial statements
Perform other procedures as considered necessary by management.

Managements Response to the Recommendation and Corrective Action Plan:

We agree with the recommendation and will work to implement it in the subsequent year audit period. However, the City's resources are limited, and the office staff is small.

CITY OF BUNKER HILL, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SCHEDULE OF FEDERAL AWARDS AND QUESTIONED COSTS
FOR THE YEAR ENDED APRIL 30, 2015
SECTION 3

FINDINGS

None Identified