

CITY OF BUNKER HILL, ILLINOIS

REPORT AND FINANCIAL STATEMENTS

APRIL 30, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the City of Bunker Hill, Illinois' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, 2020, 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.

SOUTH COUNTY

7321 South Lindbergh Blvd. • Suite 310
St. Louis, MO 63125
Phone: (314) 433-9707 • Fax: (888) 675-4426

EDWARDSVILLE

#1 Sunset Hills Professional Center • Suite D
Edwardsville, IL 62025
Phone: (618) 307-0315 • Fax: (888) 675-4426

ALTON

2852 Homer Adams Parkway
Alton, IL 62002
Phone: (618) 462-1162 • Fax: (618) 462-1168

Other Matters

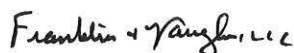
Required Supplementary Information

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.

Other 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 introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Franklin & Vaughn, LLC
Edwardsville, IL
February 18, 2021

CITY OF BUNKER HILL, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2020

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	
	ACTIVITIES	ACTIVITIES	TOTAL
ASSETS:			
CURRENT ASSETS:			
Cash	\$ 567,313	\$ 1,115,373	\$ 1,682,686
Cash Investments	308,767		308,767
Restricted Cash		492,131	492,131
Receivables (net of allowance where applicable)			
Property Taxes Receivable	177,537		177,537
Intergovernmental Taxes Receivable	50,786		50,786
Other Receivables	11,330	235,388	246,718
Due From Other Funds	45,916	10,900	56,816
Investment in Illinois Alluvial Regional Water		226,121	226,121
Inventory		12,000	12,000
Total Current Assets	<u>\$ 1,161,649</u>	<u>\$ 2,091,913</u>	<u>\$ 3,253,562</u>
CAPITAL ASSETS:			
Utility Systems		\$ 10,467,138	\$ 10,467,138
Streets	\$ 870,670		870,670
Buildings and Improvements	2,261,340		2,261,340
Equipment	425,510		425,510
Vehicles	292,588		292,588
Total Cost of Capital Assets	<u>\$ 3,850,108</u>	<u>\$ 10,467,138</u>	<u>\$ 14,317,246</u>
Less: Accumulated Depreciation	(1,895,683)	(5,130,340)	(7,026,023)
Net Capital Assets	<u>\$ 1,954,425</u>	<u>\$ 5,336,798</u>	<u>\$ 7,291,223</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflow Related to Pension Liability	<u>\$ 189,962</u>	<u>\$ 64,765</u>	<u>\$ 254,727</u>
TOTAL ASSETS	<u>\$ 3,306,036</u>	<u>\$ 7,493,476</u>	<u>\$ 10,799,512</u>
LIABILITIES AND NET ASSETS:			
CURRENT LIABILITIES:			
Cash Overdraft	\$ 451,428		\$ 451,428
Accounts Payable	9,458	\$ 53,096	62,554
Accrued Payroll and Payroll Costs	7,408	3,990	11,398
Due To Other Funds	25,462	31,354	56,816
Customer Deposits		56,311	56,311
Accrued Interest		3,250	3,250
Current Portion - Long-term Debt	18,924	80,872	99,796
Total Current Liabilities	<u>\$ 512,680</u>	<u>\$ 228,873</u>	<u>\$ 741,553</u>
NONCURRENT LIABILITIES:			
Pension Liability	\$ 459,298	\$ 152,537	\$ 611,835
Notes Payable	15,336	240,465	255,801
Bonds and Notes Payable - Net of Current Portion	145,000	2,484,000	2,629,000
Total Long-Term Debt	<u>\$ 619,634</u>	<u>\$ 2,877,002</u>	<u>\$ 3,496,636</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflow Related to Pension Liability	<u>\$ 228,417</u>	<u>\$ 121,531</u>	<u>\$ 349,948</u>
TOTAL LIABILITIES	<u>\$ 1,360,731</u>	<u>\$ 3,227,406</u>	<u>\$ 4,588,137</u>
NET POSITION:			
Investment in Capital Assets, Net of Related Debt	\$ 1,775,165	\$ 2,781,798	\$ 4,556,963
Restricted (Note 1)	61,690	586,045	647,735
Unassigned	108,450	898,227	1,006,677
TOTAL NET POSITION	<u>\$ 1,945,305</u>	<u>\$ 4,266,070</u>	<u>\$ 6,211,375</u>

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

CITY OF BUNKER HILL, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED APRIL 30, 2020

FUNCTIONS/PROGRAMS	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSES) REVENUE</u>
			<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
PRIMARY GOVERNMENT:					
Governmental Activities:					
General Government	\$ 268,255	\$ 19,196			\$ (249,059)
Public Safety	341,889	22,055			(319,834)
Transportation and Public Works	184,676				(184,676)
Culture and Recreation	74,263			\$ 99,700	25,437
Total Governmental Activities	<u>\$ 869,083</u>	<u>\$ 41,251</u>	<u>\$ -</u>	<u>\$ 99,700</u>	<u>\$ (728,132)</u>
Business-Type Activities:					
Water	\$ 747,413	\$ 760,719			\$ 13,306
Sewer	453,190	400,530			(52,660)
Total Business-Type Activities	<u>\$ 1,200,603</u>	<u>\$ 1,161,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39,354)</u>
Total Primary Government	<u>\$ 2,069,686</u>	<u>\$ 1,202,500</u>	<u>\$ -</u>	<u>\$ 99,700</u>	<u>\$ (767,486)</u>
			<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
NET (EXPENSE) REVENUE			<u>\$ (728,132)</u>	<u>\$ (39,354)</u>	<u>\$ (767,486)</u>
GENERAL REVENUES:					
Local Taxes			\$ 239,183	\$ 36,836	\$ 276,019
Intergovernmental Taxes			541,524		541,524
Interest Income			605	7,255	7,860
Operating Transfers In/(Out)			4,400	(4,400)	-
Other Income			37,981		37,981
Total General Revenue			<u>\$ 823,693</u>	<u>\$ 39,691</u>	<u>\$ 863,384</u>
Change in Net Position			\$ 95,561	\$ 337	\$ 95,898
NET POSITION, MAY 1			1,849,744	4,265,733	6,115,477
NET POSITION, APRIL 30			<u>\$ 1,945,305</u>	<u>\$ 4,266,070</u>	<u>\$ 6,211,375</u>

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

CITY OF BUNKER HILL, ILLINOIS
BALANCE SHEET - GOVERNMENTAL FUNDS
APRIL 30, 2020

	<u>GENERAL CORPORATE FUND</u>	<u>STREET FUND</u>	<u>MOTOR FUEL TAX FUND</u>	<u>ROAD AND BRIDGES FUND</u>	<u>PARKS AND RECREATION FUND</u>	<u>POLICE PROTECTION FUND</u>	<u>TORT</u>	<u>RETIREMENT</u>	<u>TAX INCREMENT FINANCING</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS:										
Current Assets:										
Cash	\$ 324,134		\$ 50,360		\$ 47,843			\$ 76,620	\$ 68,356	\$ 567,313
Cash Investments	148,140			\$ 57,279	68,563	\$ 34,785				308,767
Accounts Receivable			11,330							11,330
Property Taxes Receivable	52,611	\$ 11,326				42,599	\$ 30,000	41,001		177,537
Due from Other Funds					14,562		31,354			45,916
State Income and Use Tax Receivable	17,886									17,886
Sales and Telecom Tax Receivable	32,900									32,900
Total Assets	<u>\$ 575,671</u>	<u>\$ 11,326</u>	<u>\$ 61,690</u>	<u>\$ 57,279</u>	<u>\$ 130,968</u>	<u>\$ 77,384</u>	<u>\$ 61,354</u>	<u>\$ 117,621</u>	<u>\$ 68,356</u>	<u>\$ 1,161,649</u>
LIABILITIES AND FUND BALANCES:										
Current Liabilities:										
Cash Overdraft		\$ 90,251				\$ 326,380	\$ 34,797			\$ 451,428
Accounts Payable	\$ 1,504	1,074			\$ 301	6,579				9,458
Due To Other Funds	14,562			\$ 10,900						25,462
Accrued Payroll	1,257	1,199			360	3,384				6,200
Accrued Payroll Taxes and Retirement	127	262			79	740				1,208
Deferred Tax Revenue	52,611	11,326				42,599	30,000	\$ 41,001		177,537
Total Current Liabilities	<u>\$ 70,061</u>	<u>\$ 104,112</u>	<u>\$ -</u>	<u>\$ 10,900</u>	<u>\$ 740</u>	<u>\$ 379,682</u>	<u>\$ 64,797</u>	<u>\$ 41,001</u>	<u>\$ -</u>	<u>\$ 671,293</u>
FUND BALANCES:										
Restricted			\$ 61,690							\$ 61,690
Assigned		\$ (92,786)		\$ 46,379	\$ 130,228	\$ (302,298)	\$ (3,443)	\$ 76,620	\$ 68,356	(76,944)
Unassigned	\$ 505,610									505,610
Total Fund Balances	<u>\$ 505,610</u>	<u>\$ (92,786)</u>	<u>\$ 61,690</u>	<u>\$ 46,379</u>	<u>\$ 130,228</u>	<u>\$ (302,298)</u>	<u>\$ (3,443)</u>	<u>\$ 76,620</u>	<u>\$ 68,356</u>	<u>\$ 490,356</u>
Total Liabilities and Fund Balances	<u>\$ 575,671</u>	<u>\$ 11,326</u>	<u>\$ 61,690</u>	<u>\$ 57,279</u>	<u>\$ 130,968</u>	<u>\$ 77,384</u>	<u>\$ 61,354</u>	<u>\$ 117,621</u>	<u>\$ 68,356</u>	<u>\$ 1,161,649</u>

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

CITY OF BUNKER HILL, ILLINOIS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
APRIL 30, 2020

Total Fund Balances - Total Governmental Funds	\$ 490,356
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	177,537
Net Deferred Outflows and the related net pension obligation are not reflected in the governmental fund statements	(38,455)
Long-Term Pension Liabilities are not reflected in the governmental fund statements	(459,298)
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.	(179,260)
Capital assets of \$3,850,108 net of accumulated depreciation of \$1,895,683 are not financial resources and, therefore, are not reported in the funds.	1,954,425
Net Position of Governmental Activities	<u>\$ 1,945,305</u>

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, 2020

	<u>GENERAL CORPORATE FUND</u>	<u>STREET FUND</u>	<u>MOTOR FUEL TAX FUND</u>	<u>ROAD AND BRIDGES FUND</u>	<u>PARKS AND RECREATION FUND</u>	<u>POLICE PROTECTION FUND</u>	<u>TORT</u>	<u>RETIREMENT</u>	<u>TAX INCREMENT FINANCING</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:										
Local Taxes	\$ 52,748	\$ 27,871		\$ 4,198		\$ 46,455	\$ 29,940	\$ 40,918	\$ 37,052	\$ 239,182
Intergovernmental Taxes	473,526		\$ 67,998							541,524
Interest			-	-	\$ 456	149				605
Fines and Penalties						22,055				22,055
Licenses and Permits	19,196									19,196
Rental Income	12,652									12,652
Grant Income					99,700	-				99,700
Service, Reimbursements and Other Income	17,736	2,406		260	4,702	225				25,329
Total Revenues	<u>\$ 575,858</u>	<u>\$ 30,277</u>	<u>\$ 67,998</u>	<u>\$ 4,458</u>	<u>\$ 104,858</u>	<u>\$ 68,884</u>	<u>\$ 29,940</u>	<u>\$ 40,918</u>	<u>\$ 37,052</u>	<u>\$ 960,243</u>
EXPENDITURES:										
General Government	\$ 172,645						\$ 31,352		\$ 776	\$ 204,773
Public Safety						\$ 336,840				336,840
Transportation and Public Works		\$ 124,711								124,711
Culture and Recreation					\$ 57,422					57,422
Debt Service		12,725				14,226				26,951
Capital Outlay		22,884	\$ 62,079							84,963
Total Expenditures	<u>\$ 172,645</u>	<u>\$ 160,320</u>	<u>\$ 62,079</u>	<u>\$ -</u>	<u>\$ 57,422</u>	<u>\$ 351,066</u>	<u>\$ 31,352</u>	<u>\$ -</u>	<u>\$ 776</u>	<u>\$ 835,660</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>\$ 403,213</u>	<u>\$ (130,043)</u>	<u>\$ 5,919</u>	<u>\$ 4,458</u>	<u>\$ 47,436</u>	<u>\$ (282,182)</u>	<u>\$ (1,412)</u>	<u>\$ 40,918</u>	<u>\$ 36,276</u>	<u>\$ 124,583</u>
OTHER FINANCING SOURCES (USES):										
Operating Transfers In / (Out)	\$ (445,967)	\$ 118,775			\$ 69,375	\$ 275,625			\$ (13,408)	\$ 4,400
Long-Term Borrowings		22,884								22,884
Total Other Financing Sources (Uses)	<u>\$ (445,967)</u>	<u>\$ 141,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,375</u>	<u>\$ 275,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,408)</u>	<u>\$ 27,284</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (42,754)</u>	<u>\$ 11,616</u>	<u>\$ 5,919</u>	<u>\$ 4,458</u>	<u>\$ 116,811</u>	<u>\$ (6,557)</u>	<u>\$ (1,412)</u>	<u>\$ 40,918</u>	<u>\$ 22,868</u>	<u>\$ 151,867</u>
FUND BALANCE - MAY 1	<u>548,364</u>	<u>(104,402)</u>	<u>55,771</u>	<u>41,921</u>	<u>13,417</u>	<u>(295,741)</u>	<u>(2,031)</u>	<u>35,702</u>	<u>45,488</u>	<u>338,489</u>
FUND BALANCE - APRIL 30	<u>\$ 505,610</u>	<u>\$ (92,786)</u>	<u>\$ 61,690</u>	<u>\$ 46,379</u>	<u>\$ 130,228</u>	<u>\$ (302,298)</u>	<u>\$ (3,443)</u>	<u>\$ 76,620</u>	<u>\$ 68,356</u>	<u>\$ 490,356</u>

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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 151,867
Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because:	
Governmental funds report borrowings under long term arrangements as income. However, in the Statement of Activities, the receipt of funds under long term borrowings is not recorded. These receipts are reflected on the Statement of Net Assets as additional long term debt.	(22,884)
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.	25,047
Changes in net pension obligations are reported only in the Statement of Activities	3,851
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 depreciation of \$123,762 exceeded capital outlay of \$61,442 in the current period.	(62,320)
Change in Net Position of Governmental Activities	<u>\$ 95,561</u>

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

CITY OF BUNKER HILL, ILLINOIS
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
APRIL 30, 2020

	<u>WATER</u>	<u>SEWER</u>	<u>OTHER PROPRIETARY FUNDS</u>	<u>TOTAL PROPRIETARY FUNDS</u>
ASSETS:				
Current Assets:				
Cash	\$ 476,431	\$ 638,942		\$ 1,115,373
Restricted Cash	162,119	241,656	\$ 88,356	492,131
Accounts Receivable (Net of Allowance)	92,870	48,604	93,914	235,388
Due From Other Funds		10,900		10,900
Investment in Alternative Water Supply	226,121			226,121
Inventory	6,000	6,000		12,000
Total Current Assets	<u>\$ 963,541</u>	<u>\$ 946,102</u>	<u>\$ 182,270</u>	<u>\$ 2,091,913</u>
Capital Assets:				
Property, Plant, and Equipment	\$ 4,194,409	\$ 6,272,729		\$ 10,467,138
Less Accumulated Depreciation	(2,695,983)	(2,434,357)		(5,130,340)
Net Capital Assets	<u>\$ 1,498,426</u>	<u>\$ 3,838,372</u>	<u>\$ -</u>	<u>\$ 5,336,798</u>
Deferred Outflows of Resources				
Deferred Outflow Related to Pension Liability	<u>\$ 32,709</u>	<u>\$ 32,056</u>		<u>\$ 64,765</u>
Total Assets	<u><u>\$ 2,494,676</u></u>	<u><u>\$ 4,816,530</u></u>	<u><u>\$ 182,270</u></u>	<u><u>\$ 7,493,476</u></u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	\$ 39,685	\$ 13,411		\$ 53,096
Customer Deposits	56,311			56,311
Accrued Payroll	1,637	1,637		3,274
Accrued Payroll Taxes and Retirement	358	358		716
Due to Other Funds	15,677	15,677		31,354
Bonds Payable - In One Year	25,000	46,000		71,000
Interest Payable - Current	3,250			3,250
Total Current Liabilities	<u>\$ 141,918</u>	<u>\$ 77,083</u>	<u>\$ -</u>	<u>\$ 219,001</u>
Long-Term Liabilities:				
Pension Liability	\$ 74,523	\$ 78,014		\$ 152,537
Excavator Loan	20,273	20,273		40,546
CoBank Loan	209,791			209,791
Bonds and Notes Payable Beyond One Year	210,000	2,274,000		2,484,000
Total Long-Term Liabilities	<u>\$ 514,587</u>	<u>\$ 2,372,287</u>	<u>\$ -</u>	<u>\$ 2,886,874</u>
Deferred Inflows of Resources				
Deferred Inflow Related to Pension Liability	<u>\$ 62,395</u>	<u>\$ 59,136</u>	<u>\$ -</u>	<u>\$ 121,531</u>
Total Liabilities	<u><u>\$ 718,900</u></u>	<u><u>\$ 2,508,506</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,227,406</u></u>
NET POSITION:				
Investment in Capital Assets	\$ 1,263,426	\$ 1,518,372		\$ 2,781,798
Restricted for:				
Current Bond Maturities			\$ 161,395	161,395
Future Bond Maturities			2,075	2,075
Sewer Reserves, Replacement, and Maintenance	162,119	241,656	18,800	422,575
Unrestricted	350,231	547,996		898,227
Total Net Position	<u><u>\$ 1,775,776</u></u>	<u><u>\$ 2,308,024</u></u>	<u><u>\$ 182,270</u></u>	<u><u>\$ 4,266,070</u></u>
Total Liabilities and Net Position	<u><u>\$ 2,494,676</u></u>	<u><u>\$ 4,816,530</u></u>	<u><u>\$ 182,270</u></u>	<u><u>\$ 7,493,476</u></u>

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

CITY OF BUNKER HILL, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2020

	WATER	SEWER	OTHER PROPRIETARY FUNDS	TOTAL PROPRIETARY FUNDS
OPERATING REVENUES:				
Water and Sewer Collections	\$ 741,044	\$ 389,274		\$1,130,318
Connection Fees	10,170	1,300		11,470
Penalties	9,193	5,877		15,070
Refunds and Reimbursements	312	4,079		4,391
Total Revenues	<u>\$ 760,719</u>	<u>\$ 400,530</u>	<u>\$ -</u>	<u>\$1,161,249</u>
OPERATING EXPENSES:				
Cost of Water	\$ 347,148			\$ 347,148
Salaries and Wages	82,854	\$ 83,227		166,081
Payroll Taxes and Fringe Benefits	47,554	47,935		95,489
Repairs and Maintenance	46,184	30,370		76,554
Professional Fees	2,132	7,374		9,506
Equipment Rental	7,880	4,400		12,280
Supplies	18,960	17,283		36,243
Telephone and Utilities	18,073	26,113		44,186
Insurance	15,677	15,677		31,354
Travel and Auto	316	165		481
Depreciation	141,500	169,584		311,084
Other Expenses	5,660	798		6,458
Total Expenses	<u>\$ 733,938</u>	<u>\$ 402,926</u>	<u>\$ -</u>	<u>\$1,136,864</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>\$ 26,781</u>	<u>\$ (2,396)</u>	<u>\$ -</u>	<u>\$ 24,385</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest Income	\$ 901	\$ 6,354		\$ 7,255
Property Taxes	36,836		\$ -	36,836
Interest Expense	(13,475)	(50,264)		(63,739)
Total Non-Operating Revenues (Expenses)	<u>\$ 24,262</u>	<u>\$ (43,910)</u>	<u>\$ -</u>	<u>\$ (19,648)</u>
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>\$ 51,043</u>	<u>\$ (46,306)</u>	<u>\$ -</u>	<u>\$ 4,737</u>
TOTAL OPERATING TRANSFERS (TO) FROM OTHER FUNDS	<u>\$ (4,400)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,400)</u>
INCREASE (DECREASE) IN NET POSITION	<u>\$ 46,643</u>	<u>\$ (46,306)</u>	<u>\$ -</u>	<u>\$ 337</u>
NET POSITION - MAY 1	<u>1,729,133</u>	<u>2,354,330</u>	<u>182,270</u>	<u>4,265,733</u>
NET POSITION - APRIL 30	<u><u>\$1,775,776</u></u>	<u><u>\$2,308,024</u></u>	<u><u>\$ 182,270</u></u>	<u><u>\$4,266,070</u></u>

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, 2020

	<u>WATER</u>	<u>SEWER</u>	<u>OTHER PROPRIETARY FUNDS</u>	<u>TOTAL PROPRIETARY FUNDS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Collections From Customers	\$ 736,819	\$ 388,357		\$ 1,125,176
Other Income	19,675	11,256		30,931
Payroll Expenditures	(131,529)	(132,289)		(263,818)
Payments for Goods and Services	(445,717)	(75,831)		(521,548)
				-
Net Cash Provided (Used) by Operating Activities	<u>\$ 179,248</u>	<u>\$ 191,493</u>	<u>\$ -</u>	<u>\$ 370,741</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of Fixed Assets (Net)	\$ (22,884)	\$ (75,671)		\$ (98,555)
Borrowings on Long-Term Debt	230,064	20,273		250,337
Principal Payments	(25,000)	(46,000)		(71,000)
Interest Paid	(13,475)	(50,264)		(63,739)
Taxes Collected for Water Bonds Payable	36,836			36,836
Grant Received for Capital Additions				-
Transfers (to) from other Funds	(4,400)			(4,400)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ 201,141</u>	<u>\$ (151,662)</u>	<u>\$ -</u>	<u>\$ 49,479</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income Received	\$ 901	\$ 6,354		\$ 7,255
Investment in Alternative Water Supply	(211,121)			(211,121)
Net Cash Provided (Used) by Investing Activities	<u>\$ (210,220)</u>	<u>\$ 6,354</u>	<u>\$ -</u>	<u>\$ (203,866)</u>
NET INCREASE (DECREASE) IN CASH	\$ 170,169	\$ 46,185	\$ -	\$ 216,354
CASH AND CASH EQUIVALENTS - MAY 1	<u>468,381</u>	<u>834,413</u>	<u>88,356</u>	<u>1,391,150</u>
CASH AND CASH EQUIVALENTS - APRIL 30	<u><u>\$ 638,550</u></u>	<u><u>\$ 880,598</u></u>	<u><u>\$ 88,356</u></u>	<u><u>\$ 1,607,504</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 26,781	\$ (2,396)		\$ 24,385
Add Back Depreciation	141,500	169,584		311,084
Decrease (Increase) in Current Assets	21,140	24,563		45,703
(Decrease) Increase in Current Liabilities	(10,173)	(258)		(10,431)
Net Cash Provided (Used) by Operating Activities	<u>\$ 179,248</u>	<u>\$ 191,493</u>	<u>\$ -</u>	<u>\$ 370,741</u>

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

CITY OF BUNKER HILL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

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

CITY OF BUNKER HILL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

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.

CITY OF BUNKER HILL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

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.

CITY OF BUNKER HILL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

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 expenditures 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 \$61,690 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 (\$78,944) of assigned fund balances at April 30, 2020.

Restricted Net Position

Net position represents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is 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 \$61,690 in restricted net position 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. The Business-Type Activities have \$586,045 of restricted net position related to the bonds issued as discussed in Note 10 of these financial statements.

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.

CITY OF BUNKER HILL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 2. DEFINED BENEFIT PENSION PLAN

IMRF Plan Description

The City'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 City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-City public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

CITY OF BUNKER HILL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 2. DEFINED BENEFIT PENSION PLAN (Continued)

Employees Covered by Benefit Terms

As of December 31, 2019, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	20
Inactive Plan Members entitled to but not yet receiving benefits	15
Active Plan Members	<u>10</u>
Total	45

Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2019 was 26.35%. The City's annual contribution rate for the calendar year 2018 was 25.45%. For the fiscal year ended April 30, 2020, the City contributed \$84,512 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2019:

- The **Actuarial Cost Method** used was Aggregate Entry Age Normal.
- The **Asset Valuation Method** used was market value of assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.35% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

CITY OF BUNKER HILL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 2. DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	7.05%
International Equity	18%	8.10%
Fixed Income	28%	3.70%
Real Estate	9%	6.35%
Alternative Investments	7%	4.65-11.3%
Cash Equivalents	<u>1%</u>	1.85%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

CITY OF BUNKER HILL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 2. DEFINED BENEFIT PENSION PLAN (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$3,148,310	\$2,234,864	\$913,446
Changes for the year:			
Service Cost	24,684	-	24,684
Interest on the Total Pension Liability	221,534	-	221,534
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	5,846	-	5,846
Changes of Assumptions	-	-	-
Contributions – City	-	84,512	(84,512)
Contributions – Employees	-	14,433	(14,433)
Net Investment Income	-	452,800	(452,800)
Benefit Payments, including Refunds of Employee Contributions	(210,021)	(210,021)	-
Other (Net Transfer)	-	1,931	(1,931)
Net Changes	42,043	343,655	(301,612)
Balances at December 31, 2019	<u>\$3,190,353</u>	<u>\$2,578,519</u>	<u>\$611,834</u>

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.25%)	Current (7.25%)	1% Higher (8.25%)
Net Pension Liability	\$1,011,495	\$ 611,834	\$ 286,088

CITY OF BUNKER HILL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 2. DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended April 30, 2020, the City recognized pension expense of \$84,512. At April 30, 2020, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$8,421	\$ -
Changes of assumptions	35,310	10,974
Net difference between projected and actual earnings on pension plan investments	<u>210,996</u>	<u>338,973</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>254,727</u>	<u>349,947</u>
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 254,727</u>	<u>\$ 394,947</u>

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

Year Ending December 31	Net Deferred Outflows of Resources
2020	\$ (14,603)
2021	(32,497)
2022	10,825
2023	(58,945)
2024	-
Thereafter	<u>-</u>
Total	<u>\$ (95,220)</u>

CITY OF BUNKER HILL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

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 was \$2,032,124. Of this amount, \$1,633,993 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 .10% to 2.45%.

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 2018 levy was passed by the council in 2018 and property taxes attached as an enforceable lien on property as of January 1st. Taxes are payable in two installments, usually in 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 2018 and prior tax levies that were paid during the summer/fall of 2019.

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 17.

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.

CITY OF BUNKER HILL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 6. TRANSFERS

The City will occasionally transfer funds from one fund to another in order to provide sufficient resources to meet the needs of that fund. These transfers usually come from the sales and income taxes collected within the City's General Fund but intended to be used by any fund. Funds being transferred into debt service or reserve funds are mandated by debt covenants for future funding of debt payments or asset replacement.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$13,408	\$459,375
Street Fund	118,775	
Parks & Recreation Fund	69,375	
Police Protection	275,625	
Water Fund		4,400
TIFF Fund		13,408
Total	<u>\$477,183</u>	<u>\$477,183</u>

NOTE 7. CAPITAL ASSETS

A summary of capital assets at April 30, 2020 follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Balance May 1, 2018	\$3,788,666	\$10,368,583
Deletions	-	-
Additions	<u>61,442</u>	<u>98,555</u>
Balance April 30, 2019	\$3,850,108	\$10,467,138
Less Accumulated Depreciation	<u>(1,895,683)</u>	<u>(5,130,340)</u>
	<u>\$1,954,425</u>	<u>\$ 5,336,798</u>

Depreciation expense for the current year was \$123,762 for Governmental Activities and \$311,084 for Business-Type Activities.

NOTE 8. 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.

CITY OF BUNKER HILL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 9. 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:

<u>Period</u> <u>Ending</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>	<u>Annual</u> <u>Debt Service</u>
08/01/2020			5,922	5,922	37,422
02/01/2021	25,000	4.750%	5,922	30,922	
08/01/2021			5,334	5,334	36,256
02/01/2022	25,000	5.100%	5,334	30,334	
08/01/2022			4,741	4,741	35,075
02/01/2023	25,000	5.100%	4,741	29,741	
08/01/2023			4,100	4,100	33,841
02/01/2024	30,000	5.125%	4,100	34,100	
08/01/2024			3,331	3,331	37,431
02/01/2025	30,000	5.125%	3,331	33,331	
Thereafter	100,000		10,506	110,506	

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.

<u>Period</u> <u>Ending</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>	<u>Annual</u> <u>Debt Service</u>
08/01/2020			3,936	3,936	12,982
02/01/2021	5,000	4.50%	3,936	8,936	
08/01/2021			3,824	3,824	12,760
02/01/2022	5,000	5.25%	3,824	8,824	
08/01/2022			3,708	3,708	12,532
02/01/2023	5,000	5.25%	3,708	8,708	
08/01/2023			3,591	3,591	12,299
02/01/2024	5,000	5.30%	3,591	8,591	
08/01/2024			3,463	3,463	12,054
02/01/2025	5,000	5.30%	3,463	8,463	
Thereafter	125,000		64,312	194,315	

During the year ending April 30, 2020 the City purchased a min-excavator. The original cost was 68,651. The loan was secure through United Community Bank for a forty-two month period with interest at 3.74%. The equipment is shared by the Water, Sewer, and Street departments. The monthly payments are also allocated between the three departments.

CITY OF BUNKER HILL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 9. LONG TERM DEBT (Continued)

<u>Period Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
04/30/2021	14,809	1,058	15,867
04/30/2022	15,107	760	15,867
04/30/2023	15,412	455	15,867
04/30/2024	15,491	144	15,635

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 paid interest only during the construction period, and then initial principal payments began in 2016 and continue until fully paid in 2053.

The Bond agreement required the establishment of a Bond and Interest Account. Payments were to be made into this account that equal one-sixth of the next semi-annual interest payment until May 1, 2016. Beginning May 1, 2016, 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. At April 30, 2019 the account had a balance of \$70,765.

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 with monthly payments in the amount of \$2,574. Payments into these two reserve accounts were not required to begin until May 1, 2015. The balance in these accounts at April 30, 2019 was \$48,718 and \$117,070 respectively.

	<u>Period Ending</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
Series A						
	05/01/2020	40,000	2.125%	21,463	61,463	
	11/01/2020			21,038	21,038	82,501
	05/01/2021	40,000	2.125%	21,038	61,038	
	11/01/2021			20,613	20,613	81,651
	05/01/2022	40,000	2.125%	20,613	60,613	
	11/01/2022			20,188	20,188	80,801
	05/01/2023	40,000	2.125%	20,188	60,188	
	11/01/2023			19,763	19,763	79,951
	05/01/2024	40,000	2.125%	19,763	59,763	
	11/01/2024			19,338	19,338	79,101
	Thereafter	1,820,000		624,529	2,444,529	

CITY OF BUNKER HILL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 9. LONG TERM DEBT (Continued)

	<u>Period</u> <u>Ending</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>	<u>Annual</u> <u>Debt Service</u>
Series B						
	05/01/2020	6,000	2.125%	3,187	9,187	
	11/01/2020			3,124	3,124	12,311
	05/01/2021	6,000	2.125%	3,124	9,124	
	11/01/2021			3,060	3,060	12,184
	05/01/2022	6,000	2.125%	3,060	9,060	
	11/01/2022			2,996	2,996	12,056
	05/01/2023	6,000	2.125%	2,996	8,996	
	11/01/2023			2,933	2,966	11,962
	05/01/2024	6,000	2.125%	2,932	6,932	
	Thereafter	276,000		97,601	373,601	

In December 2017, the City purchase a new police SUV. The vehicle was purchased through a loan from United Community Bank in the amount of \$45,139. The loan is repayable over 36 months with interest. Following is a schedule of the remaining principal and interest payments.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
04/30/2021	<u>\$8,987</u>	<u>\$ 84</u>	<u>\$9,071</u>
Total	<u>\$8,987</u>	<u>\$ 84</u>	<u>\$9,071</u>

Following are the changes in long-term debt:

	<u>Balance</u> <u>May 1, 2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>April 30, 2020</u>
Governmental Activities				
2009 General Obligation Bonds	\$155,000		\$5,000	\$150,000
United Community Bank Loan		68,651	7,832	60,819
United Community Bank Loan	24,126		15,139	8,987
Business-type Activities				
2008 Water Bonds	260,000		25,000	235,000
2013 Sewerage Revenue Bonds	2,366,000		46,000	2,320,000
Co-Bank Alternate Water Source		209,791		209,791

Total interest paid by the City was \$9,132 for Governmental Fund Types and \$63,739 for Proprietary Fund Types.

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.

CITY OF BUNKER HILL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 11. SCHEDULE OF LEGAL DEBT MARGIN

<u>Assessed Valuation</u>	<u>\$17,121,723</u>
<u>Legal Debt Margin:</u>	
8.625% of \$17,121,723	\$1,476,749
General obligation debt outstanding	<u>(179,260)</u>
Total Debt Margin	<u>\$1,297,489</u>

NOTE 12. DEFICIT FUND BALANCES

The following funds had a deficit fund balance at April 30, 2020:

Special Revenue:	
Street Fund	\$ (92,786)
Police Protection Fund	(302,298)
Tort	(3,443)

NOTE 13. SUBSEQUENT EVENTS

The effects of subsequent events on the financial statements have 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 14. 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.

NOTE 15. INSURANCE COVERAGES

In order to protect the City's assets, the City has obtained various insurance coverages. These coverages include, but are not limited to fidelity bonding in the amount of \$108,000 to protect against the misappropriation of assets.

CITY OF BUNKER HILL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 16. SCHEDULE OF EQUALIZED VALUATIONS, TAX RATE EXTENSIONS AND COLLECTIONS

	2019 Taxes To Be Collected In 2020	2018 Taxes Collected In 2019	2017 Taxes Collected In 2018
Equalized Valuations	<u>\$17,211,122</u>	<u>\$17,211,122</u>	<u>\$17,351,046</u>
<u>Tax Rates:</u>			
General Corporate	.19744	.19383	.19226
Police Protection	.25218	.24751	.23053
Streets	.05861	.06000	.06000
Tort	.17688	.17431	.14985
IMRF	.24991	.23822	.23630
Audit	.04365	.04300	.04265
Social Security	.05991	.05810	.05763
Unemployment Taxes	.01092	.01075	.01066
ESDA	.00627	.00581	.00576
Bond & Interest	<u>.29037</u>	<u>.29686</u>	<u>.30217</u>
	<u>1.34614</u>	<u>1.32839</u>	<u>1.28781</u>
<u>Tax Extensions:</u>			
General Corporate	\$33,805	\$33,951	\$29,951
Police Protection	43,178	42,599	35,913
Streets	10,035	10,327	9,347
Tort	30,285	30,001	23,344
IMRF	42,789	41,000	36,812
Audit	7,474	7,401	6,644
Social Security	10,258	10,000	8,978
Unemployment Taxes	1,869	1,850	1,661
ESDA	1,074	1,000	897
Bond & Interest	<u>49,716</u>	<u>51,093</u>	<u>47,073</u>
	<u>\$230,483</u>	<u>\$228,632</u>	<u>\$200,620*</u>

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

* The City is subject to Truth in Taxation. This law limits the amount of tax increase that the City may impose without a public referendum. The City's increase exceeded this amount for tax year 2017. Therefore, the actual amounts levied by the City was less than the Final Rate determined by the County.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BUNKER HILL, ILLINOIS
 MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 ILLINOIS MUNICIPAL RETIREMENT FUND
 APRIL 30, 2020

Calendar Year Ended December 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total Pension Liability										
Service Cost	\$ 24,684	\$ 28,766	\$ 31,979	\$ 31,870	\$ 40,883					
Interest on the Total Pension Liability	221,534	219,385	219,395	214,600	176,920					
Benefit Changes										
Difference between Expected and Actual Experience	5,846	1,977	34,501	8,931	483,460					
Assumption Changes		90,716	(84,504)	(11,228)	7,381					
Benefit Payments and Refunds	(210,021)	(206,570)	(193,232)	(190,339)	(196,432)					
Net Change in Total Pension Liability	\$ 42,043	\$ 134,274	\$ 8,139	\$ 53,834	\$ 512,212					
Total Pension Liability - Beginning	3,148,310	3,014,036	3,005,897	2,952,063	2,439,851					
Total Pension Liability - Ending (A)	<u>\$ 3,190,353</u>	<u>\$ 3,148,310</u>	<u>\$ 3,014,036</u>	<u>\$ 3,005,897</u>	<u>\$ 2,952,063</u>					
Plan Fiduciary Net Position										
Employer Contributions	\$ 84,512	\$ 77,086	\$ 92,038	\$ 45,453	\$ 40,858					
Employee Contributions	14,433	13,630	16,041	15,567	62,351					
Pension Plan Net Investment Income	452,800	(167,341)	414,988	147,115	10,327					
Benefit Payments and Refunds	(210,021)	(206,570)	(193,232)	(190,339)	(196,432)					
Other	1,931	79,676	(54,983)	15,318	101,376					
Net Change in Plan Fiduciary Net Position	\$ 343,655	\$ (203,519)	\$ 274,852	\$ 33,114	\$ 18,480					
Plan Fiduciary Net Position - Beginning	2,234,864	2,438,383	2,163,531	2,130,417	2,111,937					
Plan Fiduciary Net Position - Ending (B)	<u>\$ 2,578,519</u>	<u>\$ 2,234,864</u>	<u>\$ 2,438,383</u>	<u>\$ 2,163,531</u>	<u>\$ 2,130,417</u>					
Net Pension Liability/(Asset) - Ending (A) - (B)	\$ 611,834	\$ 913,446	\$ 575,653	\$ 842,366	\$ 821,646					
Plan Fiduciary Net Position as a Percentage of										
Total Pension Liability	80.82%	70.99%	80.90%	71.98%	72.17%					
Covered Valuation Payroll	\$ 320,728	\$ 302,889	\$ 345,916	\$ 345,916	\$ 331,903					
Net Pension Liability as a Percentage of										
Covered Valuation Payroll	190.76%	301.58%	166.41%	243.52%	247.56%					

CITY OF BUNKER HILL, ILLINOIS
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2020

<u>CALENDAR</u> <u>YEAR ENDING</u> <u>DECEMBER 31,</u>	<u>ACTUARIALLY</u> <u>DETERMINED</u> <u>CONTRIBUTION</u>	<u>ACTUAL</u> <u>CONTRIBUTION</u>	<u>CONTRIBUTION</u> <u>DEFICIENCY</u> <u>(EXCESS)</u>	<u>COVERED</u> <u>PAYROLL</u>	<u>ACUTAL</u> <u>CONTRIBUTION</u> <u>AS A % OF</u> <u>COVERED</u> <u>PAYROLL</u>
2019	\$ 84,512	\$ 84,512	\$ -	\$ 320,726	26.35%
2018	77,085	77,086	(1)	302,889	25.45%
2017	92,038	92,038	-	356,462	25.82%
2016	45,453	45,453	-	345,916	13.14%
2015	46,732	40,858	5,874	331,903	12.31%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate*

Notes: Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the

Methods and Assumptions Used to Determine 2019 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period Taxing bodies (Regular, SLEP, and ECO groups): 24-year closed period. Early Retirement Incentive Plan Liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 19 years for most employers (three employers were financed over 28 years and four others were financed over 29 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	3.25%
Price Inflation	2.50% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.35% - 14.25% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 - 2016.

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

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BUNKER HILL, ILLINOIS
BALANCE SHEET
GENERAL CORPORATE FUND
APRIL 30, 2020
(COMPARED TO APRIL 30, 2019)

	<u>GENERAL CORPORATE FUND</u>	
	<u>2020</u>	<u>2019</u>
ASSETS:		
Cash	\$ 324,134	\$ 271,751
Cash Investments	148,140	224,021
Property Tax Receivable	52,611	52,611
State Income and Use Tax Receivable	17,886	36,299
Sales and Telecom Tax Receivable	32,900	35,254
Total Assets	<u>\$ 575,671</u>	<u>\$ 619,936</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	\$ 1,504	\$ 3,015
Due To Other Funds	14,562	14,562
Accrued Payroll	1,257	1,257
Accrued Payroll Taxes and Retirement	127	127
Deferred Tax Revenue	52,611	52,611
Total Liabilities	<u>\$ 70,061</u>	<u>\$ 71,572</u>
FUND BALANCE:		
Unassigned	\$ 505,610	\$ 548,364
Total Liabilities and Fund Balance	<u>\$ 575,671</u>	<u>\$ 619,936</u>

CITY OF BUNKER HILL, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL CORPORATE FUND
 FOR THE FISCAL YEAR ENDED APRIL 30, 2020
 (COMPARED TO THE FISCAL YEAR ENDED APRIL 30, 2019)

	<u>GENERAL CORPORATE FUND</u>	
	<u>2020</u>	<u>2019</u>
REVENUES:		
Property Taxes	\$ 52,748	\$ 54,400
State Income Taxes	193,445	184,049
Sales and Use Tax	229,993	219,615
Replacement Taxes	3,521	2,782
Telecommunication Taxes	22,530	31,126
Video Gaming Taxes	24,037	20,869
Licenses and Permits	19,196	8,806
Rental Income	12,652	14,646
Service, Reimbursements and Other Income	17,736	19,139
Total Revenues	<u>\$ 575,858</u>	<u>\$ 555,432</u>
EXPENDITURES:		
Salaries and Wages	\$ 56,092	\$ 56,401
Payroll Taxes and Fringe Benefits	32,950	32,199
Insurance	800	900
Repairs and Maintenance	7,599	8,261
Professional Fees	54,829	16,218
Supplies	4,569	6,904
Telephone and Utilities	5,829	7,177
Corporate Tax Rebate	934	12,474
Other Expenditures	9,043	10,040
Total Expenditures	<u>\$ 172,645</u>	<u>\$ 150,574</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	\$ 403,213	\$ 404,858
OTHER FINANCING SOURCES (USES):		
Operating Transfers In / (Out)	<u>(445,967)</u>	<u>(192,035)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (42,754)	\$ 212,823
FUND BALANCE - MAY 1	<u>548,364</u>	<u>335,541</u>
FUND BALANCE - APRIL 30	<u>\$ 505,610</u>	<u>\$ 548,364</u>

CITY OF BUNKER HILL, ILLINOIS
 COMBINING BALANCE SHEETS
 SPECIAL REVENUE FUNDS
 APRIL 30, 2020
 (COMPARED TO APRIL 30, 2019)

	<u>STREET FUND</u>	<u>MOTOR FUEL TAX FUND</u>	<u>ROAD AND BRIDGES FUND</u>	<u>PARKS AND RECREATION FUND</u>	<u>POLICE PROTECTION FUND</u>	<u>TORT</u>	<u>RETIREMENT</u>	<u>TAX INCREMENT FINANCING FUND</u>	<u>TOTALS</u> <u>2020</u>	<u>2019</u>
ASSETS:										
Current Assets:										
Cash		\$ 50,360		\$ 47,843			\$ 76,620	\$ 68,356	\$ 243,179	\$ 185,508
Cash Investments			\$ 57,279	68,563	\$ 34,785				160,627	55,676
Property Taxes Receivable	\$ 11,326				42,599	\$ 30,000	41,001		124,926	124,928
Due From Other Funds				14,562		31,354			45,916	14,562
Accounts Receivable		11,330							11,330	7,525
Total Assets	<u>\$ 11,326</u>	<u>\$ 61,690</u>	<u>\$ 57,279</u>	<u>\$ 130,968</u>	<u>\$ 77,384</u>	<u>\$ 61,354</u>	<u>\$ 117,621</u>	<u>\$ 68,356</u>	<u>\$ 585,978</u>	<u>\$ 388,199</u>
LIABILITIES AND FUND BALANCES:										
Liabilities										
Cash Overdraft	\$ 90,251				\$ 326,380	\$ 34,797			\$ 451,428	\$ 411,501
Accounts Payable	1,074			\$ 301	6,579				7,954	44,721
Due to Other Funds			\$ 10,900						10,900	10,900
Accrued Payroll	1,199			360	3,384				4,943	4,943
Accrued Payroll Taxes and Retirement	262			79	740				1,081	1,081
Deferred Tax Revenue	11,326				42,599	30,000	\$ 41,001		124,926	124,928
Total Current Liabilities	<u>\$ 104,112</u>	<u>\$ -</u>	<u>\$ 10,900</u>	<u>\$ 740</u>	<u>\$ 379,682</u>	<u>\$ 64,797</u>	<u>\$ 41,001</u>	<u>\$ -</u>	<u>\$ 601,232</u>	<u>\$ 598,074</u>
FUND BALANCES:										
Restricted		\$ 61,690							\$ 61,690	\$ 55,771
Assigned	\$ (92,786)		\$ 46,379	\$ 130,228	\$ (302,298)	\$ (3,443)	\$ 76,620	\$ 68,356	(76,944)	(265,646)
Total Fund Balances	<u>\$ (92,786)</u>	<u>\$ 61,690</u>	<u>\$ 46,379</u>	<u>\$ 130,228</u>	<u>\$ (302,298)</u>	<u>\$ (3,443)</u>	<u>\$ 76,620</u>	<u>\$ 68,356</u>	<u>\$ (15,254)</u>	<u>\$ (209,875)</u>
Total Liabilities and Fund Balances	<u>\$ 11,326</u>	<u>\$ 61,690</u>	<u>\$ 57,279</u>	<u>\$ 130,968</u>	<u>\$ 77,384</u>	<u>\$ 61,354</u>	<u>\$ 117,621</u>	<u>\$ 68,356</u>	<u>\$ 585,978</u>	<u>\$ 388,199</u>

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, 2020
 (COMPARED TO THE FISCAL YEAR ENDED APRIL 30, 2019)

	<u>STREET FUND</u>	<u>MOTOR FUEL TAX FUND</u>	<u>ROAD AND BRIDGES FUND</u>	<u>PARKS AND RECREATION FUND</u>	<u>POLICE PROTECTION FUND</u>	<u>TORT</u>	<u>RETIREMENT FUND</u>	<u>TAX INCREMENT FINANCING FUND</u>	<u>TOTAL 2020</u>	<u>2019</u>
REVENUES:										
Property Taxes	\$ 27,871		\$ 4,198		\$ 46,455	\$ 29,940	\$ 40,918	\$ 37,052	\$ 186,434	\$ 150,587
Motor Fuel Taxes		\$ 67,998							67,998	44,892
Rental Income									-	-
Grant Income				\$ 99,700					99,700	-
Interest Income				456	149				605	416
Fines and Fees					22,055				22,055	25,728
Service, Reimbursements and Other Income	2,406		260	4,702	225				7,593	40,346
Total Revenues	<u>\$ 30,277</u>	<u>\$ 67,998</u>	<u>\$ 4,458</u>	<u>\$ 104,858</u>	<u>\$ 68,884</u>	<u>\$ 29,940</u>	<u>\$ 40,918</u>	<u>\$ 37,052</u>	<u>\$ 384,385</u>	<u>\$ 261,969</u>
EXPENDITURES:										
Salaries and Wages	\$ 30,165			\$ 6,810	\$ 191,411				\$ 228,386	\$ 237,572
Payroll Taxes and Fringe Benefits	16,466			559	72,879				89,904	115,808
Insurance						\$ 31,352			31,352	47,214
Professional Fees	467				14,524		\$ 776		15,767	18,863
Repairs and Maintenance	33,503			707	12,144				46,354	49,892
Supplies	13,474			867	27,185				41,526	22,543
Telephone and Utilities	18,592			3,382	5,637				27,611	28,475
Training and Conferences					8,065				8,065	10,265
Street Lighting	8,386								8,386	763
Travel and Auto	1,368								1,368	12,898
Capital Outlay	22,884	\$ 62,079		37,086	978				123,027	69,696
Debt Payment	12,725				14,226				26,951	38,732
Other Expenditures	2,290			8,011	4,017				14,318	18,751
Total Expenditures	<u>\$ 160,320</u>	<u>\$ 62,079</u>	<u>\$ -</u>	<u>\$ 57,422</u>	<u>\$ 351,066</u>	<u>\$ 31,352</u>	<u>\$ -</u>	<u>\$ 776</u>	<u>\$ 663,015</u>	<u>\$ 671,472</u>
EXCESS OF REVENUE OVER (UNDER)										
EXPENDITURES BEFORE OTHER										
FINANCING SOURCES (USES)	<u>\$ (130,043)</u>	<u>\$ 5,919</u>	<u>\$ 4,458</u>	<u>\$ 47,436</u>	<u>\$ (282,182)</u>	<u>\$ (1,412)</u>	<u>\$ 40,918</u>	<u>\$ 36,276</u>	<u>\$ (278,630)</u>	<u>\$ (394,508)</u>
OTHER FINANCING SOURCES (USES):										
Operating Transfers In	\$ 118,775			\$ 69,375	\$ 275,625				\$ 463,775	\$ 252,005
Operating Transfers Out								\$ (13,408)	(13,408)	(15,915)
Long-Term Borrowings	22,884								22,884	-
Total Other Financing Sources (Uses)	<u>\$ 141,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,375</u>	<u>\$ 275,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,408)</u>	<u>\$ 473,251</u>	<u>\$ 236,090</u>
EXCESS OF REVENUES AND OTHER FINANCING										
SOURCES OVER (UNDER) EXPENDITURES										
AND OTHER FINANCING USES	<u>\$ 11,616</u>	<u>\$ 5,919</u>	<u>\$ 4,458</u>	<u>\$ 116,811</u>	<u>\$ (6,557)</u>	<u>\$ (1,412)</u>	<u>\$ 40,918</u>	<u>\$ 22,868</u>	<u>\$ 194,621</u>	<u>\$ (158,418)</u>
FUND BALANCE - MAY 1	<u>(104,402)</u>	<u>55,771</u>	<u>41,921</u>	<u>13,417</u>	<u>(295,741)</u>	<u>(2,031)</u>	<u>35,702</u>	<u>45,488</u>	<u>(209,875)</u>	<u>(51,457)</u>
FUND BALANCE - APRIL 30	<u>\$ (92,786)</u>	<u>\$ 61,690</u>	<u>\$ 46,379</u>	<u>\$ 130,228</u>	<u>\$ (302,298)</u>	<u>\$ (3,443)</u>	<u>\$ 76,620</u>	<u>\$ 68,356</u>	<u>\$ (15,254)</u>	<u>\$ (209,875)</u>

CITY OF BUNKER HILL, ILLINOIS
COMBINING BALANCE SHEETS
ENTERPRISE FUNDS
APRIL 30, 2020
(COMPARED TO APRIL 30, 2019)

	WATER FUND	SEWER FUND	BOND AND INTEREST FUND	SEWER DEPRECIATION FUND	SEWER BOND RESERVE FUND	TOTALS 2020	2019
ASSETS:							
Current Assets:							
Cash	\$ 476,431	\$ 638,942	\$ 67,481	\$ 18,800	\$ 2,075	\$ 1,203,729	\$ 1,106,404
Restricted Cash	162,119	241,656				403,775	284,746
Accounts Receivable (net of allowance)	92,870	48,604	93,914			235,388	230,246
Due From Other Funds		10,900				10,900	10,900
Investment in Alternative Water Source	226,121					226,121	15,000
Inventory	6,000	6,000				12,000	12,000
Total Current Assets	<u>\$ 963,541</u>	<u>\$ 946,102</u>	<u>\$ 161,395</u>	<u>\$ 18,800</u>	<u>\$ 2,075</u>	<u>\$ 2,091,913</u>	<u>\$ 1,659,296</u>
Capital Assets:							
Property, Plant, and Equipment	\$ 4,194,409	\$ 6,272,729				\$ 10,467,138	\$ 10,368,583
Less: Accumulated Depreciation	(2,695,983)	(2,434,357)				(5,130,340)	(4,819,257)
Net Capital Assets	<u>\$ 1,498,426</u>	<u>\$ 3,838,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,336,798</u>	<u>\$ 5,549,326</u>
Deferred Outflows of Resources							
Deferred Outflow Related to Pension Liability	<u>\$ 32,709</u>	<u>\$ 32,056</u>				<u>\$ 64,765</u>	<u>\$ 115,610</u>
Total Assets	<u>\$ 2,494,676</u>	<u>\$ 4,816,530</u>	<u>\$ 161,395</u>	<u>\$ 18,800</u>	<u>\$ 2,075</u>	<u>\$ 7,493,476</u>	<u>\$ 7,324,232</u>
LIABILITIES AND FUND NET ASSETS:							
Liabilities							
Accounts Payable	\$ 39,685	\$ 13,411				\$ 53,096	\$ 41,787
Customer Deposits	56,311					56,311	56,311
Accrued Payroll	1,637	1,637				3,274	3,274
Accrued Payroll Taxes and Retirement	358	358				716	716
Due to Other Funds	15,677	15,677				31,354	
Interest Payable	3,250					3,250	3,250
Bonds Payable - Current Portion	25,000	46,000				71,000	71,000
Total Current Liabilities	<u>\$ 141,918</u>	<u>\$ 77,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,001</u>	<u>\$ 176,338</u>
Long-Term Liabilities							
Pension Liability	\$ 74,523	\$ 78,014				\$ 152,537	\$ 263,714
Excavator Loan	20,273	20,273				40,546	
CoBank Note Payable	209,791					209,791	
Bonds and Notes Payable - Net of Current Portion	210,000	2,274,000				2,484,000	2,555,000
Total Long Term Liabilities	<u>\$ 514,587</u>	<u>\$ 2,372,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,886,874</u>	<u>\$ 2,818,714</u>
Deferred Inflows of Resources							
Deferred Inflow Related to Pension Liability	<u>\$ 62,395</u>	<u>\$ 59,136</u>				<u>\$ 121,531</u>	<u>\$ 63,447</u>
Total Liabilities	<u>\$ 718,900</u>	<u>\$ 2,508,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,227,406</u>	<u>\$ 3,058,499</u>
FUND NET ASSETS:							
Investment in Capital Assets, Net of Related Debt	\$ 1,263,426	\$ 1,518,372				\$ 2,781,798	\$ 3,142,834
Restricted for:							
Current Bond Maturities			\$ 161,395			161,395	145,488
Future Bond Maturities					\$ 2,075	2,075	2,075
Sewer Reserves, Replacement, and Maintenance				\$ 18,800		18,800	18,800
Unrestricted	512,350	789,652				1,302,002	956,536
Total Fund Net Assets	<u>\$ 1,775,776</u>	<u>\$ 2,308,024</u>	<u>\$ 161,395</u>	<u>\$ 18,800</u>	<u>\$ 2,075</u>	<u>\$ 4,266,070</u>	<u>\$ 4,265,733</u>
Total Liabilities and Fund Net Assets	<u>\$ 2,494,676</u>	<u>\$ 4,816,530</u>	<u>\$ 161,395</u>	<u>\$ 18,800</u>	<u>\$ 2,075</u>	<u>\$ 7,493,476</u>	<u>\$ 7,324,232</u>

CITY OF BUNKER HILL, ILLINOIS
 COMBINING SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED APRIL 30, 2020
 (COMPARED TO FISCAL YEAR ENDED APRIL 30, 2019)

	<u>WATER</u> <u>FUND</u>	<u>SEWER</u> <u>FUND</u>	<u>BOND</u> <u>AND INTEREST</u> <u>FUND</u>	<u>SEWER</u> <u>DEPRECIATION</u> <u>FUND</u>	<u>SEWER</u> <u>BOND</u> <u>RESERVE</u>	<u>TOTAL</u> 2020	2019
OPERATING REVENUES:							
Water and Sewer Collections	\$ 741,044	\$ 389,274				\$ 1,130,318	\$ 1,174,132
Connection Fees	10,170	1,300				11,470	14,365
Penalties	9,193	5,877				15,070	15,983
Refunds and Reimbursements	312	4,079				4,391	16,109
Total Operating Revenues	<u>\$ 760,719</u>	<u>\$ 400,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,161,249</u>	<u>\$ 1,220,589</u>
OPERATING EXPENSES:							
Cost of Water	\$ 347,148					\$ 347,148	\$ 385,727
Salaries and Wages	82,854	\$ 83,227				166,081	129,780
Payroll Taxes and Fringe Benefits	47,554	47,935				95,489	83,376
Repairs and Maintenance	46,184	30,370				76,554	47,660
Professional Fees	2,132	7,374				9,506	53,975
Equipment Rental	7,880	4,400				12,280	3,426
Supplies	18,960	17,283				36,243	41,077
Telephone and Utilities	18,073	26,113				44,186	43,053
Insurance	15,677	15,677				31,354	21,112
Travel and Auto	316	165				481	731
Depreciation	141,500	169,584				311,084	307,585
Other Expenses	5,660	798				6,458	41,618
Total Operating Expenses	<u>\$ 733,938</u>	<u>\$ 402,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,136,864</u>	<u>\$ 1,159,120</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>\$ 26,781</u>	<u>\$ (2,396)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,385</u>	<u>\$ 61,469</u>
NON-OPERATING REVENUES (EXPENSES):							
Interest Income	\$ 901	\$ 6,354				\$ 7,255	\$ 4,543
Property Taxes	36,836					36,836	51,092
Interest Expense	(13,475)	(50,264)				(63,739)	(64,610)
Total Non-Operating Revenues (Expenses)	<u>\$ 24,262</u>	<u>\$ (43,910)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,648)</u>	<u>\$ (8,975)</u>
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>\$ 51,043</u>	<u>\$ (46,306)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,737</u>	<u>\$ 52,494</u>
TOTAL OPERATING TRANSFERS (TO) FROM OTHER FUNDS	<u>\$ (4,400)</u>					<u>\$ (4,400)</u>	<u>\$ (44,055)</u>
INCREASE (DECREASE) IN FUND NET ASSETS	<u>\$ 46,643</u>	<u>\$ (46,306)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 337</u>	<u>\$ 8,439</u>
FUND NET ASSETS - MAY 1	<u>1,729,133</u>	<u>2,354,330</u>	<u>161,395</u>	<u>\$ 18,800</u>	<u>\$ 2,075</u>	<u>4,265,733</u>	<u>4,326,521</u>
PRIOR PERIOD ADJUSTMENT						<u>-</u>	<u>(69,227)</u>
FUND NET ASSETS - APRIL 30	<u><u>\$ 1,775,776</u></u>	<u><u>\$ 2,308,024</u></u>	<u><u>\$ 161,395</u></u>	<u><u>\$ 18,800</u></u>	<u><u>\$ 2,075</u></u>	<u><u>\$ 4,266,070</u></u>	<u><u>\$ 4,265,733</u></u>

CITY OF BUNKER HILL, ILLINOIS
COMPARATIVE SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2020 AND 2019

	2020 <u>WATER</u> <u>FUND</u>	2019 <u>WATER</u> <u>FUND</u>	2020 <u>SEWER</u> <u>FUND</u>	2019 <u>SEWER</u> <u>FUND</u>
OPERATING REVENUES:				
Water and Sewer Collections	\$ 741,044	\$ 776,753	\$ 389,274	\$ 397,379
Connection Fees	10,170	14,365	1,300	
Penalties	9,193	9,849	5,877	6,134
Refunds and Reimbursements	312	10,245	4,079	5,864
Total Operating Revenues	<u>\$ 760,719</u>	<u>\$ 811,212</u>	<u>\$ 400,530</u>	<u>\$ 409,377</u>
OPERATING EXPENSES:				
Cost of Water	\$ 347,148	\$ 385,727		
Salaries and Wages	82,854	65,041	\$ 83,227	\$ 64,739
Payroll Taxes and Fringe Benefits	47,554	42,530	47,935	40,846
Repairs and Maintenance	46,184	26,945	30,370	20,715
Professional Fees	2,132	46,581	7,374	7,394
Equipment Rental	7,880		4,400	3,426
Supplies	18,960	21,275	17,283	19,802
Telephone and Utilities	18,073	21,965	26,113	21,088
Insurance	15,677	10,556	15,677	10,556
Travel and Auto	316	663	165	68
Depreciation	141,500	141,540	169,584	166,045
Other Expenses	5,660	26,128	798	15,490
Total Operating Expenses	<u>\$ 733,938</u>	<u>\$ 788,951</u>	<u>\$ 402,926</u>	<u>\$ 370,169</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>\$ 26,781</u>	<u>\$ 22,261</u>	<u>\$ (2,396)</u>	<u>\$ 39,208</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest Income	\$ 901	\$ 1,463	\$ 6,354	\$ 3,080
Property Taxes	36,836			
Interest Expense	(13,475)	(13,844)	(50,264)	(50,766)
Total Non-Operating Revenues (Expenses)	<u>\$ 24,262</u>	<u>\$ (12,381)</u>	<u>\$ (43,910)</u>	<u>\$ (47,686)</u>
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>\$ 51,043</u>	<u>\$ 9,880</u>	<u>\$ (46,306)</u>	<u>\$ (8,478)</u>
TOTAL OPERATING TRANSFERS (TO) FROM OTHER FUNDS	<u>\$ (4,400)</u>	<u>\$ (4,435)</u>	<u> </u>	<u>\$ (4,435)</u>
INCREASE (DECREASE) IN FUND NET ASSETS	\$ 46,643	\$ 5,445	\$ (46,306)	\$ (12,913)
FUND NET ASSETS - MAY 1	<u>1,729,133</u>	<u>1,723,688</u>	<u>2,354,330</u>	<u>2,436,470</u>
PRIOR PERIOD ADJUSTMENT				<u>(69,227)</u>
FUND NET ASSETS - APRIL 30	<u><u>\$ 1,775,776</u></u>	<u><u>\$ 1,729,133</u></u>	<u><u>\$ 2,308,024</u></u>	<u><u>\$ 2,354,330</u></u>

CITY OF BUNKER HILL, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING APRIL 30, 2020

Finding 2020-01

Material Weakness

Condition:

Part of the overall review process should include a member of management reviewing the monthly financial statements to assure account balances appear reasonable. This review should include comparing to source documents and looking at numbers for reasonableness.

While performing the audit, it was found that the bank reconciliations were not agreed to the general ledger. Monthly bank reconciliations are performed, but they are not agreed to the general ledger. When there is no assurance that the reconciliation agrees to the general ledger entries may be miscoded in the general ledger and not detected in the normal course of business.

While performing the fiscal year end April 30, 2018 audit, it was found that Macoupin County failed to timely remit payments of real estate taxes related to the bond and interest levy. This oversight by the County was undetected by the City staff. While performing the fiscal year end April 30, 2019 and 2020 audit, we followed up on this condition. The County had still not remitted the taxes due to an error in its computer system. The County has now remitted the taxes to the City during its April 30, 2021 fiscal year.

During the current audit, it was found that payroll was only recorded for one-half of the month of May and was not recorded at all during the month of November. The financial reports for those months clearly reflect the error, but without a review by management the error was not noticed.

Criteria:

Management is responsible to assure that all accounts on the balance sheet are reconciled on a monthly basis and that the reconciliations are agreed to the general ledger. These reconciliations should be reviewed by someone independent of the reconciliation process.

Effect:

The deficiency in design of internal control over financial reporting is considered a significant deficiency in internal control because it adversely affects the City'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 City's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. As a result of this weakness, payroll was not properly recorded in the general ledger for the months of May and November and this error was not noticed. Other entries were recorded twice or not at all and these omissions were also not noted.

Recommendation:

All balance sheet accounts should be reconciled, and all income accounts should be carefully tracked to assure the City is receiving the correct amounts. The City has a few major sources of revenue (State of Illinois, Macoupin County). These sources should be reviewed monthly to verify amount due to the City are received.

Managements Response:

Management has acknowledged the need to assure that all accounts are reconciled between the balance sheet and the supporting documents. Additional steps have been implemented whereby the Treasurer reviews the account reconciliations to verify the process is complete.

CITY OF BUNKER HILL, ILLINOIS
SUMMARY SCHEDULE OF PRIOR FINDINGS AND RESPONSES
FOR THE YEAR ENDING APRIL 30, 2020

Finding 2019-01
Significant Deficiency

Condition:

While performing the audit, it was found that the bank reconciliations were not agreed to the general ledger. Monthly bank reconciliations are performed, but they are not agreed to the general ledger. When there is no assurance that the reconciliation agrees to the general ledger entries may be miscoded in the general ledger and not detected in the normal course of business.

While performing the fiscal year end April 30, 2019 audit, it was found that Macoupin County failed to timely remit payments of real estate taxes related to the bond and interest levy. This oversight by the County was undetected by the City staff. While performing the fiscal year end April 30, 2020 audit, we followed up on this condition. The County had still not remitted the taxes due to an error in its computer system. The County has now remitted the taxes to the City during its April 30, 2021 fiscal year.

Criteria:

Management is responsible to assure that all accounts on the balance sheet are reconciled on a monthly basis and that the reconciliations are agreed to the general ledger. These reconciliations should be reviewed by someone independent of the reconciliation process.

Effect:

The deficiency in design of internal control over financial reporting is considered a significant deficiency in internal control because it adversely affects the City'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 City's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control

Recommendation:

All balance sheet accounts should be reconciled, and all income accounts should be carefully tracked to assure the City is receiving the correct amounts. The City has a few major sources of revenue (State of Illinois, Macoupin County). These sources should be reviewed monthly to verify amount due to the City are received.

Managements Response:

Management has acknowledged the need to assure that all accounts are reconciled between the balance sheet and the supporting documents. Additional steps have been implemented whereby the Treasurer reviews the account reconciliations to verify the process is complete.

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the City of Bunker Hill, Illinois as of and for the year ending April 30, 2020, and have issued our report thereon dated February 18, 2021, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of expressing an opinion on the financial statements as a whole.

The accompanying Consolidated Year-End Financial Report is presented for the purpose of additional analysis as required by the Illinois Department of Commerce and Economic Opportunity 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Franklin & Vaughn, LLC

Franklin & Vaughn, LLC
Edwardsville, IL
February 18, 2020

SOUTH COUNTY

7321 South Lindbergh Blvd • Suite 310
St. Louis, MO 63125
Phone: (314) 433-9707 • Fax: (888) 675-4426

EDWARDSVILLE

#1 Sunset Hills Professional Center • Suite D
Edwardsville, IL 62025
Phone: (618) 307-0315 • Fax: (888) 675-4426

ALTON

2852 Homer Adams Parkway
Alton, IL 62002
Phone: (618) 462-1162 • Fax: (618) 462-1168

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Illinois Grant Accountability and Transparency Act Grantee Portal - Audit Consolidated Year-End Financial Report

[Grantee Portal](#) / [Audit Reviews](#) / [Audit](#) / CYEFR

The CYEFR has been submitted. If changes are needed, contact your state cognizant agency.

	CSFA #	Program Name	\$ State	\$ Federal	\$ Other	\$ Total
View	420-00-0505	Grants Management Program	0	0	0	0
View	420-00-2433	Local Coronavirus Urgent Remediation Emergency (or Local CURE) & Economic Support Payments Grants Program	0	0	0	0
View	422-11-0970	Open Space Land Acquisition & Development	0	0	0	0
View	494-00-1488	Motor Fuel Tax Program	62,079	0	0	62,079
View	494-00-2356	REBUILD ILLNOIS Local Bond Program	0	0	0	0
View		Other grant programs and activities		0	0	0
View		All other costs not allocated			1,974,184	1,974,184
Totals:			62,079	0	1,974,184	2,036,263