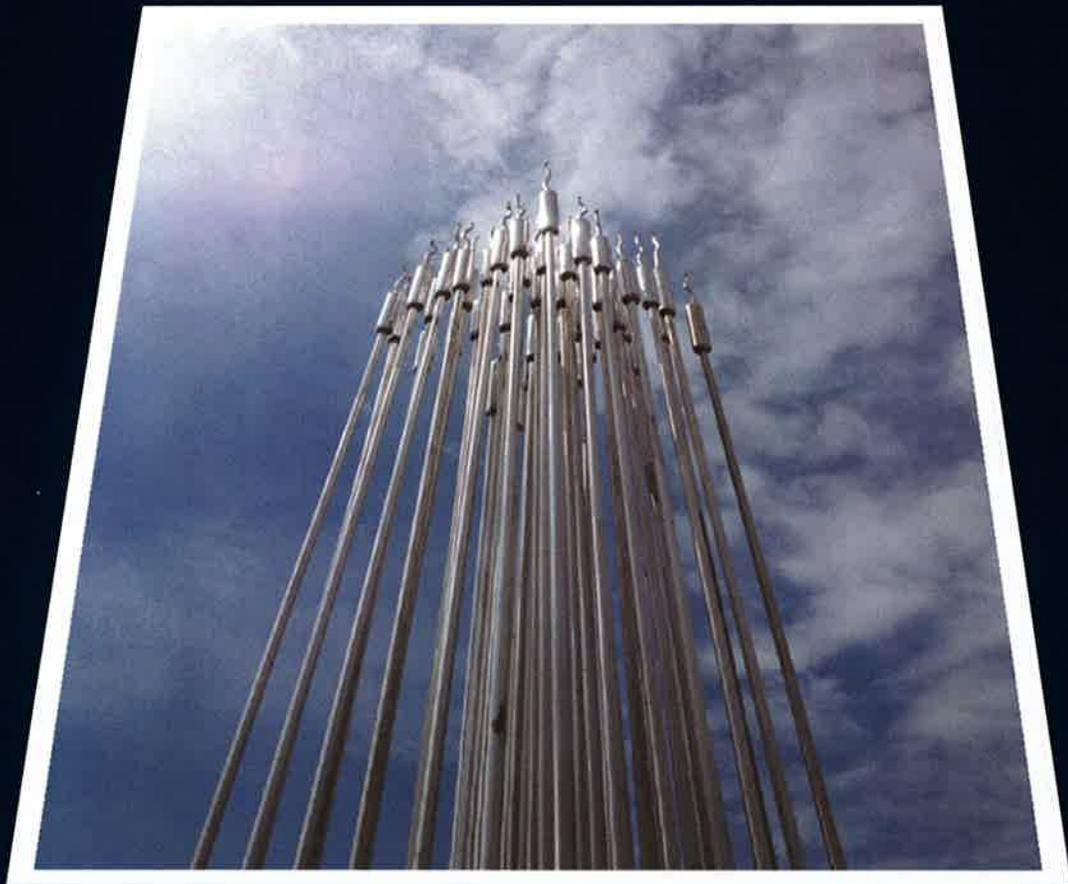


**CITY OF  
BATAVIA, ILLINOIS**

**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**



**FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2012**

CITY OF BATAVIA, ILLINOIS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Year Ended  
December 31, 2012

Prepared by the Finance Department

Peggy Colby  
Finance Director

CITY OF BATAVIA, ILLINOIS  
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## INTRODUCTORY SECTION

# List of Principal Officials

As of December 31, 2012

**Honorable Jeffery D. Schielke, Mayor**

## **City Council**

Ward 1:	<b>Garran Sparks</b>	<b>Michael F. O'Brien</b>
Ward 2:	<b>Victor Dietz</b>	<b>Alan P. Wolff</b>
Ward 3:	<b>Dan Chanzit</b>	<b>Janet Jungels</b>
Ward 4:	<b>Susan Stark</b>	<b>James T. Volk</b>
Ward 5:	<b>Eldon Frydendall</b>	<b>Lucy Thelin Atac</b>
Ward 6:	<b>Robert F. Liva</b>	<b>Lisa Clark</b>
Ward 7:	<b>David J. Brown</b>	<b>Dawn Tenuta</b>

## **City Administrator**

William R. McGrath

### **Assistant City Administrator**

Jason Bajor

### **City Attorney**

Drendel & Jansons Law Group

### **City Clerk**

Heidi L. Wetzel

### **City Treasurer**

Gerald R. Miller

## **Department Heads**

### **Director of Community Development**

Scott Buening

### **City Engineer**

Noel Basquin

### **Director of Finance**

Peggy Colby

### **Fire Chief**

Randy Deicke

### **Director of Information Systems**

Howard Chason

### **Police Chief**

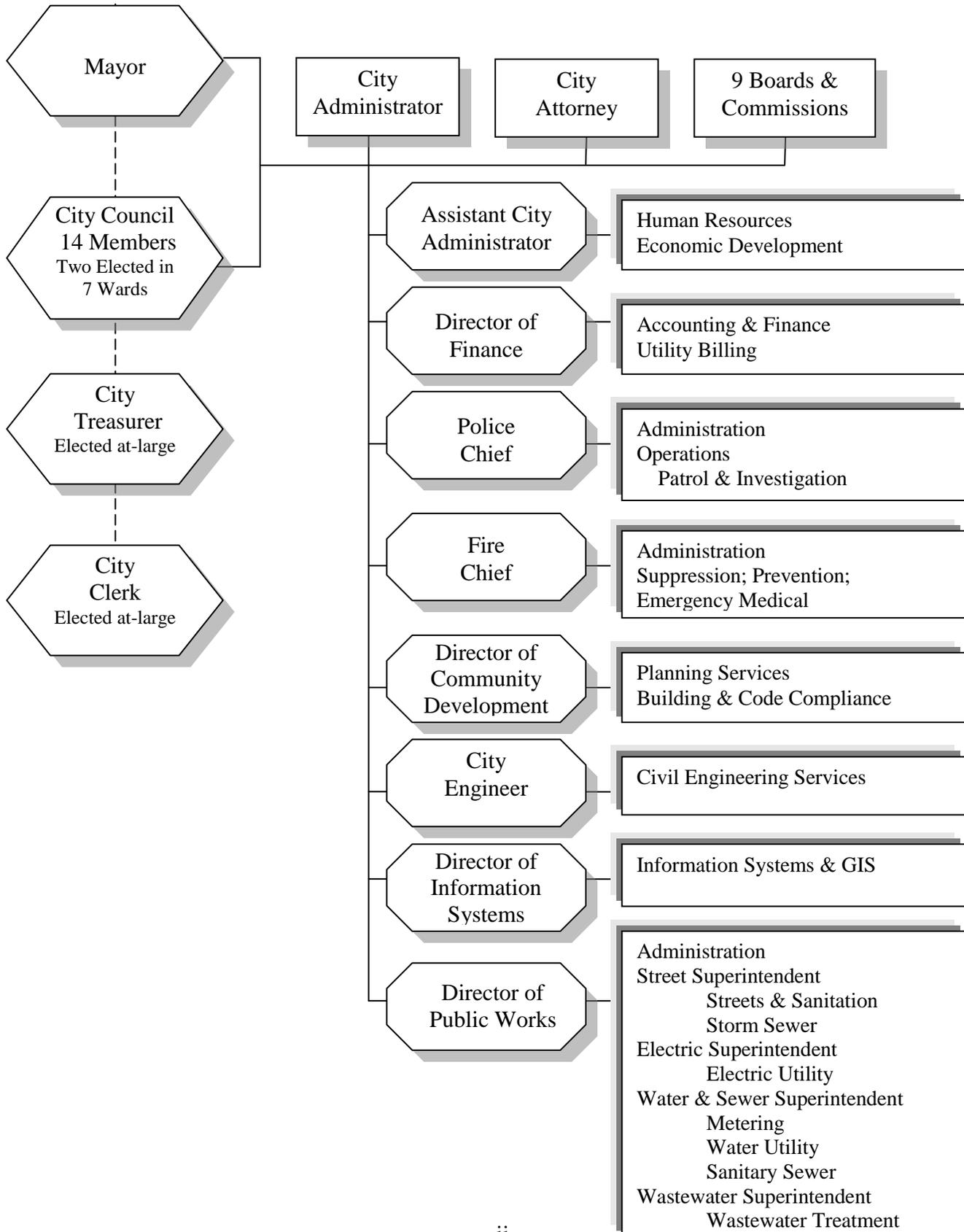
Gary Schira

### **Director of Public Works**

Gary Holm

# City of Batavia Organizational Structure

## Citizens of Batavia



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Batavia  
Illinois

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Morrell*

President

*Jeffrey R. Emer*

Executive Director



# CITY OF BATAVIA

---

**JEFFERY D. SCHIELKE**  
Mayor

May 30, 2013

To the Honorable Mayor Jeffrey D. Schielke  
Members of the City Council and  
Citizens of the City of Batavia:

The comprehensive annual financial report of the City of Batavia for the fiscal year ended December 31, 2012 is hereby submitted. This report consists of the City of Batavia management staff's representations concerning the finances of the City of Batavia. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Batavia's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Batavia's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Batavia's financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Batavia for the fiscal year ended December 31, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Batavia's financial statements for the fiscal year ended December 31, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical (unaudited). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD & A). This letter of transmittal is designed and intended to complement the MD & A and should be read in conjunction with the MD & A, which can be found immediately following the report of the independent auditors.

## *Profile of the City of Batavia*

The City of Batavia was settled in the early 1830's and is located approximately 35 miles west of downtown Chicago along the banks of the Fox River. The City incorporated as a village in 1856 and as a City in 1891. The City became a home rule community in 2009. The population at the 2010 Census was 26,045. The current land area of Batavia is 10.41 square miles. The City is nicknamed 'The Windmill City', because of its industrial role at the turn of the century as the windmill manufacturing capital of the world. Many antique and replicated windmills are located throughout the city. The City has excellent transportation links to the Chicago metropolitan area and the interstate highway system. The City is within a few miles of Interstate 88 within the Illinois Research & Development Corridor. Located within commuting distance of Chicago, the City has experienced a 4% annual average growth rate in taxable valuation over the last ten years factoring in small declines in value since 2009 when real estate values decreased across the county. Although much of the City is developed, in 2012, the City annexed 470 acres of vacant land that borders the City's main retail corridor.

The City operates under an aldermanic form of government with 14 council members, two from each ward, elected for overlapping four-year terms. The Mayor is elected on an at-large basis and is the chief executive officer of the City. The mayor appoints the members of all standing and special committees. Policymaking and legislative authority are vested in the City Council. The City Council is responsible for passing ordinances, adopting the budget, and hiring the City Administrator. The City Administrator is responsible for carrying out the policies and ordinances of the City Council and for overseeing the day-to day operations of the City. The Mayor, with the consent of the City Council, appoints the Department Heads who work under the direction of the City Administrator.

The City provides a full range of services, including police, fire protection and paramedic services, maintenance of streets, bridges and sewers, building and zoning, code enforcement, water distribution and wastewater treatment along with a municipally owned electric distribution system. The financial reporting entity of the City of Batavia, as defined by Governmental Accounting Standards Board Statement No. 14, is comprised of all the funds of the primary government.

The annual budget serves as the foundation for the City's financial planning and control. Budget Law governs the City of Batavia's budgetary operations as provided for in the Illinois Compiled Statutes. The budget is administered by the Director of Finance under the appointed title of Budget Officer. Budget Law does not require appropriations to be passed but rather an annual budget must be adopted prior to the year the funds will be expended. The City of Batavia's fiscal year begins January 1. All departments of the City are required to submit their budget requests during the last week of September each year. The City Administrator and Finance Director then meet with Department Heads to review the requests and to develop the proposed budget, which is presented to the City Council in November. The City Council is required to hold a public hearing on the proposed budget prior to adoption. A Capital Improvements Plan (CIP) beyond the current budget year is prepared in conjunction with the budget as a planning tool. The CIP is not approved as part of the budget process but is provided for informational purposes.

## ***Factors Affecting Financial Condition***

### ***Local Economy***

The City has one main retail corridor along Randall Road with other retail following the main arterial streets throughout the City and the downtown. The City has several large retailers including a wholesale club. In addition, there are also many specialty shops available. Goodrich Randall 15 Theatre is home to the only IMAX theatre in the far western suburbs, located in the middle of Batavia's stretch of Randall Road. Wal-Mart is nearing completion of an expansion on their current store to include a full grocery section. A Golden Corral restaurant recently opened along Randall Road after sitting at build-out for two years. Other retail stores continue to occupy the spaces along this stretch including the relocation of Aldi Grocery to an updated facility. Aldi's headquarters is in Batavia and they recently completed expansion of their headquarters by constructing a six story office building on the City's east side.

The City employs about 14,000 in the private sector and another 1,000 in the public sector. Another 1,800 are employed at Fermilab, a 6,800 acre campus that is home to the premier national laboratory for particle physics research that borders the City of Batavia. There is an 80 acre industrial park on the City's east side that is home to several large manufacturers with a majority specializing in plastics and metal fabrication, followed by printing, machinery and electronics. Batavia's industry enjoys close location to rail and the interstate highway system.

Batavia saw lower levels of unemployment with an annual average of 7.7% compared to the Illinois annual average of 8.9%.

The City remains in a favorable financial position for 2012, with sufficient fund balances available for general operations, with a slight decrease to fund balance of \$0.2 million. The decrease was a result of a transfer of a \$1.5 million transfer to establish capital project funds for City Hall and for Drainage. There was a \$3.1 million excess of revenues over expenditures before transfers out.

The City had a 1.8% decrease of \$116,500 in sales tax revenues in 2012 after realizing a 3.4% increase the prior year. No large stores closed during the year and a handful of smaller stores opened. The industrial park also saw many new businesses open. Income taxes were higher than 2012 by 13.7% adding over \$277,000 to revenues. Property tax revenues remained level by choice with a small decrease to the levy due to a bond refunding. Utility taxes added the largest boost to revenue increasing 17.4% and adding \$537,000 to revenues. The City had budgeted to utilize reserves in 2012 but it was unnecessary as revenues were higher than expected and expenditures ended under budget due to some employee vacancies and below average overtime as a result of a warm winter.

## ***Major Initiatives***

The year 2012 had a slight increase of residential new construction activity with eleven single-family home permits issued. The total construction value of all construction remained about the same as 2011 with total building valuations of \$32 Million.

Major initiatives for the year 2012 included the following:

- **Mooseheart** – City staff continued working with officials from Moose International and finalized the annexation of 470 acres for residential and commercial development on the City’s southwest side. There are no current plans for the site and it is expected that development of the area will occur over many years.
- **Streetscape** – A major streetscape project along River Street neared completion with the replacement of water main, sanitary sewer, brick pavers, street lighting, planters and other amenities. An arch will be added in 2013. Funding for the project was through TIF and utility revenues.
- **Redevelopment Agreements** – The City granted one redevelopment agreement in 2012. The grant provided for improvements to a building within the City’s TIF district. The City provided a low interest loan with the latest agreement.
- **Micro Loan Program** – City staff reviewed loan applications for the City’s Micro Loan Program that provides assistance to businesses seeking small loans at below market interest rates. Two loans were granted in 2012.

## ***Future Initiatives***

For 2013 Capital project initiatives include:

- Wilson Street Streetscape and Traffic Signal Interconnect
- Engineering for reconstruction of the Deerpath Bridge
- Route 25 Traffic Signal Interconnect
- Safe Routes to School Walkways
- Cherry Park Substation Reconstruction
- Water and Sewer work on Wilson Street
- Water Meter Replacement Project (Phase 1)
- Sanitary Sewer System Study/Repairs
- Study for Improvements to the Wastewater Treatment Plant

The safe routes to school projects are fully grant funded. The Deerpath Bridge is 80% funded by federal BRRP funds. The Streetscape and Interconnect projects are funded through grants and TIF funds. The electric, water and sewer projects will all be funded on a pay as we go basis.

## ***Financial Management Policies***

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The Finance department does an annual review of internal control policies.

Although, the City has always had internal policies for fund balance, the City Council adopted a formal policy in 2011 to comply with new required standards as outlined in the Governmental Accounting Standards Board Statement 54. The policy provides guidelines to City Officials to promote continued financial strength and stability. In 2012, the City Council also approved updates to the City's Asset Policy and Investment Policy.

## ***Other Information***

Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended December 31, 2011. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and therefore, we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements - The preparation of the comprehensive annual financial report on a timely basis was possible through the dedicated service of the entire staff of the Finance Department. I would like to express my sincere appreciation to all, as well as the City Administrator, Mayor and City Council who encourage and insist upon the highest standards of excellence in planning and conducting the financial operations of the City.

Sincerely,



Peggy L. Colby,  
Director of Finance

## FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor  
Members of the City Council  
City of Batavia, 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 Batavia, Illinois (the City) as of and for the year ended December 31, 2012 and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police and Firefighters' Pension Funds of the City of Batavia, which together represent 73%, 79% and 40%, respectively, of the assets, fund balances/net position and revenues/additions of the aggregate remaining fund information of the City of Batavia. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police and Firefighters' Pension Funds of the City of Batavia, is based on the report of the other auditors. 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 of 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 City'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 City'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.

## Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Batavia, Illinois, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

The City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the year ended December 31, 2012. Statement No. 63 added new classifications on the statements of position and changed net assets to net position. Statement No. 65 changed the classifications of certain items on the statement of position to the new classifications contained in Statement No. 63.

## Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, supplemental schedules and statistical section as listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 by us and other auditors. In our opinion based on our audit, the procedures performed as described above and the report of the other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Naperville, Illinois  
May 30, 2013

**GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS**

# CITY OF BATAVIA, ILLINOIS

## Management's Discussion and Analysis December 31, 2012

---

As management of the City of Batavia, we offer readers of the City's financial statements this discussion and analysis of the City of Batavia's financial performance. This narrative provides an overview and examination of the financial activities of the City of Batavia for the fiscal year ended December 31, 2012. Please read it in conjunction with the City of Batavia's financial statements, which begin on page 3.

### Financial Highlights

- The City of Batavia's total net position for 2012 was \$187.2 million, an increase of \$5.7 million after a prior period adjustment of \$1.0 million. Governmental activities net position was \$92.3 million after including the prior period adjustment of \$1.0 million. Governmental activities had \$17.6 million available to meet ongoing obligations and \$3.2 million restricted for capital and other projects. The net position of business-type activities was \$93.7 million of which \$24.3 million is available for operations.
- The City collected \$25.5 million in tax and other revenues in its governmental funds in 2012 resulting in an increase to net position of \$1.2 million over the \$24.3 million in governmental program expenditures. This includes a prior period adjustment of \$1.0 million related to a change in revenue recognition of sales tax and other revenues and an adjustment for loan receivables. No new programs were added in 2012.
- Charges for Service for business-type activities were \$52.4 million with total revenues of \$52.5 million. Program expenses for business-type activities were \$49.0 million resulting in a change in net position of \$3.5 million.
- The City's Street-MFT Fund was disaggregated from the General Fund along with the City's two Self-Insurance Funds. This resulted in a prior period adjustment that reduced the beginning fund balance of the General Fund by \$4.7 million and total Governmental Funds were reduced \$2.1 million. After accounting for this adjustment the General Fund had a net change in fund balance of minus \$0.2 million as a result of transfers out to capital and debt funds of \$3.4 million and a transfer in of \$0.1 million to close out the perpetual care fund.
- The City of Batavia's total long term debt decreased by \$2.2 million, with total debt outstanding of \$52.6 million. A decrease of \$0.3 million was for governmental activities for total debt outstanding of \$10.4 million. The balance of the decrease of \$1.9 million reduced the balance of debt for business-type activities to \$42.2 million.

# **CITY OF BATAVIA, ILLINOIS**

## **Management's Discussion and Analysis December 31, 2012**

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### **Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3 – 6) provide information about the activities of the City of Batavia as a whole and present a longer-term view of the City of Batavia's finances. Fund financial statements begin on page 7. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City of Batavia's operation in more detail than the government-wide statements by providing information about the City of Batavia's most significant funds. The remaining statements provide financial information about activities for which the City of Batavia acts solely as a trustee or agent for the benefit of those outside of the government.

### **Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the City of Batavia's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 3 – 6 of this report.

The Statement of Net Position reports information on all of the City of Batavia's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Batavia is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the City of Batavia's property tax base and the condition of the City of Batavia's roads and other infrastructure, is needed to assess the overall health of the City of Batavia.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected taxes.

Both of the government-wide financial statements distinguish functions of the City of Batavia that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Batavia include general government, public safety, highways and streets, capital outlay and debt service. The business-type activities of the City include electric, waterworks, and sewerage.

# CITY OF BATAVIA, ILLINOIS

## Management's Discussion and Analysis December 31, 2012

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### Using this Annual Report – Continued

#### Fund Financial Statements

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

#### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City of Batavia's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This provides more insight into the long-term impact of Batavia's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City of Batavia maintains one major governmental fund and seven individual non major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, a major fund.

The City of Batavia adopts an annual budget for all governmental funds. Compliance with the budget is demonstrated in a budgetary comparison statement for these funds. The basic governmental fund financial statements can be found on pages 7 – 11 of this report.

# **CITY OF BATAVIA, ILLINOIS**

## **Management's Discussion and Analysis December 31, 2012**

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### **Using this Annual Report – Continued**

#### **Fund Financial Statements – Continued**

##### **Proprietary Funds**

The City of Batavia has two proprietary fund types, which are enterprise and internal service. The enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The City's electric, waterworks and sewerage activities are accounted for as enterprise funds. The City's self-insurance fund is reported under proprietary funds in the fund financial statements but is included in the governmental activities in the statement of net position in the government wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric, Waterworks and Sewerage Fund, which are considered to be major funds of the City of Batavia. The basic proprietary fund financial statements can be found on pages 12 – 16 of this report.

##### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Batavia's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 17 – 18 of this report.

##### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 – 63 of this report.

##### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Batavia's I.M.R.F., police, firefighter's, and other post-employment benefit employee pension obligations, and the budgetary schedule of revenues, expenditures, and changes in fund balance for the General Fund. Required supplementary information can be found on pages 64 – 69 of this report.

**CITY OF BATAVIA, ILLINOIS**

**Management's Discussion and Analysis  
December 31, 2012**

**Government-Wide Financial Analysis**

Net position over time may serve as a useful indicator of a government's financial position. For the year 2012, the assets of the City of Batavia exceeded liabilities by \$187.2 million.

The following table represents a condensed statement of net assets for Governmental Activities, Business-type Activities and the Government as a whole.

**City of Batavia Net Position  
(in Millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 31.8	\$ 30.6	\$ 36.7	\$ 32.6	\$ 68.5	\$ 63.2
Capital Assets	83.1	82.1	103.9	105.6	187.0	187.7
Deferred Outflows	0.5	-	-	-	0.5	-
<b>Total Assets &amp; Deferred Outflows</b>	<b>115.4</b>	<b>112.7</b>	<b>140.6</b>	<b>138.2</b>	<b>256.0</b>	<b>250.9</b>
Long-Term Debt Outstanding	(12.0)	(10.9)	(42.6)	(42.5)	(54.6)	(53.4)
Other Liabilities	(2.5)	(3.8)	(4.3)	(5.5)	(6.8)	(9.3)
Deferred Inflows	(7.4)	(6.7)	-	-	(7.4)	(6.7)
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>(21.9)</b>	<b>(21.4)</b>	<b>(46.9)</b>	<b>(48.0)</b>	<b>(68.8)</b>	<b>(69.4)</b>
<b>Net Position</b>						
Net Investment in Capital Assets	72.7	71.4	61.7	61.5	134.4	132.9
Restricted	3.2	4.3	7.7	7.6	10.9	11.9
Unrestricted	17.6	15.6	24.3	21.1	41.9	36.7
<b>Total Net Position</b>	<b>\$ 93.5</b>	<b>\$ 91.3</b>	<b>\$ 93.7</b>	<b>\$ 90.2</b>	<b>\$ 187.2</b>	<b>\$ 181.5</b>

## CITY OF BATAVIA, ILLINOIS

### Management's Discussion and Analysis December 31, 2012

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#### **Government-Wide Financial Analysis – Continued**

*Normal Impacts - Statement of Net Position* - There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

*Net Results of Activities* - which will increase or decrease current assets and unrestricted net position.

*Borrowing for Capital* - which will increase current assets and long-term debt.

*Spending Borrowed Proceeds on New Capital* - which will reduce current assets and increase capital assets. There is a second impact, an increase in invested capital assets and an increase in related net debt, which will not change the investment in capital assets, net of debt.

*Spending of Non-borrowed Current Assets on New Capital* - which will (a) reduce current assets and increase capital asset and (b) will reduce unrestricted net position and increase invested in capital assets, net of debt.

*Principal Payment on Debt* - which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

*Reduction of Capital Assets through Depreciation* - which will reduce capital assets and investment in capital assets, net of debt.

#### **Current Year Impacts -Net Assets**

The City of Batavia's total net position increased by \$5.7 million in 2012 increasing from \$181.5 million to \$187.2 million. The increase is primarily the result of an increase in unrestricted net position which increased \$5.2 million the net result of activities during the year. The City is reporting unrestricted net position of \$41.9 million as of December 31, 2012. Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

The City of Batavia's investment in capital assets net of related debt used to acquire capital assets reflects 71.8% of the City of Batavia's net position. Capital assets include land, buildings, machinery and equipment, roads and utility infrastructure. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the capital assets are reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets cannot be used to liquidate the liabilities. Capital assets net of related debt totaled \$134.4 million at the end of 2012 which was an increase of \$1.5 million over 2011.

# CITY OF BATAVIA, ILLINOIS

## Management's Discussion and Analysis December 31, 2012

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### Government-Wide Financial Analysis – Continued

Resources of the City of Batavia, which are subject to external restrictions on how they may be, used account for 5.8% of the City's net position and total \$10.9 million.

#### Net Assets Restricted for:

Maintenance of Roadways	\$ 2,061,452
Economic Development	1,073,819
Debt Service	<u>7,757,547</u>
<b>Total Restricted Net Assets</b>	<b><u>\$10,892,818</u></b>

Net position of the City of Batavia's governmental activities for 2012 was \$93.5 million, an increase of \$2.2 million over 2011. The investment in capital assets net of related debt was one reason for change with an increase of \$1.3 million to \$72.7 million in 2012. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints was \$17.6 million at the end this year an increase of \$2.0 million from the prior year of \$15.6 million. Restricted net position for governmental activities decreased \$1.1 million from \$4.3 million in the prior year to \$3.2 million at the end of 2012. The drawdown in net position was due to the use of non borrowed current assets for the construction of a major streetscape project in the TIF district in 2012.

Net position of business-type activities for 2012 was \$93.7 million compared to \$90.2 million in 2011. The increase of \$3.5 million was a result of activities during the year related to normal operations. There was decreased spending and higher revenues due to a rate increase at the start of 2012. Business-type activities net position cannot be used for governmental activities. The City of Batavia generally can only use the net position of these activities to finance the continuing operations of the electric, waterworks and sewerage operations. Unrestricted net position was \$21.1 million at the end of 2012. Restricted net position for business-type activities increased \$0.1 million to \$7.7 million.

Please refer to the following chart for a depiction of revenues, expenses and change in net position for the City of Batavia's governmental and business-type activities.

CITY OF BATAVIA, ILLINOIS

Management's Discussion and Analysis  
December 31, 2012

**Government-Wide Financial Analysis – Continued**

**Changes in Net Position**  
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 2.0	\$ 3.3	\$ 52.4	\$ 46.7	\$ 54.4	\$ 50.0
Operating Grants/Contributions	2.4	0.3	-	-	2.4	0.3
Capital Grants/Contributions	0.2	10.3	-	-	0.2	10.3
General Revenues						
Property Taxes	7.9	7.3	-	-	7.9	7.3
Sales Taxes	6.7	6.5	-	-	6.7	6.5
Utility Taxes	3.6	3.1	-	-	3.6	3.1
Intergovernmental	2.5	2.7	-	-	2.5	2.7
Interest	-	-	0.1	0.1	0.1	0.1
Other General Revenues	0.2	2.1	-	-	0.2	2.1
<b>Total Revenues</b>	<b>25.5</b>	<b>35.6</b>	<b>52.5</b>	<b>46.8</b>	<b>78.0</b>	<b>82.4</b>
<b>Expenses</b>						
General Government	5.2	6.4	-	-	5.2	6.4
Public Safety	12.8	12.5	-	-	12.8	12.5
Highways and Streets	5.8	6.3	-	-	5.8	6.3
Interest on Long-Term Debt	0.5	0.5	-	-	0.5	0.5
Waterworks	-	-	4.0	4.1	4.0	4.1
Sewerage	-	-	4.0	3.9	4.0	3.9
Electric	-	-	41.0	36.0	41.0	36.0
<b>Total Expenses</b>	<b>24.3</b>	<b>25.7</b>	<b>49.0</b>	<b>44.0</b>	<b>73.3</b>	<b>69.7</b>
<b>Change in Net Position Before Transfers</b>	<b>1.2</b>	<b>9.9</b>	<b>3.5</b>	<b>2.8</b>	<b>4.7</b>	<b>12.7</b>
Transfers	-	-	-	-	-	-
<b>Change in Net Position</b>	<b>1.2</b>	<b>9.9</b>	<b>3.5</b>	<b>2.8</b>	<b>4.7</b>	<b>12.7</b>
<b>Net Position - Beginning</b>	<b>91.3</b>	<b>81.4</b>	<b>90.2</b>	<b>87.4</b>	<b>181.5</b>	<b>168.8</b>
Prior Period Adjustment	1.0	-	-	-	1.0	-
<b>Net Position - Beginning, as Restated</b>	<b>92.3</b>	<b>81.4</b>	<b>90.2</b>	<b>87.4</b>	<b>182.5</b>	<b>168.8</b>
<b>Net Position - Ending</b>	<b>\$ 93.5</b>	<b>\$ 91.3</b>	<b>\$ 93.7</b>	<b>\$ 90.2</b>	<b>\$ 187.2</b>	<b>\$ 181.5</b>

# CITY OF BATAVIA, ILLINOIS

## Management's Discussion and Analysis December 31, 2012

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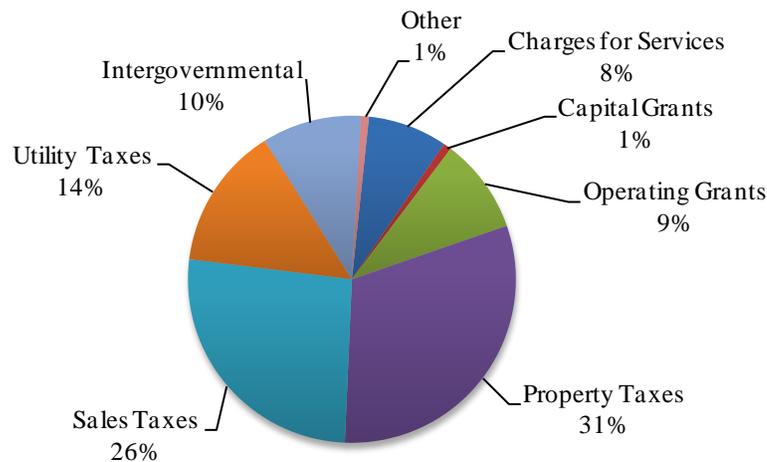
### Government-Wide Financial Analysis – Continued

#### Governmental Activities

The 2012 revenues for governmental activities were \$25.5 million, while the cost of all governmental functions totaled \$24.3 million. Total revenues for governmental activities for 2012 were \$10.1 million less than 2011 revenues of \$35.6 million and program expenses for 2012 were \$1.4 million less than 2011 program expenses of \$25.7 million. This results in an increase in net position before transfers of \$1.2 million in 2012, compared to an increase of \$9.9 in net position in 2011. The increase in net position in 2011 was high due to a \$10.3 million capital contribution from the State of Illinois recognized due to the close out of the reconstruction of the Donovan Bridge.

The following chart depicts the major revenue sources of the City of Batavia. Property taxes include restricted revenues from taxes collected from the City's TIF districts. Without TIF property tax revenues, sales taxes would be the largest category of revenue source. Utility taxes also contribute a large share of governmental revenue. A gasoline tax was added in 2012.

**Revenues by Source - Governmental Activities**



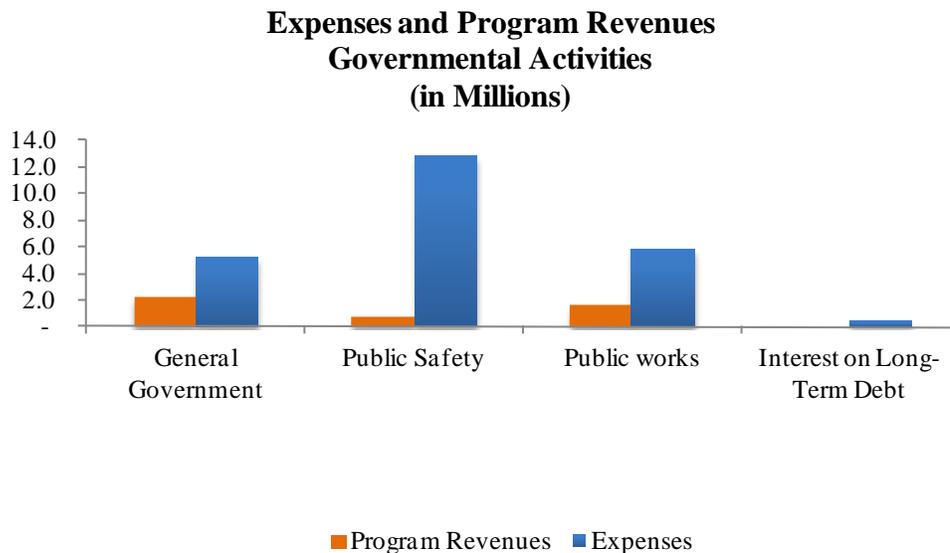
# CITY OF BATAVIA, ILLINOIS

## Management's Discussion and Analysis December 31, 2012

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### Government-Wide Financial Analysis – Continued

#### Governmental Activities – Continued



The 'Expenses and Program Revenues' chart displays the total program revenue in relation to the applicable functions. As is typical with governmental activities, these programs, especially public safety, are nearly fully supported by general revenues, rather than program revenues.

Since these expenditures are heavily reliant on general revenues, which can be impacted by the economy, management is acutely mindful during the budget process to ensure the necessity of all expenditures. Also as in most cities, public safety represents the majority of expenditures at 53% followed by public works at 24% and general government operations at 21%.

# CITY OF BATAVIA, ILLINOIS

## Management's Discussion and Analysis December 31, 2012

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### Government-Wide Financial Analysis – Continued

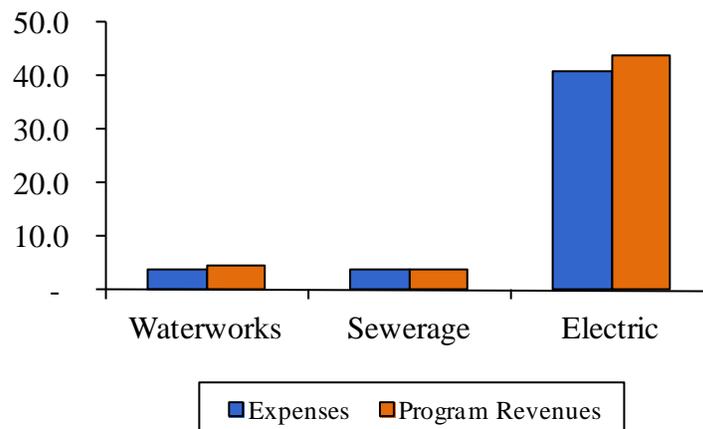
#### Business-Type Activities

Revenues for business-type activities were \$52.5 million and expenses were \$49.0 million.

- A water main replacement project was mostly completed in 2012 in the City's water utility. The City's wastewater utility completed reconstruction of a major lift station and also nearly completed the relining of a stretch of sanitary sewer.
- In addition to water and sewer, the City of Batavia operates a municipal electric utility to transmit and distribute electricity for those within the municipal borders. The City obtains power through bilateral contracts and the daily market. A majority of the City's power supply is provided through the joint power agency NIMPA that has an ownership share in the newly operational Prairie State coal mine.
- Capital improvements of \$2.2 million for the electric utility in 2012 included system improvements and upgrades.

The graph compares program revenues to expenses for electric, waterworks and sewerage operations. As evidenced, all three utilities met or exceeded operational expenses. All three utilities had rate increases for 2012 in anticipation of capital and operating needs going forward.

**Expenses and Program Revenues  
Business-Type Activities  
(in Millions)**



# CITY OF BATAVIA, ILLINOIS

## Management's Discussion and Analysis December 31, 2012

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### Financial Analysis of the Government's Funds

As noted earlier, the City of Batavia uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

**Governmental Funds** - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. For the fiscal year ended December 31, 2012, the Governmental Funds reported a combined ending fund balance of \$18.0 million. This represents a decrease of \$1.1 million over the prior year after accounting for prior period adjustments. The decrease is attributable to capital outlay in MFT and TIF funds. The total unassigned fund balance was \$11.9 million.

**General Fund** - The General Fund is the chief operating fund of the City. It is the only major governmental fund of the City. At the end of the current fiscal year, the City of Batavia had a total General Fund balance of \$12.4 million, of which \$11.9 million is unassigned. It may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures as a measure of liquidity. Unassigned fund balance represents 52.6% of the total General Fund expenditures, while total fund balance represents 54.7% of that same amount.

- As of the end of the current fiscal year, the General Fund had an ending fund balance of \$12.4 million, in contrast to last year's \$12.6 million after accounting for a prior period adjustment of \$4.7 million. The prior period adjustment was primarily due to the disaggregation of the motor fuel tax fund and the internal service funds from the general fund which amounted to an adjustment of \$5.3 million. There was also a prior period adjustment related to revenue recognition which increased fund balance by \$0.6 million.
- Revenues in the General Fund increased in 2012 due to an increase in the property tax levy of \$450,000. In addition, new revenues were enacted most notably a gasoline tax.
- The General Fund expenditures were higher in 2012 due to increased costs for wages due to the replacement of some positions that had been held vacant for a time. In addition, there was a transfer of \$1.5 million of cash reserves to establish two capital replacement funds. The on-going transfer to these funds in future years should be much lower.
- Other factors that affected the General Fund also affected Governmental Activities and were discussed in the MD&A section on governmental activities.

**Nonmajor Governmental Funds** – The nonmajor funds of the City include MFT, Debt, Capital and TIF funds. These had a combined fund balance of \$5.6 million at the end of 2012.

## CITY OF BATAVIA, ILLINOIS

### Management's Discussion and Analysis December 31, 2012

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#### Financial Analysis of the Government's Funds – Continued

**Proprietary Funds** – The City of Batavia's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City reports the Electric, Waterworks and Sewerage Funds as major proprietary funds, which account for all operations of the municipal electric, water and sewer systems.

- Water is currently provided from three deep wells and three shallow wells at a 2012 rate of \$2.87 per hundred cubic feet. The current Sewer rate is \$2.72 per hundred cubic feet. Water and sewer rate increases were approved over a four year period beginning in 2012 at an increase of 3% and 8% respectively to cover needed capital improvements.
- Net position for the waterworks fund was \$20.0 million compared to \$19.3 million with higher revenues in 2012 due to a dry weather season. The sewerage fund ended the year with \$22.8 million net position almost unchanged from the prior year balance also \$22.8 million.
- Net position of the electric fund for 2012 was \$50.9 million compared to \$48.0 million at the beginning of the year. The increase is mainly due to increased revenues as a result of a rate increase in 2012 and lower capital spending than anticipated.
- Other factors concerning the finances of these three funds have already been addressed in the City of Batavia's discussion of business-type activities.

#### General Fund Budgetary Highlights

Over the course of the year, the budget was revised by \$1.8 million. The amendments included \$1,500,000 in transfers to provide for the set up and funding of capital projects for City Hall and for Drainage Projects throughout the City. Corresponding revenue budget amendments were done in the capital funds. The size of this transfer was for initial funding of the project funds and on-going operating transfers in future years are expected to be much lower.

Other general fund amendments included \$155,000 for the purchase of squad cars that were planned for 2013 but became available in 2012 including one funded by a grant. An amendment of \$32,000 was necessary to fund extra brush collection due to a major storm and lastly a \$58,000 amendment was done to fund the purchase of copiers throughout the City rather than entering into new lease agreements.

# CITY OF BATAVIA, ILLINOIS

## Management's Discussion and Analysis December 31, 2012

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### General Fund Budgetary Highlights– Continued

#### General Fund Budgetary Highlights For the Fiscal Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>Revenues</b>			
Taxes	\$ 16,169,833	\$ 16,169,833	\$ 16,173,959
Intergovernmental	2,853,674	2,873,674	3,248,216
Licenses & Permits	252,000	252,000	234,069
Charges for Services	233,000	233,000	288,988
Other	2,373,475	2,373,475	2,379,256
<b>Total Revenues</b>	<b>21,881,982</b>	<b>21,901,982</b>	<b>22,324,488</b>
<b>Expenditures</b>			
General Government	3,628,388	3,686,388	3,443,358
Public Health/Safety	13,152,241	13,305,741	12,753,114
Highways and Streets	3,281,745	3,313,713	3,048,391
<b>Total Expenditures</b>	<b>20,062,374</b>	<b>20,305,842</b>	<b>19,244,863</b>
<b>Other Financing Sources (Uses)</b>			
Transfers In			115,807
Transfers Out	(1,952,684)	(3,452,684)	(3,382,824)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,952,684)</b>	<b>(3,452,684)</b>	<b>(3,267,017)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (133,076)</b>	<b>\$ (1,856,544)</b>	<b>\$ (187,392)</b>

Actual expenditures in 2012 were \$1.1 million below budget due to a concerted effort to reduce spending. Salaries and overtime ended the year with a positive balance of about \$400,000 due to unplanned vacancies and a diligent effort to reduce overtime, coupled with a reduced number of snow and ice events. Fewer snow events also resulted in a positive variance of \$72,500 for spending on salt and deicers. The balance the variance was spread throughout supply and contractual services accounts.

Receipts in the general fund revenue budget were right on target for most accounts but coming in \$422,000 over budget due primarily to \$640,000 more in income tax and utility tax receipts than budgeted. A \$275,000 shortage in sales tax reduced the overages in other line items to equate to the variance.

**CITY OF BATAVIA, ILLINOIS**

**Management's Discussion and Analysis  
December 31, 2012**

**Capital Assets and Debt Administration**

**Capital Assets**

The City of Batavia's investment in capital assets, net of accumulated depreciation, for all activities as of December 31, 2012 was \$187.0 million. Capital assets include land and improvements, buildings and improvements, machinery and equipment, roads, sidewalks, bridges and utility infrastructure. After depreciation, Batavia's investment in capital assets decreased \$0.7 million in 2012. Governmental activities capital assets increased by \$1.0 million and business type activities decreased by \$1.7 million. Following are 2012 major additions (in millions).

Infrastructure - Roads/Bridges (CWIP)	\$ 2.9
Machinery and Equipment	0.5
Electric Water & Sewer (CWIP)	1.9
Electric Water & Sewer Buildings & Structures	1.1
Electric Water & Sewer Machinery & Equipment	<u>0.5</u>
	<u>\$ 6.9</u>

**Capital Assets - Net of Depreciation  
(in Millions)**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Primary</b>	
	2012	2011	2012	2011	2012	2011
Land	\$ 19.6	19.6	\$ 1.1	1.1	\$ 20.7	20.7
Construction in Progress	3.0	0.1	4.1	2.9	7.1	3.0
Structures & Improvements	14.6	15.1	17.1	16.5	31.7	31.6
Wells & Equipment	-	-	2.5	2.6	2.5	2.6
Machinery & Equipment	2.6	2.3	1.0	0.8	3.6	3.1
Electric System	-	-	39.9	41.7	39.9	41.7
Water/Sewer System	-	-	38.2	40.0	38.2	40.0
Infrastructure	43.3	45.0	-	-	43.3	45.0
<b>Total</b>	<b>\$ 83.1</b>	<b>82.1</b>	<b>\$ 103.9</b>	<b>105.6</b>	<b>\$ 187.0</b>	<b>187.7</b>

Capital improvements in 2012 for both the Governmental were nearly all due to the City's streetscape construction project which also included utility improvements for water and sewer. Both fund types also had machinery and equipment acquisitions due to delayed spending. Additional information on capital assets for the City of Batavia can be found in note 4 in the notes to financial statements of this report.

# CITY OF BATAVIA, ILLINOIS

## Management's Discussion and Analysis December 31, 2012

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### Capital Assets and Debt Administration – Continued

#### Debt Administration

At year-end, the City of Batavia had total outstanding bonded debt of \$52.6 million as compared to \$54.8 million the previous year. No new debt was issued in 2012 but two bond refundings were done for Governmental Activities GO bonds that increased the principal slightly but created a net interest savings of a little over \$750,000 over the remaining life of the bonds.

#### Bonded and Similar Indebtedness (in Millions)

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 9.4	2.4	\$ -	-	\$ 9.4	2.4
Alternate Revenue Bonds	1.0	8.3	0.8	0.9	1.8	9.2
Revenue Bonds			25.7	26.0	25.7	26.0
IEPA Loans	-	-	15.7	17.2	15.7	17.2
<b>Total</b>	<b>\$ 10.4</b>	<b>10.7</b>	<b>\$ 42.2</b>	<b>44.1</b>	<b>\$ 52.6</b>	<b>54.8</b>

The City of Batavia follows a pay-as-we-go capital funding policy whenever practical. The issuance of debt is thoroughly evaluated to ensure pay back to bondholders through the life of the bonds and to ensure sufficient long-term value of the capital assets funded with debt.

- The City's Governmental Activities debt is mainly for two fire stations built in 2007 and the City's share of the Donovan Bridge reconstruction.
- Water currently has \$10.1 million outstanding in IEPA loans for capital improvements including three deep wells, a water treatment plant and a cross-town water main.
- The sewer fund has \$5.6 million in outstanding IEPA debt for plant improvements and \$0.8 million in Alternate Revenue bonds for Carriage Crest lift station reconstruction.
- The electric utility has \$25.7 million outstanding for bonds issued in 2006 to construct two 138 kV substations and associated transmission lines.

As of the end of 2012 the City of Batavia has an Aa1 bond rating from Moody's for its general obligation debt. The bond rating for the electric revenue bonds was A1 from Moody's and A- from Fitch.

The City of Batavia's is a home rule community and is not subject to a legal debt limit. Additional information on the City of Batavia's long-term debt can be found in Note 5 in the Notes to the Financial Statements of this report.

# **CITY OF BATAVIA, ILLINOIS**

## **Management's Discussion and Analysis December 31, 2012**

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### **Economic Factors and Next Year's Budget and Rates**

The City's elected and appointed officials considered many factors when planning the 2013 budget, including tax rates and fees that will be charged for its governmental and business-type activities. Batavia's unemployment rate decreased from 8.4% in 2011 to 7.7% in 2012, and remained lower than the State of Illinois at 8.9%, and the national average of 8.1%. The Chicago area experienced inflation of 1.5% compared to the national Consumer Price Index (CPI), which increased 2.1% for 2012.

Some signs of an economic recovery are occurring in Batavia with an increase in housing permits and home sales. The average value of a home, however, decreased slightly and foreclosures remain about the same. While the per capita income of Batavia exceeds the state average, the impact of job losses or the reverberations of the recession are causing cautionary spending. This could be the reason for the slight decrease in sales tax in 2012. There were no major store closings, in contrast the City's economic development department had many inquiries and it appears there will be more activity in 2013. At the time of preparing the 2013 budget, it was projected that revenues would begin to increase somewhat above the 2012 level in all areas. Expenditures for the 2013 budget were higher. Wages were increased for most employees by 2% with some union increases higher. Even with wage increases, the total budget allotted for salaries is about the same as it was in 2009 due to fewer staff through attrition and working leaner.

The economic forecast for all of these indicators was taken into account when adopting the budget for 2013. The total amount budgeted in the general fund before inter-fund transfers was \$21.9 million, an increase of 7.9% over the final 2012 budget of \$20.3 million. The general fund budget for 2013 did not provide for any new programs or revenues or taxes. As mentioned prior, rate increases for the utility water and sewer funds were approved over a four year period. There were no rate increases budgeted for the electric utility as the City is awaiting the results of a cost of service and rate study.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Batavia's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Office of the Finance Director, City of Batavia, 100 N Island Av., Batavia, IL 60510.

## CITY OF BATAVIA, ILLINOIS

## STATEMENT OF NET POSITION

December 31, 2012

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 19,030,687	\$ 17,714,342	\$ 36,745,029
Cash with Paying Agent	665,774	1,350,197	2,015,971
Restricted Cash and Investments	-	7,994,086	7,994,086
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	7,392,857	-	7,392,857
Other Taxes	3,110,070	-	3,110,070
Accounts	360,736	7,371,547	7,732,283
Accrued Interest	7,872	37,079	44,951
Other	26,084	-	26,084
Notes	372,932	-	372,932
Prepaid Expenses	151,611	185,338	336,949
Inventories	31,520	2,057,740	2,089,260
Due from Other Governments	577,593	-	577,593
Net Pension Asset	32,515	-	32,515
Capital Assets			
Not Depreciated	22,672,015	5,197,004	27,869,019
Depreciated (Net of Accumulated Depreciation)	60,439,699	98,653,560	159,093,259
<b>Total Assets</b>	<b>114,871,965</b>	<b>140,560,893</b>	<b>255,432,858</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized Loss on Refunding	501,746	-	501,746
<b>Total Deferred Outflows of Resources</b>	<b>501,746</b>	<b>-</b>	<b>501,746</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>115,373,711</b>	<b>140,560,893</b>	<b>255,934,604</b>

(This statement is continued on the following page.)

CITY OF BATAVIA, ILLINOIS

STATEMENT OF NET POSITION (Continued)

December 31, 2012

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Accounts Payable	\$ 732,837	\$ 3,400,762	\$ 4,133,599
Retainage Payable	199,330	31,266	230,596
Accrued Payroll	627,695	203,055	830,750
Accrued Interest Payable	132,157	572,229	704,386
Other Payables	137,126	-	137,126
Deposits Payable	-	111,186	111,186
Other Unearned Revenue	-	25,000	25,000
Claims Payable	664,171	-	664,171
Long-Term Liabilities			
Due Within One Year	1,243,411	2,103,173	3,346,584
Due in More than One Year	10,723,199	40,440,815	51,164,014
<b>Total Liabilities</b>	<b>14,459,926</b>	<b>46,887,486</b>	<b>61,347,412</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned Property Taxes	7,392,857	-	7,392,857
<b>Total Deferred Inflows of Resources</b>	<b>7,392,857</b>	<b>-</b>	<b>7,392,857</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>21,852,783</b>	<b>46,887,486</b>	<b>68,740,269</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	72,676,714	61,674,302	134,351,016
Restricted for			
Maintenance of Roadways	2,061,452	-	2,061,452
Economic Development	1,073,819	-	1,073,819
Debt Service	37,596	7,719,951	7,757,547
Unrestricted (Deficit)	17,671,347	24,279,154	41,950,501
<b>TOTAL NET POSITION</b>	<b>\$ 93,520,928</b>	<b>\$ 93,673,407</b>	<b>\$ 187,194,335</b>

See accompanying notes to financial statements.

## CITY OF BATAVIA, ILLINOIS

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General Government	\$ 5,162,153	\$ 2,128,277	\$ -	\$ -
Public Safety	12,785,535	298,380	329,668	150,000
Highways and Streets	5,858,599	288,836	-	1,358,042
Interest	519,467	-	-	-
Total Governmental Activities	24,325,754	2,715,493	329,668	1,508,042
Business-Type Activities				
Water	3,970,037	4,564,944	-	-
Sewerage	4,013,735	3,978,774	-	-
Electric	41,070,933	43,893,073	-	-
Total Business-Type Activities	49,054,705	52,436,791	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 73,380,459</b>	<b>\$ 55,152,284</b>	<b>\$ 329,668</b>	<b>\$ 1,508,042</b>

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (3,033,876)	\$ -	\$ (3,033,876)
	(12,007,487)	-	(12,007,487)
	(4,211,721)	-	(4,211,721)
	(519,467)	-	(519,467)
	<u>(19,772,551)</u>	<u>-</u>	<u>(19,772,551)</u>
	-	594,907	594,907
	-	(34,961)	(34,961)
	-	2,822,140	2,822,140
	<u>-</u>	<u>3,382,086</u>	<u>3,382,086</u>
	<u>(19,772,551)</u>	<u>3,382,086</u>	<u>(16,390,465)</u>
General Revenues			
Taxes			
Property	7,870,416	-	7,870,416
Sales and Use	6,735,334	-	6,735,334
Utility	3,633,856	-	3,633,856
Intergovernmental			
Income Tax	2,309,103	-	2,309,103
Replacement Tax	174,966	-	174,966
Investment Income	21,874	76,569	98,443
Miscellaneous	244,123	7,337	251,460
Total	<u>20,989,672</u>	<u>83,906</u>	<u>21,073,578</u>
CHANGE IN NET POSITION	<u>1,217,121</u>	<u>3,465,992</u>	<u>4,683,113</u>
NET POSITION, JANUARY 1	91,348,744	90,232,281	181,581,025
Prior Period Adjustment	955,063	(24,866)	930,197
NET POSITION, JANUARY 1, RESTATED	<u>92,303,807</u>	<u>90,207,415</u>	<u>182,511,222</u>
NET POSITION, DECEMBER 31	<u>\$ 93,520,928</u>	<u>\$ 93,673,407</u>	<u>\$ 187,194,335</u>

See accompanying notes to financial statements.

CITY OF BATAVIA, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2012

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 9,601,680	\$ 5,551,463	\$ 15,153,143
Cash with Paying Agent	-	665,774	665,774
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	6,186,429	1,206,428	7,392,857
Other Taxes	3,110,070	-	3,110,070
Accounts	360,736	-	360,736
Accrued Interest	6,484	-	6,484
Other	2,627	23,043	25,670
Notes	51,202	321,730	372,932
Prepaid Items	90,917	-	90,917
Inventory	31,520	-	31,520
Due from Other Governments	-	577,593	577,593
Due from Other Funds	37,091	-	37,091
TOTAL ASSETS	<u>\$ 19,478,756</u>	<u>\$ 8,346,031</u>	<u>\$ 27,824,787</u>

(This statement is continued on the following page.)

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>LIABILITIES, DEFFERED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 155,709	\$ 575,611	\$ 731,320
Retainage Payable	-	199,330	199,330
Accrued Payroll	627,695	-	627,695
Accrued Interest Payable	-	130,774	130,774
Other Payables	137,126	-	137,126
Due to Other Funds	-	37,091	37,091
Bonds Payable - Current	-	535,000	535,000
<b>Total Liabilities</b>	<b>920,530</b>	<b>1,477,806</b>	<b>2,398,336</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Property Taxes	6,186,429	1,206,428	7,392,857
<b>Total Deferred Inflows of Resources</b>	<b>6,186,429</b>	<b>1,206,428</b>	<b>7,392,857</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>7,106,959</b>	<b>2,684,234</b>	<b>9,791,193</b>
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid Items	90,917	-	90,917
Inventory	31,520	-	31,520
Long-Term Receivables	51,202	-	51,202
Restricted			
Maintenance of Roadways	-	2,061,452	2,061,452
Economic Development	292,465	781,354	1,073,819
Debt Service	-	37,596	37,596
Assigned			
Capital Projects	-	2,781,395	2,781,395
Unassigned	11,905,693	-	11,905,693
<b>Total Fund Balances</b>	<b>12,371,797</b>	<b>5,661,797</b>	<b>18,033,594</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 19,478,756</b>	<b>\$ 8,346,031</b>	<b>\$ 27,824,787</b>

See accompanying notes to financial statements.

CITY OF BATAVIA, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

December 31, 2012

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FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 18,033,594
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	83,111,714
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Interest payable	(1,383)
Compensated absences payable	(793,014)
Bonds payable	(9,900,000)
Net pension obligation	(210,110)
Other postemployment benefit payable	(114,047)
Bond premiums (discounts) are other financing sources (uses) in governmental funds in the year of issuance but are capitalized and amortized on the statement of net position	(414,439)
Unamortized loss on refunding are other financing uses in governmental funds in the year of issuance, but are capitalized and amortized on the statement of net position	501,746
The net assets of the internal service fund are included in the governmental activities in the statement of net position	3,274,352
The net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	<u>32,515</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 93,520,928</u></u>

See accompanying notes to financial statements.

CITY OF BATAVIA, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2012

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 16,173,959	\$ 1,655,717	\$ 17,829,676
Intergovernmental	3,248,216	1,483,491	4,731,707
Licenses and Permits	234,069	-	234,069
Charges for Services	288,988	36,650	325,638
Fines and Forfeitures	186,264	-	186,264
Investment Income	17,491	4,383	21,874
Miscellaneous	2,175,501	38,146	2,213,647
<b>Total Revenues</b>	<b>22,324,488</b>	<b>3,218,387</b>	<b>25,542,875</b>
<b>EXPENDITURES</b>			
Current			
General Government	3,443,358	1,555,071	4,998,429
Public Safety	12,753,114	-	12,753,114
Highways and Streets	3,048,391	-	3,048,391
Capital Outlay	-	4,499,112	4,499,112
Debt Service			
Principal Retirement	-	1,035,000	1,035,000
Interest and Fiscal Charges	-	520,361	520,361
<b>Total Expenditures</b>	<b>19,244,863</b>	<b>7,609,544</b>	<b>26,854,407</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,079,625</b>	<b>(4,391,157)</b>	<b>(1,311,532)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	115,807	3,382,824	3,498,631
Transfers (Out)	(3,382,824)	(115,807)	(3,498,631)
Issuance of Refunding Bonds	-	8,680,000	8,680,000
Premium on Issuance of Bonds	-	414,439	414,439
Payment to Escrow Agent	-	(8,926,746)	(8,926,746)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,267,017)</b>	<b>3,434,710</b>	<b>167,693</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(187,392)</b>	<b>(956,447)</b>	<b>(1,143,839)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>17,212,336</b>	<b>4,080,231</b>	<b>21,292,567</b>
Prior period adjustment	(4,653,147)	2,538,013	(2,115,134)
<b>FUND BALANCES, JANUARY 1, RESTATED</b>	<b>12,559,189</b>	<b>6,618,244</b>	<b>19,177,433</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 12,371,797</b>	<b>\$ 5,661,797</b>	<b>\$ 18,033,594</b>

See accompanying notes to financial statements.

CITY OF BATAVIA, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (1,143,839)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	3,551,789
The issuance of long-term debt is reported as an other financing source in governmental funds but as an increase of principal outstanding in the statement of activities	
Bonds issued	(8,680,000)
Premium on bonds issued	(414,439)
The payment to escrow agent for the refunding of long-term debt is reported as an other financing use in governmental funds but as a decrease of principal outstanding in the statement of net position	
Loss on bond refunding and amortized over the life of the bonds	8,926,746
The repayment of the principal portion long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	1,035,000
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Depreciation	(2,531,857)
Loss on disposal of capital assets	(12,219)
Accrued interest	894
Compensated absences	79,636
Net pension obligation	168,450
Other postemployment benefit	(8,022)
The change in net position of internal service funds is reported with governmental activities	212,467
The change in net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	<u>32,515</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,217,121</u>

See accompanying notes to financial statements.

## CITY OF BATAVIA, ILLINOIS

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

December 31, 2012

	Business-Type Activities				Governmental
	Waterworks	Sewerage	Electric	Total	Internal Service Funds
<b>CURRENT ASSETS</b>					
Cash and Investments	\$ 3,992,498	\$ 1,493,647	\$ 12,228,197	\$ 17,714,342	\$ 3,877,544
Cash with Paying Agent	-	196,494	1,153,703	1,350,197	-
Restricted Cash and Investments	-	759,119	7,234,967	7,994,086	-
Receivables - Net of Allowances					
Accounts	563,229	600,095	6,208,223	7,371,547	414
Accrued Interest	4,520	3,492	29,067	37,079	1,388
Prepaid Expenses	20,972	20,972	143,394	185,338	60,694
Inventories	-	-	2,057,740	2,057,740	-
<b>Total Current Assets</b>	<b>4,581,219</b>	<b>3,073,819</b>	<b>29,055,291</b>	<b>36,710,329</b>	<b>3,940,040</b>
<b>CAPITAL ASSETS</b>					
Nondepreciable	1,287,888	367,409	3,541,707	5,197,004	-
Depreciable	35,595,032	43,678,928	71,787,949	151,061,909	-
Accumulated Depreciation	(10,945,344)	(17,699,334)	(23,763,671)	(52,408,349)	-
<b>Net Capital Assets</b>	<b>25,937,576</b>	<b>26,347,003</b>	<b>51,565,985</b>	<b>103,850,564</b>	<b>-</b>
<b>Total Assets</b>	<b>30,518,795</b>	<b>29,420,822</b>	<b>80,621,276</b>	<b>140,560,893</b>	<b>3,940,040</b>
<b>CURRENT LIABILITIES</b>					
Accounts Payable	204,104	92,317	3,104,341	3,400,762	1,517
Retainage Payable	7,009	-	24,257	31,266	-
Accrued Payroll	55,197	37,509	110,349	203,055	-
Accrued Interest Payable	-	23,526	548,703	572,229	-
Deposits Payable	13,004	12,246	85,936	111,186	-
Unearned Revenue	-	-	25,000	25,000	-
Compensated Absences Payable	31,590	14,369	27,586	73,545	-
Claims Payable	-	-	-	-	245,279
Claims Reserve	-	-	-	-	418,892
Alternate Revenue Bonds Payable	-	87,321	-	87,321	-
Revenue Bonds Payable	-	-	605,000	605,000	-
IEPA Loans Payable	693,306	644,001	-	1,337,307	-
<b>Total Current Liabilities</b>	<b>1,004,210</b>	<b>911,289</b>	<b>4,531,172</b>	<b>6,446,671</b>	<b>665,688</b>

(This statement is continued on the following page.)

CITY OF BATAVIA, ILLINOIS

STATEMENT OF NET POSITION (Continued)  
 PROPRIETARY FUNDS

December 31, 2012

	Business-Type Activities				Governmental
	Waterworks	Sewerage	Electric	Total	Internal Service Funds
<b>LONG-TERM LIABILITIES</b>					
Compensated Absences Payable	\$ 126,360	\$ 57,476	\$ 110,345	\$ 294,181	\$ -
Alternate Revenue Bonds Payable	-	691,479	-	691,479	-
Revenue Bonds Payable	-	-	25,065,000	25,065,000	-
IEPA Loans Payable	9,442,321	4,947,834	-	14,390,155	-
<b>Total Long-Term Liabilities</b>	<b>9,568,681</b>	<b>5,696,789</b>	<b>25,175,345</b>	<b>40,440,815</b>	<b>-</b>
<b>Total Liabilities</b>	<b>10,572,891</b>	<b>6,608,078</b>	<b>29,706,517</b>	<b>46,887,486</b>	<b>665,688</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	15,801,949	19,976,368	25,895,985	61,674,302	-
Restricted - Debt Service	-	628,935	7,091,016	7,719,951	-
Unrestricted	4,143,955	2,207,441	17,927,758	24,279,154	3,274,352
<b>TOTAL NET POSITION</b>	<b>\$ 19,945,904</b>	<b>\$ 22,812,744</b>	<b>\$ 50,914,759</b>	<b>\$ 93,673,407</b>	<b>\$ 3,274,352</b>

See accompanying notes to financial statements.

CITY OF BATAVIA, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS

For the Year Ended December 31, 2012

	Business-Type Activities				Governmental
	Water	Sewerage	Electric	Total	Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 4,564,944	\$ 3,978,774	\$ 43,893,073	\$ 52,436,791	\$ 4,119,986
Total Operating Revenues	4,564,944	3,978,774	43,893,073	52,436,791	4,119,986
<b>OPERATING EXPENSES</b>					
Administration	649,662	646,507	2,319,408	3,615,577	112,295
Operations	2,098,217	1,909,137	35,338,921	39,346,275	3,799,511
Depreciation and Amortization	956,061	1,294,619	2,334,253	4,584,933	-
Total Operating Expenses	3,703,940	3,850,263	39,992,582	47,546,785	3,911,806
OPERATING INCOME	861,004	128,511	3,900,491	4,890,006	208,180
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Connection Fees	-	7,337	-	7,337	-
Interest Income	11,707	5,967	58,895	76,569	4,287
Disposal of Capital Assets	-	15,327	19,803	35,130	-
Interest and Fiscal Charges	(266,097)	(178,799)	(1,098,154)	(1,543,050)	-
Total Nonoperating Revenues (Expenses)	(254,390)	(150,168)	(1,019,456)	(1,424,014)	4,287
CHANGE IN NET POSITION	606,614	(21,657)	2,881,035	3,465,992	212,467
NET POSITION, JANUARY 1	19,339,290	22,859,267	48,033,724	90,232,281	-
Prior Period Adjustment	-	(24,866)	-	(24,866)	3,061,885
NET POSITION, JANUARY 1, RESTATED	19,339,290	22,834,401	48,033,724	90,207,415	3,061,885
NET POSITION, DECEMBER 30	\$ 19,945,904	\$ 22,812,744	\$ 50,914,759	\$ 93,673,407	\$ 3,274,352

See accompanying notes to financial statements.

## CITY OF BATAVIA, ILLINOIS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended December 31, 2012

	Business-Type Activities				Governmental
	Waterworks	Sewerage	Electric	Total	Internal
					Service
					Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users	\$ 4,501,049	\$ 3,883,440	\$ 42,837,709	\$ 51,222,198	\$ -
Receipts from Interfund Services Transactions	-	-	-	-	3,231,324
Receipts from Others	-	-	-	-	888,662
Receipts from Miscellaneous	-	7,337	-	7,337	-
Payments to Suppliers	(923,887)	(1,193,169)	(32,502,425)	(34,619,481)	(3,921,037)
Payments to Employees	(1,033,692)	(912,626)	(2,767,741)	(4,714,059)	-
Payments to Other Funds	(632,992)	(629,905)	(1,716,774)	(2,979,671)	-
Net Cash from Operating Activities	1,910,478	1,155,077	5,850,769	8,916,324	198,949
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
None	-	-	-	-	-
Net Cash from Noncapital Financing Activities	-	-	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital Assets Purchased	(358,179)	(311,973)	(2,132,981)	(2,803,133)	-
Proceeds from Disposal of Capital Assets	-	15,327	19,803	35,130	-
Principal Payments on Long-Term Debt	(676,296)	(651,907)	(599,488)	(1,927,691)	-
Interest Payments on Long-Term Debt	(266,097)	(183,839)	(1,103,666)	(1,553,602)	-
Net Cash from Capital and Related Financing Activities	(1,300,572)	(1,132,392)	(3,816,332)	(6,249,296)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of Investments	-	(500,000)	(5,610,629)	(6,110,629)	(250,000)
Sale of Investments	-	95,603	-	95,603	-
Interest Received on Investments	12,912	5,763	47,577	66,252	3,795
Net Cash from Investing Activities	12,912	(398,634)	(5,563,052)	(5,948,774)	(246,205)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	622,818	(375,949)	(3,528,615)	(3,281,746)	(47,256)
CASH AND CASH EQUIVALENTS, JANUARY 1	1,619,680	619,596	3,556,812	5,796,088	3,424,800
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 2,242,498	\$ 243,647	\$ 28,197	\$ 2,514,342	\$ 3,377,544

(This statement is continued on the following page.)

CITY OF BATAVIA, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)  
 PROPRIETARY FUNDS

For the Year Ended December 31, 2012

	Business-Type Activities				Governmental
	Waterworks	Sewerage	Electric	Total	Internal
					Service Funds
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating Income	\$ 861,004	\$ 128,511	\$ 3,900,491	\$ 4,890,006	\$ 208,180
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities					
Depreciation and Amortization	956,061	1,294,619	2,334,253	4,584,933	-
Receipts from Miscellaneous	-	7,337	-	7,337	-
Changes in Assets and Liabilities					
Accounts Receivable	(62,938)	(60,687)	(1,053,234)	(1,176,859)	103,948
Prepaid Expenses	(975)	(975)	(78,399)	(80,349)	2,701
Inventories	-	-	(89,494)	(89,494)	-
Accounts Payable	139,102	(187,254)	867,701	819,549	(2,811)
Accrued Payroll	9,919	3,454	11,550	24,923	-
Deposits Payable	(957)	(34,647)	(27,130)	(62,734)	-
Claims Payable	-	-	-	-	(61,782)
Claims Reserve	-	-	-	-	(51,287)
Unearned Revenue	-	-	25,000	25,000	-
Compensated Absences	9,262	4,719	(39,969)	(25,988)	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 1,910,478</b>	<b>\$ 1,155,077</b>	<b>\$ 5,850,769</b>	<b>\$ 8,916,324</b>	<b>\$ 198,949</b>
<b>CASH AND INVESTMENTS</b>					
Cash and Cash Equivalents	\$ 2,242,498	\$ 243,647	\$ 28,197	\$ 2,514,342	\$ 3,377,544
Investments	1,750,000	1,250,000	12,200,000	15,200,000	500,000
Restricted Cash and Investments	-	759,119	7,234,967	7,994,086	-
<b>TOTAL CASH AND INVESTMENTS</b>	<b>\$ 3,992,498</b>	<b>\$ 2,252,766</b>	<b>\$ 19,463,164</b>	<b>\$ 25,708,428</b>	<b>\$ 3,877,544</b>

See accompanying notes to financial statements.

CITY OF BATAVIA, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION  
PENSION TRUST FUNDS

December 31, 2012

	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Short-Term Investments	\$ 300,537	\$ 74,137
Investments, at Fair Value		
Money Market Mutual Funds	3,021,941	-
U.S. Government and Agency Securities	9,796,341	-
Municipal Bonds	514,813	-
Insurance Company Contracts	2,879,042	-
Corporate Bonds	2,131,430	-
Domestic Corporate Equities	6,286,439	-
Equity Mutual Funds	9,182,435	-
Receivables		
Accrued Interest	72,414	-
Prepaid Expenses	5,152	-
	<u>34,190,544</u>	<u>74,137</u>
<b>LIABILITIES</b>		
Accounts Payable	10,885	-
Deposits Payable	-	74,137
Due to Bondholders	-	-
	<u>10,885</u>	<u>74,137</u>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>		
	<u>\$ 34,179,659</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF BATAVIA, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION TRUST FUNDS

For the Year Ended December 31, 2012

ADDITIONS

Contributions	
Employer Contributions	\$ 1,936,024
Employee Contributions	<u>544,814</u>
Total Contributions	<u>2,480,838</u>
Investment Income	
Net Appreciation in Fair Value of Investments	1,803,811
Interest	<u>869,050</u>
Total Investment Income	2,672,861
Less Investment Expense	<u>(198,689)</u>
Net Investment Income	<u>2,474,172</u>
Total Additions	<u>4,955,010</u>

DEDUCTIONS

Administration	75,512
Pension Benefits	<u>1,731,780</u>
Total Deductions	<u>1,807,292</u>

NET INCREASE 3,147,718

NET POSITION HELD IN TRUST  
FOR PENSION BENEFITS

January 1	<u>31,031,941</u>
December 31	<u>\$ 34,179,659</u>

See accompanying notes to financial statements.

# CITY OF BATAVIA, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Batavia, Illinois (the City) was incorporated under a charter granted by the Illinois State Legislature in 1896. The City is a home rule community that operates under the management form of municipal government as provided in Chapter 65, Article 5 of the Illinois Compiled Statutes. The City's major operations include police and fire protection, water, sewer and electric service, planning and zoning and general administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

#### A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and council. As required by GAAP, these financial statements present the City (the primary government) and its component units. As defined by GAAP established by GASB, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

Based on the above criteria, the City does not have any component units.

#### B. Fund Accounting

The City uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds are maintained consistent with legal and managerial requirements. Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of the Village's general activities. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Capital projects funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The City utilizes pension trust funds which are generally used to account for assets that the City holds in a fiduciary capacity. The City also utilizes agency funds to account for assets held by the City in a purely custodial capacity.

C. 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 City. The effect of material interfund activity has been eliminated from these statements. Interfund services provided and used are not eliminated on these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program 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 standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The City reports the following major proprietary funds:

The Waterworks Fund accounts for the provision of water service to the residents of the City. All activity necessary to provide such services is accounted for in this fund including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collection.

The Sewerage Fund accounts for the provision of wastewater treatment services to the residents of the City. All activity necessary to provide such services is accounted for in this fund including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collection.

The Electric Fund accounts for the provision of electric utility services to the residents of the City. All activity necessary to provide such services is accounted for in this fund including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collection.

The City reports Internal Service Funds to account for the City's self-insured health and workers' compensation insurance programs provided to other departments or agencies of the City on a cost reimbursement basis. These are reported as part of the governmental activities on the government-wide financial statements as they provide services to the City's governmental funds/activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

The City reports pension trust funds as fiduciary funds to account for the Police Pension Fund and the Firefighters' Pension Fund. The City also reports the Special Service Areas Fund as an agency fund to account for the collection of property taxes within special taxing districts and payments of related special service areas debt. The Escrow Deposit, an agency fund, accounts for refundable deposits held by the City to ensure the completion of public improvements by private developers.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expense for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for sales taxes and telecommunication taxes which are 90 days and income taxes which are 120 days. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes collected by the state at year end, franchise taxes, licenses, charges for services, restaurant and bar taxes and interest revenue associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and permit revenue are considered to be measurable and available only when cash is received by the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

The City reports unavailable/unearned revenue on its financial statements. Unavailable/unearned revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unavailable/unearned revenues also arise when resources are received by the City before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unavailable/unearned revenue is removed from the financial statements and revenue is recognized.

E. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City's proprietary funds consider their equity in pooled cash and all highly liquid investments, including restricted cash, cash with paying agent and investments, with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with a maturity of one year or greater at the time of purchase and all investments of the pension funds are stated at fair value except for nonnegotiable certificates of deposit which are recorded at cost. Fair value has been based on quoted market prices at December 31 for debt and equity securities and contract values for insurance contracts. Investments in Illinois Funds, a money market pool created by the Illinois State Legislature under the control of the Illinois State Treasurer, is reported at \$1 per share value, which equals the City's fair value of the pool.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out method. The cost of governmental funds inventories are recorded as expenditures when purchased rather than when consumed using the consumptions method.

H. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their payment, are classified as restricted assets because their use is limited by applicable bond covenants.

I. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

J. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of the following and an estimated useful life in excess of one year.

Asset Class	Capitalization Threshold
Building and Improvements	\$ 10,000
Machinery and Equipment	10,000
Infrastructure	200,000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets (Continued)

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs, including street overlays that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and Improvements	10-45
Machinery and Equipment	3-30
Infrastructure	40-50

K. Compensated Absences

Vested or accumulated vacation and sick leave that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements, and the remainder is reported in governmental activities. Vested or accumulated vacation and sick leave of proprietary funds and governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to employees.

L. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Long-Term Obligations (Continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance resulted from enabling legislation adopted by the City. Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision making authority. Formal actions include ordinances approved by the Council. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose.

The City has assigned fund balances in the Capital Projects Fund for future improvement projects and equipment and vehicle purchases based on approved management expenditures as determined through the annual budget process. Any residual fund balance of the General Fund is reported as unassigned. The City's policy manual states that the General Fund should maintain a minimum unassigned fund balance of no less than two months and no more than six months of budgeted operating expenditures, excluding transfers and capital expenditures. Fund balances in excess of said levels may be transferred to other funds or to capital projects or committed at the discretion of the City Council or assigned as determined by the City Administrator or Finance Director under the authority of the City Administrator.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the City considers committed funds to be expended first, followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Interfund Transactions

Interfund services transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services transactions and reimbursements, are reported as transfers.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds, except the pension trust funds. Each fund's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

Permitted Deposits and Investments - The City's investment policy authorizes the City to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds.

The Police Pension and Firefighters' Pension Funds investment policies also allow for investing in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and equity securities.

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting daily cash flow demands and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are safety (preservation of capital and protection of investment principal), liquidity and yield.

CITY OF BATAVIA, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

City Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the City's deposits may not be returned to it. The City's investment policy requires pledging of collateral with a fair value of 102% of all bank balances in excess of federal depository insurance with the collateral held by an agent of the City in the City's name. Pledged collateral will be held in safekeeping by an independent third party depository designated by the City and evidenced by a safekeeping agreement.

City Investments

The following table presents the investments and maturities of the City's debt securities as of December 31, 2012:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Agency Securities	\$ 1,699,575	\$ -	\$ 1,699,575	\$ -	\$ -
TOTAL	\$ 1,699,575	\$ -	\$ 1,699,575	\$ -	\$ -

Interest rate risk is the risk that change in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City limits its exposure to interest rate risk by matching its investments with anticipated cash flow requirements. The City will not directly invest in securities maturing more than five (5) years from the date of purchase. Reserve funds may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

The City limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in U.S. Treasury obligations and U.S. Government agency notes. The U.S. agency securities are rated AAA by Standard and Poor's. The U.S. agency securities are rates Aaa by Moody's. Also, the City's investment in Illinois Funds was rated AAAM by Standard and Poor's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the City's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the City's agent separate from where the investment was purchased. Illinois Funds and the money market mutual funds are not subject to custodial credit risk.

CITY OF BATAVIA, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

City Investments (Continued)

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy states that in no case shall the following diversification limits be exceeded unless specifically authorized by the City Council:

- a. No financial institution shall hold more than 50% of the City's investment portfolio, exclusive of U.S. Treasury securities in safekeeping.
- b. Monies deposited at a financial institution shall not exceed 65% of the capital stock and surplus of that institution.
- c. Commercial paper shall not exceed 30% of the City's investment portfolio.
- d. Deposits in the Illinois Funds investment pool shall not exceed 50% of the investment portfolio.

The City's investment policy does not specifically prohibit the use of or the investment in derivatives.

Police and Firefighters' Pension Funds Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Police and Firefighters' Pension Funds' deposits may not be returned to them. The Police and Firefighters' Pension Funds' investment policies require all bank balances to be covered by federal depository insurance.

Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of December 31, 2012:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 2,044,272	\$ -	\$ 346,014	\$ 1,142,838	\$ 555,420
Federal Home Loan Mortgage Federal National Mortgage Association	1,183,225 2,773,360	-	-	-	1,183,225
Corporate Bonds	2,131,430	40,486	821,484	153,030	1,798,846
			723,612	1,124,006	243,326
<b>TOTAL</b>	<b>\$ 8,132,287</b>	<b>\$ 40,486</b>	<b>\$ 1,891,110</b>	<b>\$ 2,419,874</b>	<b>\$ 3,780,817</b>

2. CASH AND INVESTMENTS (Continued)

Police Pension Fund Investments (Continued)

In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to remain sufficiently liquid to enable the Police Pension Fund to pay all necessary benefits and meet all operating requirements which might be reasonably anticipated.

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are implicitly guaranteed by the United States Government and investment grade bonds rated at or above BBB- by Standard & Poor's, Baa3 by Moody's and BBB1 by Fitch by at least two of the three rating agencies. The U.S. agency obligations are rated AA+ by Standard & Poor's. The corporate bonds are rated Baa3 to Aaa by Moody's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Police Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Police Pension Fund's agent separate from where the investment was purchased in the Police Pension Fund's name. The money market mutual funds and mutual funds are not subject to custodial credit risk.

Concentration of credit risk - The Police Pension Fund's investment policy specifies the following preferred asset allocations by investment type:

The Police Pension Fund's investment policy has a stated target that 47% of its portfolio be in fixed income securities, 50% target in equities (further stratified within Domestic Large and Small/Mid Cap, International, Preferred and Tactical AA categories) with the remaining 3% cash and equivalents; actual investment allocations may vary within a range above or below the target specified in the policy.

CITY OF BATAVIA, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

Firefighters' Pension Fund Investments

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of December 31, 2012:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Obligations	\$ 871,182	\$ -	\$ 651,807	\$ 219,375	\$ -
Federal Farm Credit Bank	631,566	-	218,059	413,507	-
Federal Home Loan Mortgage	378,944	-	103,616	275,328	-
Federal Home Loan Bank	1,703,525	-	1,215,478	488,047	-
Federal National Mortgage Association	210,169	-	210,169	-	-
Government National Mortgage Association	98	98	-	-	-
Municipal Bonds	514,813	-	132,786	225,603	156,424
<b>TOTAL</b>	<b>\$ 4,310,297</b>	<b>\$ 98</b>	<b>\$ 2,531,915</b>	<b>\$ 1,621,860</b>	<b>\$ 156,424</b>

In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to remain sufficiently liquid to enable the Firefighters' Pension Fund to pay all necessary benefits and meet all operating requirements which might be reasonably anticipated.

The Firefighters' Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The U.S. agency obligations are rated AA+ by Moody's or were small issues that were unrated. The municipal bonds are rated Aaa -A by Moody's or were small bonds that were unrated.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Firefighters' Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Firefighters' Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Firefighters' Pension Fund's agent separate from where the investment was purchased in the Firefighters' Pension Fund's name. The money market mutual funds and mutual funds are not subject to custodial credit risk.

2. CASH AND INVESTMENTS (Continued)

Firefighters' Pension Fund Investments (Continued)

Concentration of credit risk - The Firefighters' Pension Fund's investment policy attempts to limit the exposure to concentration risk by requiring that assets be diversified to control the risk of loss resulting from over concentration in a specific maturity, a specific issuer or a specific instrument. No more than 40% of the assets shall be concentrated in a single instrument or class of instruments other than U.S. Treasury obligations.

3. RECEIVABLES

A. Property Taxes

Property taxes for the 2012 levy year attach as an enforceable lien on January 1, 2012, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued on or about May 1, 2013 and August 1, 2013, and are payable in two installments, on or about June 1, 2013 and September 1, 2013. The County collects such taxes and remits them periodically.

The City has elected, under governmental accounting standards, to match its property tax revenues to the fiscal year that the tax levy is intended to finance. Therefore, the entire 2012 tax levy has been recorded as unavailable/unearned revenue on the financial statements.

B. Notes Receivable

The City has several loan programs which provide loans to local businesses for developments and improvements, including the Community Development Assistance Program (CDAP). Funding for the CDAP loan program is provided by the Illinois Department of Commerce and Economic Opportunity. The TIF loans are funded by monies restricted in the Tax Increment Financing #1 Fund.

CITY OF BATAVIA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES (Continued)

B. Notes Receivable (Continued)

The following is a summary of changes in notes receivable during the fiscal year:

Fund/Loan	Balances January 1	Issuances	Repayments	Balances December 31
General Fund				
Confident Air - \$20,000 CDAP loan dated May 2011, due monthly with interest at 3.25% through June 2014.	\$ 16,800	\$ -	\$ 6,557	\$ 10,243
Performance Chiropractic - \$25,000 CDAP loan dated September 2012, due monthly with interest at 3.25% through September 2012.	-	25,000	2,659	22,341
R Kid's Closet - \$12,500 CDAP loan dated April 2012, due monthly with interest at 3.25% through April 2015.	-	12,500	3,012	9,488
Vasilion Architects, Inc. - \$20,000 CDAP loan date May 2011, due monthly with interest at 3.25% through May 2014.	15,722	-	6,592	9,130
Total General Fund	32,522	37,500	18,820	51,202
Tax Increment Financing #1 Fund				
Pal Joeys - \$75,000 TIF loan dated August 2012, due monthly with interest at 3.50% through August 2017.	-	75,000	4,603	70,397
Bruce Harris - \$41,121 TIF loan dated September 2010, due monthly with interest at 3.50% through September 2015.	31,505	-	8,002	23,503
Robbins Flowers - \$168,000 TIF loan dated December 2010, due monthly starting July 2013 with interest at 2.50% through June 2018.	168,330	-	-	168,330
Batavia Art Center - \$85,000 TIF loan dated August 2009, forgivable at 10% per year through July 2019.	68,000	-	8,500	59,500
Total Tax Increment Financing #1 Fund	267,835	75,000	21,105	321,730
TOTAL NOTES RECEIVABLE	\$ 300,357	\$ 112,500	\$ 39,925	\$ 372,932

CITY OF BATAVIA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets not Being Depreciated				
Land	\$ 19,646,978	\$ -	\$ -	\$ 19,646,978
Construction in Progress	101,667	2,923,370	-	3,025,037
Total Capital Assets not Being Depreciated	<u>19,748,645</u>	<u>2,923,370</u>	<u>-</u>	<u>22,672,015</u>
Capital Assets Being Depreciated				
Structures and Improvements	18,380,206	-	-	18,380,206
Machinery and Equipment	5,178,973	548,419	420,194	5,307,198
Infrastructure	65,136,535	80,000	-	65,216,535
Total Capital Assets Being Depreciated	<u>88,695,714</u>	<u>628,419</u>	<u>420,194</u>	<u>88,903,939</u>
Less Accumulated Depreciation for				
Structures and Improvements	3,260,416	516,708	-	3,777,124
Machinery and Equipment	2,907,405	249,981	407,975	2,749,411
Infrastructure	20,172,537	1,765,168	-	21,937,705
Total Accumulated Depreciation	<u>26,340,358</u>	<u>2,531,857</u>	<u>407,975</u>	<u>28,464,240</u>
Total Capital Assets Being Depreciated, Net	<u>62,355,356</u>	<u>(1,903,438)</u>	<u>12,219</u>	<u>60,439,699</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	<u>\$ 82,104,001</u>	<u>\$ 1,019,932</u>	<u>\$ 12,219</u>	<u>\$ 83,111,714</u>
	Beginning Balances	Increases	Decreases	Ending Balances
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital Assets not Being Depreciated				
Land	\$ 1,117,833	\$ -	\$ -	\$ 1,117,833
Construction in Progress	2,880,789	1,935,355	736,973	4,079,171
Total Capital Assets not Being Depreciated	<u>3,998,622</u>	<u>1,935,355</u>	<u>736,973</u>	<u>5,197,004</u>
Capital Assets Being Depreciated				
Buildings	8,018,705	316,843	-	8,335,548
Structures and Improvements	14,027,194	769,893	-	14,797,087
Wells and Well Equipment	3,634,937	-	-	3,634,937
Machinery and Equipment	1,824,404	274,438	176,065	1,922,777
Electric System	61,747,980	274,843	-	62,022,823
Water/Sewer System	60,348,736	-	-	60,348,736
Total Capital Assets Being Depreciated	<u>149,601,956</u>	<u>1,636,017</u>	<u>176,065</u>	<u>151,061,908</u>

CITY OF BATAVIA, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
<b>BUSINESS-TYPE ACTIVITIES (Continued)</b>				
Less Accumulated Depreciation for				
Buildings	\$ 721,420	\$ 201,296	\$ -	\$ 922,716
Structures and Improvements	4,768,300	369,850	-	5,138,150
Wells and Well Equipment	1,011,009	92,720	-	1,103,729
Machinery and Equipment	1,011,552	126,774	176,065	962,261
Electric System	20,126,024	2,037,196	-	22,163,220
Water/Sewer System	20,361,175	1,757,097	-	22,118,272
Total Accumulated Depreciation	<u>47,999,480</u>	<u>4,584,933</u>	<u>176,065</u>	<u>52,408,348</u>
 Total Capital Assets Being Depreciated, Net	 <u>101,602,476</u>	 <u>(2,948,916)</u>	 <u>-</u>	 <u>98,653,560</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
CAPITAL ASSETS, NET	<u>\$ 105,601,098</u>	<u>\$ (1,013,561)</u>	<u>\$ 736,973</u>	<u>\$ 103,850,564</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
General Government	\$ 95,232
Public Safety	458,644
Highways and Streets, Including Depreciation of General Infrastructure Assets	<u>1,977,981</u>
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 2,531,857</u></u>

Depreciation expense was charged to business-type activities as follows:

<b>BUSINESS-TYPE ACTIVITIES</b>	
Waterworks	\$ 956,061
Sewerage	1,294,619
Electric	<u>2,334,253</u>
<b>TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES</b>	<u><u>\$ 4,584,933</u></u>

CITY OF BATAVIA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT

A. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds issued for business-type activities are reported in the proprietary funds as they are expected to be repaid from proprietary revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Balances January 1	Issuances	Retirements	Balances December 31	Current Portion
\$2,000,000 General Obligation Bond Series of 2005 due in annual installments of \$40,000 to \$150,000, plus interest of 3.50% to 5.00% through January 1, 2025	Debt Service	\$ 1,630,000	\$ -	\$ 1,535,000	\$ 95,000	\$ 95,000
\$1,435,000 General Obligation Refunding Bond Series of 2009B due in annual installments of \$270,000 to \$310,000, plus interest of 2.50% to 3.50% through December 15, 2014	Debt Service	890,000	-	285,000	605,000	295,000
\$7,150,000 General Obligation Refunding Bond Series of 2012A due in annual installments of \$10,000 to \$705,000, plus interest of 2.00% to 4.00% through January 1, 2026	Debt Service	-	7,150,000	-	7,150,000	10,000
\$1,530,000 General Obligation Refunding Bond Series of 2012 due in annual installments of \$25,000 to \$135,000, plus interest of 2.00% to 3.00% through January 1, 2025	Debt Service	-	1,530,000	-	1,530,000	25,000
<b>TOTAL</b>		<b>\$ 2,520,000</b>	<b>\$ 8,680,000</b>	<b>\$ 1,820,000</b>	<b>\$ 9,380,000</b>	<b>\$ 425,000</b>

CITY OF BATAVIA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

B. Alternate Revenue Bonds

The City has also issued general obligation alternate revenue bonds where the City has pledged sales tax revenues for the payment of bond principal and interest. Alternate revenue bonds are direct obligations and pledge the full faith and credit of the City. Alternate revenue bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Balances January 1	Issuances	Retirements	Balances December 31	Current Portion
\$10,000,000 General Obligation Alternate Revenue Bond Series of 2006, due in annual installments of \$320,000 to \$740,000, plus interest of 4.00% to 4.50% through January 1, 2026	Debt Service	\$ 8,200,000	\$ -	\$ 7,370,000	\$ 830,000	\$ 405,000
\$855,000 General Obligation Refunding Bonds (Sales Tax Alternate Revenue Source) Series of 2009A, due in annual installments of \$205,000 to \$225,000, plus interest of 2.50% to 3.00% through December 1, 2013	Debt Service	440,000	-	215,000	225,000	225,000
\$951,083 Taxable General Obligation Alternate Revenue Bond Series of 2010, due in annual installments of \$86,031 to \$110,911, plus interest of 1.15% to 4.80% through December 15, 2020	Sewerage	864,831	-	86,031	778,800	87,321
<b>TOTAL</b>		<b>\$ 9,504,831</b>	<b>\$ -</b>	<b>\$ 7,671,031</b>	<b>\$ 1,833,800</b>	<b>\$ 717,321</b>

CITY OF BATAVIA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

C. Revenue Bonds

The City also issues bonds for which the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Balances January 1	Issuances	Retirements	Balances December 31	Current Portion
\$26,870,000 Revenue Bond Series of 2006, due in annual installments of \$285,000 to \$1,630,000, plus interest at 3.50% to 4.50% rates through January 1, 2037	Electric	\$ 25,985,000	\$ -	\$ 315,000	\$ 25,670,000	\$ 605,000

D. IEPA Loans

The City, through the Illinois Environmental Protection Agency (IEPA), receives low interest loans for the construction of water and sewer facilities. The final debt is due in semiannual installments over a 20-year period plus interest. IEPA loans currently outstanding are as follows:

Issue	Fund Debt Retired by	Balances January 1	Issuances	Retirements	Balances December 31	Current Portion
IEPA Sewer Series of 1990 due in annual installments of \$497,756 including interest at 3.745% through October 15, 2012	Sewerage	\$ 244,303	\$ -	\$ 244,303	\$ -	\$ -
IEPA Sewer Series of 1999 due in annual installments of \$67,044 including interest at 2.535% through May 1, 2020	Sewerage	501,083	-	54,686	446,397	56,081
IEPA Sewer Series of 1999A due in annual installments of \$714,655 including interest at 2.535% through November 1, 2020	Sewerage	5,718,732	-	573,294	5,145,438	587,920

CITY OF BATAVIA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

D. IEPA Loans (Continued)

Issue	Fund Debt Retired by	Balances January 1	Issuances	Retirements	Balances December 31	Current Portion
IEPA Water Series of 2004 due in annual installments of \$179,980 including interest at 2.500% through November 1, 2024	Waterworks	\$ 4,520,290	\$ -	\$ 298,269	\$ 4,222,021	\$ 305,772
IEPA Water Series of 2004 due in annual installments of \$210,122 including interest at 2.500% through November 1, 2024	Waterworks	2,319,881	-	153,076	2,166,805	156,927
IEPA Water Series of 2005 due in annual installments of \$32,675 including interest at 2.500% through November 1, 2024	Waterworks	360,755	-	23,807	336,948	24,403
IEPA Water Series of 2006 due in annual installments of \$191,127 including interest at 2.500% through September 26, 2026	Waterworks	2,378,471	-	132,488	2,245,983	135,821
IEPA Water Series of 2006 due in annual installments of \$99,042 including interest at 2.500% through September 26, 2026	Waterworks	1,232,526	-	68,656	1,163,870	70,383
<b>TOTAL</b>		<u>\$ 17,276,041</u>	<u>\$ -</u>	<u>\$ 1,548,579</u>	<u>\$ 15,727,462</u>	<u>\$ 1,337,307</u>

CITY OF BATAVIA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

E. Debt Service Requirements to Maturity

Fiscal Year Ending December 31,	General Obligation Bonds	
	Governmental Activities	
	Principal	Interest
2013	\$ 425,000	\$ 260,993
2014	465,000	258,675
2015	600,000	240,275
2016	620,000	223,075
2017	645,000	202,200
2018	660,000	182,625
2019	685,000	162,450
2020	700,000	142,300
2021	730,000	122,125
2022	750,000	101,062
2023	775,000	79,181
2024	795,000	56,559
2025	825,000	33,103
2026	705,000	10,575
TOTAL	\$ 9,380,000	\$ 2,075,198

Fiscal Year Ending December 31,	Alternate Revenue Bonds			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 630,000	\$ 42,026	\$ 87,321	\$ 18,505
2014	425,000	18,064	89,198	17,303
2015	-	-	91,518	15,819
2016	-	-	94,355	14,003
2017	-	-	97,751	11,829
2018	-	-	101,662	9,327
2019	-	-	106,084	9,496
2020	-	-	110,911	3,407
TOTAL	\$ 1,055,000	\$ 60,090	\$ 778,800	\$ 99,689

CITY OF BATAVIA, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

E. Debt Service Requirements to Maturity (Continued)

Fiscal Year Ending December 31,	Revenue Bonds	
	Business-Type Activities	
	Principal	Interest
2013	\$ 605,000	\$ 1,097,406
2014	630,000	1,073,206
2015	655,000	1,048,006
2016	680,000	1,021,806
2017	710,000	994,606
2018	735,000	966,206
2019	765,000	936,806
2020	795,000	906,206
2021	830,000	874,406
2022	865,000	840,376
2023	900,000	804,694
2024	935,000	766,894
2025	975,000	727,156
2026	1,020,000	685,718
2027	1,060,000	642,368
2028	1,105,000	597,318
2029	1,155,000	550,356
2030	1,205,000	499,826
2031	1,255,000	447,106
2032	1,310,000	392,200
2033	1,370,000	334,888
2034	1,430,000	274,950
2035	1,490,000	210,600
2036	1,560,000	143,550
2037	1,630,000	73,338
<b>TOTAL</b>	<b>\$ 25,670,000</b>	<b>\$ 16,909,992</b>

CITY OF BATAVIA, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

E. Debt Service Requirements to Maturity (Continued)

Fiscal Year Ending December 31,	IEPA Loans	
	Business-Type Activities	
	Principal	Interest
2013	\$ 1,337,307	\$ 386,782
2014	1,371,178	352,911
2015	1,405,904	318,185
2016	1,441,511	282,578
2017	1,478,019	246,069
2018	1,515,457	208,633
2019	1,553,837	170,252
2020	1,548,770	131,033
2021	845,756	96,634
2022	867,032	75,358
2023	888,843	53,547
2024	911,201	31,188
2025	277,829	12,341
2026	284,818	5,352
TOTAL	<u>\$ 15,727,462</u>	<u>\$ 2,370,863</u>

CITY OF BATAVIA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

F. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2012:

	January 1, Restricted	Additions	Reductions	December 31	Current Portion
<b>GOVERNMENTAL</b>					
<b>ACTIVITIES</b>					
General Obligation Bonds	\$ 2,520,000	\$ 8,680,000	\$ 1,820,000	\$ 9,380,000	\$ 425,000
Alternate Revenue Bonds	8,640,000	-	7,585,000	1,055,000	630,000
Compensated Absences*	872,650	6,777	86,413	793,014	158,603
Net Pension Obligation*	378,560	-	168,450	210,110	-
Net Other Postemployment Benefit*	106,025	8,022	-	114,047	-
Unamortized Premium	-	414,439	-	414,439	29,808
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 12,517,235</b>	<b>\$ 9,109,238</b>	<b>\$ 9,659,863</b>	<b>\$ 11,966,610</b>	<b>\$ 1,243,411</b>

\* The General Fund has typically been used in prior years to liquidate the compensated absences liability, the net pension obligation and the other postemployment benefit obligation.

	January 1	Additions	Reductions	December 31	Current Portion
<b>BUSINESS-TYPE</b>					
<b>ACTIVITIES</b>					
Alternate Revenue Bonds	\$ 864,831	\$ -	\$ 86,031	\$ 778,800	\$ 87,321
Revenue Bonds	25,985,000	-	315,000	25,670,000	605,000
IEPA Loans	17,276,041	-	1,548,579	15,727,462	1,337,307
Compensated Absences	393,714	367,726	393,714	367,726	73,545
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 44,519,586</b>	<b>\$ 367,726</b>	<b>\$ 2,343,324</b>	<b>\$ 42,543,988</b>	<b>\$ 2,103,173</b>

CITY OF BATAVIA, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

G. Revenue Bond Disclosures

Sewerage Fund and Electric Fund - The revenue bond ordinances require that all monies held in the Sewerage Fund and Electric Fund be segregated and restricted in special reserve accounts, in the priority indicated by the order of the following:

Accounts	Amounts	Nature of Authorized Expenditures
Operations and Maintenance	Sufficient amount to pay reasonable expenses	Expense of operating, maintaining and repairing the system
Bond and Interest	Amount sufficient to pay a portion of the current bond and interest	Paying principal and interest on the bonds
Bond Reserve	<i>Sewerage</i> \$2,000 per month until the account aggregates of \$654,302	Paying principal and interest on the bonds if there is an insufficiency in bond and interest
	<i>Electric</i> Amount sufficient to provide account aggregate of \$1,705,719	
Depreciation	<i>Sewerage</i> \$5,000 per month until the account aggregates \$350,000	Paying principal and interest on the bonds if there is insufficient money in the bond and interest account or bond reserve account; cost of extraordinary repairs and replacements to the system
	<i>Electric</i> Initial deposit of \$2,000,000 or \$100,000 per month until the account aggregates \$2,000,000	
Surplus	The amount remaining after payment into the above four accounts	Improvement and extension of the waterworks and sewerage system, or any other lawful corporate purpose

5. LONG-TERM DEBT (Continued)

G. Revenue Bond Disclosures (Continued)

Supplemental information required under bond ordinance provision, not subject to audit:

Sewerage

Number of Water Customers	9,275
Number of Sewer Customers	9,092
Quantity of Sewerage Treated (in Millions of Gallons)	1,124.80
Quantity of Water Pumped (in Millions of Gallons)	1,120.20
Quantity of Water Billed (in Millions of Gallons)	988.93

Electric

Number of Electric Customers by Class	
Residential	9,515
Commercial	1,317
Industrial	12
Kwh of Energy Purchased	493,477,947
Average Cost per kwh	\$ 0.06

H. Alternate Revenue Source Bonds

The City has issued Alternate Revenue Source Bonds for which they have pledged future revenue streams. The Series 2006 General Obligation Alternate Revenue Source Bonds are payable from a pledge of the City's sales tax revenues, with a remaining total pledge of \$888,340 and the bonds maturing January 1, 2026. During the current fiscal year, the pledge of sales taxes of \$734,681 was approximately 16.0% of total sales tax revenues. The Series 2009A General Obligation Alternate Revenue Source Bonds are payable from a pledge of the City's sales tax revenues, with a remaining total pledge of \$231,750, and the bonds maturing December 1, 2013. During the current fiscal year, the pledge of sales taxes of \$228,200 was approximately 5.0% of total sales tax revenues. The Series 2010 Taxable General Obligation Alternate Revenue Source Bonds are payable from a pledge of the City's sewer operations revenue. The bonds have a remaining total pledge of \$878,489, with the bonds maturing December 15, 2020. During the current fiscal year, the pledge of sewer revenues of \$105,361 was approximately 2.6% of total available pledged revenues.

5. LONG-TERM DEBT (Continued)

I. Advance Refundings

On February 27, 2012, the City issued \$1,530,000 General Obligation Refunding Bonds, Series 2012 to advance refund \$1,445,000 of the General Obligation Bonds, Series 2005. The proceeds of the 2012 issuance were placed in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. The defeased bonds will be called on January 1, 2013. At December 31, 2012, \$1,445,000 of the refunded bonds was outstanding. As a result of the refunding, the City achieved a cash flow savings of \$223,920 and an economic gain on the refunding of \$195,538.

On July 24, 2012, the City issued \$7,150,000 General Obligation Refunding Bonds, Series 2012A to advance refund \$6,980,000 of the General Obligation Alternate Revenue Bonds, Series 2006. The proceeds of the 2012 issuance were placed in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. The defeased bonds will be called on January 1, 2014. At December 31, 2012, \$6,980,000 of the refunded bonds was outstanding. As a result of the refunding, the City achieved a cash flow savings of \$639,785 and an economic gain on the refunding of \$583,458.

J. Legal Debt Margin

The City is a home rule municipality. Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes governs computation of the legal debt margin.

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

To date the General Assembly has set no limits for home rule municipalities.

6. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. The City is partially self-insured for medical, dental, life and workers' compensation benefits and accounts for these benefits in the Health Insurance and Workers' Compensation Insurance Funds. Under this program, the City provides coverage up to a maximum of \$85,000 per individual's health claims paid (increased to \$105,000 as of December 1, 2012) and \$500,000 per individual for workers' compensation claims paid (increased to \$600,000 as of December 1, 2012). The remainder of the City's risk management activity is also reported in the Self-Insurance Fund and is provided for through private insurance coverage, including general and other liabilities.

Funds of the City participate and make payments to the Self-Insurance Fund based upon estimates of the amounts needed to pay prior and current year claims. Liabilities of the Self-Insurance Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors.

Changes in the balances of claims liabilities during the fiscal year are as follows:

	2012	2011
UNPAID CLAIMS - BEGINNING OF YEAR	\$ 777,240	\$ 753,581
Incurred claims (including IBNR)	3,350,081	2,665,979
Claims payments	(3,463,150)	(2,642,320)
UNPAID CLAIMS - END OF YEAR	\$ 664,171	\$ 777,240

CITY OF BATAVIA, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. INTERFUND ASSETS/LIABILITIES

A. Due From/To Other Funds

	<u>Due From</u>	<u>Due To</u>
General		
Nonmajor Governmental	\$ 37,091	\$ -
Nonmajor Governmental		
General	-	<u>37,091</u>
TOTAL	<u>\$ 37,091</u>	<u>\$ 37,091</u>

The purpose of significant due from/to other funds is as follows:

- \$37,091 due to the General Fund from the Capital Projects Fund for short-term cash borrowing. Repayment is expected within one year.

B. Interfund Transfers

Interfund transfers between funds for the year ended December 31, 2012 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General		
Nonmajor Governmental	\$ 115,807	\$ 3,382,824
Nonmajor Governmental		
General	<u>3,382,824</u>	<u>115,807</u>
TOTAL	<u>\$ 3,498,631</u>	<u>\$ 3,498,631</u>

The purpose of significant transfers is as follows:

- \$115,807 transferred from a Nonmajor Governmental Fund to the General Fund to close the Perpetual Care Cemetery Fund. This transfer will not be repaid.
- \$3,382,824 transferred from the Nonmajor Governmental Funds to the General Fund includes \$500,000 to the Motor Fuel Tax Fund for project funding, \$922,428 to the Debt Service Fund for debt payments and \$1,960,396 to the Capital Projects Fund for project funding. These transfers will not be repaid.

8. CONTINGENT LIABILITIES

A. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's attorney that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

B. Grants

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 expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. Northern Illinois Municipal Power Agency

On May 24, 2004, the City entered into a contract with the cities of Rochelle, Geneva and Geneseo to form a municipal power agency called Northern Illinois Municipal Power Agency (NIMPA). NIMPA declared its intent to acquire from Prairie State Generating Company, LLC an undivided ownership interest as a tenant-in-common in an approximately 1,620 mega-watt "mine mouth" coal fired power generating facility located in Washington County, Illinois, along with certain coal reserves, other related tangible and intangible property and related costs. This ownership interest is referred to as the Prairie State Project. On November 4, 2004, the City entered into the Peabody Prairie State Project Committee Agreement along with other NIMPA members for the purpose of allocating the preliminary costs of developing and negotiating the documents and agreements necessary to enable NIMPA to acquire ownership interest in the Prairie State Project. On January 24, 2005, the City agreed to enter into additional agreements with the other NIMPA members in order to participate in the Prairie State Project.

The project was completed and placed in service during 2012 at a total cost of approximately \$459.6 million and accumulated depreciation at December 31, 2012 of approximately \$6.3 million. The City has a 45.83% entitlement share of NIMPA's 7.6% ownership interest in the Prairie State Generating Company, LLC.

NIMPA's outstanding debt service obligation is to be paid by its members through their wholesale power charges through the remainder of the long-term contract, which is \$533 million as of December 31, 2012.

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to providing pension benefits described, the City provides postemployment health care benefits (OPEB) for its eligible retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's Self-Insurance Fund.

Benefits Provided

The City provides postemployment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Elected officials are eligible for benefits if they qualify for retirement through the Illinois Municipal Retirement Fund.

All health care benefits are provided through the City's health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance care abuse; vision care; dental care and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

Membership

At December 31, 2012, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	23
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees	
Vested	138
Nonvested	81
	<hr/>
TOTAL	242
	<hr/>
Participating Employers	1
	<hr/>

CITY OF BATAVIA, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy

The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute 100% percentage of the actuarially determined premium to the plan. For the fiscal year ended December 31, 2012, retirees contributed \$276,558. Active employees do not contribute to the plan until retirement.

Annual OPEB Costs and Net OPEB Obligation

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the most recent three years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 152,519	\$ 121,555	79.7%	\$ 96,303
2011	185,255	175,533	94.8%	106,025
2012	183,555	175,533	95.6%	114,047

The net OPEB obligation (NOPEBO) as December 31, 2012 was calculated as follows:

Annual Required Contribution	\$ 182,848
Interest on Net OPEB Obligation	4,241
Adjustment to Annual Required Contribution (ARC)	<u>(3,534)</u>
Annual OPEB Cost	183,555
Contributions Made	<u>175,533</u>
Increase in Net OPEB Obligation	8,022
Net OPEB Obligation, Beginning of Year	<u>106,025</u>
<b>NET OPEB OBLIGATION, END OF YEAR</b>	<u><u>\$ 114,047</u></u>

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation (Continued)

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2012 was as follows:

Actuarial Accrued Liability (AAL)	\$ 6,135,319
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	6,135,319
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.0%
Covered Payroll (Active Plan Members)	\$ 14,625,859
UAAL as a Percentage of Covered Payroll	41.95%

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

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

In the December 31, 2012 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included 4.0% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 8.0% with an ultimate healthcare cost trend rate of 6.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the City has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

10. DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Police Pension Plan, which is a single-employer pension plan; and the Firefighters' Pension Plan, which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. Separate reports are issued for the Police and Firefighters' Pension Plans and may be obtained by writing to the City at 100 North Island Avenue, Batavia, Illinois 60510. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained online at [www.imrf.org](http://www.imrf.org).

A. Plan Descriptions

Illinois Municipal Retirement Fund (IMRF)

All employees (other than those covered by the Police or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

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

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

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution and annual required contribution rate for calendar year 2012 was 13.03%.

10. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Police Pension Plan as a pension trust fund. At December 31, 2011, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	24
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Current Employees	
Vested	31
Nonvested	8
	<hr/>
TOTAL	<u>63</u>

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

10. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the proceeding calendar year. The City is required to finance the Police Pension Plan.

Employees are required by Illinois Compiled Statutes to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. Contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The costs of administering the Police Pension Plan are financed through investment earnings. The City is required to contribute the remaining amounts necessary to finance the Police Pension Plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended December 31, 2012, the City's contribution was 35.44% of covered payroll.

10. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Firefighters' Pension Plan as a pension trust fund. At December 31, 2011, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	10
Terminated Employees Entitled to Benefits but not yet Receiving Them	1
Current Employees	
Vested	14
Nonvested	8
	<hr/>
TOTAL	<u>33</u>

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

10. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. Contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The costs of administering the Firefighters' Pension Plan are financed through investment earnings. The City is required to finance the Firefighters' Pension Plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past services costs for the Firefighters' Pension Plan. For the year ended December 31, 2012, the City's contribution was 38.41% of covered payroll.

CITY OF BATAVIA, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

B. Significant Investments

The following are investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net position for either the Police or Firefighters' Pension Plans. Information for IMRF is not available.

Plan	Organization	Amount
Police Pension	UBS RMA Money Market US Government Portfolio Fund	\$ 2,695,549
Police Pension	iShares Russell 3000 Index Fund	1,802,414
Police Pension	PIMCO All Asset All Authority A Fund	1,382,471
Firefighters' Pension	Vanguard 500 Index Fund Signal Shares	654,764
Firefighters' Pension	T Rowe Price Growth Stock Fund	652,396
Firefighters' Pension	Sun Life MFS Regatta Extra Variable Annuity	587,020
Firefighters' Pension	Aviva Income Select Plus Fixed Indexed Annuity	558,236

C. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2010	December 31, 2010	December 31, 2010
Actuarial Cost Method	Entry-Age Normal	Entry-Age Normal	Entry-Age Normal
Asset Valuation Method	5 Year Smoothed Market	Market	Market
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization Period	30 Years, Open	29 Years, Closed	29 Years, Closed

CITY OF BATAVIA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Significant Actuarial Assumptions			
a) Rate of Return on Present and Future Assets	7.50% Compounded Annually	7.00% Compounded Annually	7.00% Compounded Annually
b) Projected Salary Increase - Attributable to Inflation	4.00% Compounded Annually	5.50% Compounded Annually	5.50% Compounded Annually
c) Additional Projected Salary Increases - Seniority/Merit	.40% to 10.00%	Not Available	Not Available
d) Postretirement Benefit Increases	3.00%	3.00%	3.00%

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

	Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2010	\$ 890,831	\$ 1,208,090	\$ 677,139
	2011	849,278	1,232,546	680,645
	2012	961,064	1,136,238	598,821
Actual Contribution	2010	\$ 825,613	\$ 1,192,835	\$ 691,688
	2011	914,496	1,218,262	697,577
	2012	961,064	1,268,368	667,656
Percentage of APC Contributed	2010	92.7%	98.7%	102.1%
	2011	107.7%	98.8%	102.5%
	2012	100.0%	111.6%	111.5%
NPO (Asset)	2010	\$ 65,218	\$ 336,851	\$ 52,669
	2011	-	351,135	35,737
	2012	-	210,110	(32,515)

CITY OF BATAVIA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

The NPO at December 31, 2012 has been calculated as follows:

	Police Pension, Restated	Firefighters' Pension, Restated
Annual Required Contribution	\$ 1,126,765	\$ 597,816
Interest on Net Pension Obligation	23,957	2,542
Adjustment to Annual Required Contribution	(14,484)	(1,537)
Annual Pension Cost	1,136,238	598,821
Contributions Made	1,268,368	667,656
Increase (Decrease) in Net Pension Obligation	(132,130)	(68,835)
Net Pension Obligation (Asset), Beginning of Year	342,240	36,320
NET PENSION OBLIGATION (ASSET), END OF YEAR	<u>\$ 210,110</u>	<u>\$ (32,515)</u>

D. Funded Status

The funded status of the plans based on actuarial valuations performed as of December 31, 2012 for IMRF and December 31, 2011 for the Police and Firefighters' Pension Plans, is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed in Note 12-C:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Accrued Liability (AAL)	\$ 22,008,585	\$ 36,550,130	\$ 15,481,204
Actuarial Value of Plan Assets	15,160,329	21,258,165	9,773,775
Unfunded Actuarial Accrued Liability (UAAL)	6,848,256	15,291,965	5,707,429
Funded Ratio (Actuarial Value of Plan Assets/AAL)	68.88%	58.16%	63.13%
Covered Payroll (Active Plan Members)	\$ 7,375,778	\$ 3,445,952	\$ 1,816,406
UAAL as a Percentage of Covered Payroll	92.85%	443.77%	314.22%

See the schedules of funding progress in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plans.

CITY OF BATAVIA, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

11. PRIOR PERIOD ADJUSTMENTS

Net position and fund balances have been restated as of January 1, 2012 as follows:

	Nonmajor Governmental			Internal Service		Total Governmental Activities
	General Fund	Motor Fuel Tax Fund	Tax Increment Financing #1 Fund*	Health Insurance Fund	Workers' Compensation Insurance Fund	
To correct revenue recognition for state-shared revenues	\$ 792,393	\$ -	\$ -	\$ -	\$ -	\$ 792,393
To correct revenue recognition for certain other revenues	(200,000)	62,500	-	-	-	(137,500)
To disaggregate the Motor Fuel Tax Fund from the General Fund	(2,216,178)	2,216,178	-	-	-	-
To disaggregate the internal service funds from the General Fund	(3,061,885)	-	-	2,100,968	960,917	-
To record loans receivable not previously reported	32,523	-	259,335	-	-	291,858
To correct prior year police and firefighters' pension net pension obligation	-	-	-	-	-	8,312
<b>TOTAL</b>	<b>\$ (4,653,147)</b>	<b>\$ 2,278,678</b>	<b>\$ 259,335</b>	<b>\$ 2,100,968</b>	<b>\$ 960,917</b>	<b>\$ 955,063</b>

	Nonmajor Governmental Funds			
	Infrastructure Capital Projects Fund	Debt Service Fund	Tax Increment Financing #1 Fund*	Tax Increment Financing #3 Fund
To disaggregate the TIF #1 and TIF #3 Funds from the Infrastructure Capital Projects and Debt Service Funds	\$ (892,719)	\$ (1,766,910)	\$ 1,640,525	\$ 1,019,104

\*The total restatement reported for the Tax Increment Financing #1 Fund is \$1,899,860.

CITY OF BATAVIA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

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11. PRIOR PERIOD ADJUSTMENTS (Continued)

The net position of the Sewerage Fund has also been restated by \$(24,866) as of January 1, 2012 to write off the balance of unamortized bond issuance costs in accordance with the provisions of GASB Statement No. 65.

12. SUBSEQUENT EVENT

On May 8, 2013, the City issued \$9,120,000 General Obligation Refunding Bonds, Series 2013 to refund three of the City's outstanding IEPA loans. The bonds are due in annual installments of \$385,000 to \$1,070,000 through November 1, 2024 with interest from 2.00% to 4.00%.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes	\$ 16,169,833	\$ 16,169,833	\$ 16,173,959
Intergovernmental	2,853,674	2,873,674	3,248,216
Licenses and Permits	252,000	252,000	234,069
Charges for Services	233,000	233,000	288,988
Fines and Forfeitures	233,600	233,600	186,264
Interest	15,000	15,000	17,491
Miscellaneous	2,124,875	2,124,875	2,175,501
<b>Total Revenues</b>	<b>21,881,982</b>	<b>21,901,982</b>	<b>22,324,488</b>
<b>EXPENDITURES</b>			
General Government	3,628,388	3,686,388	3,443,358
Public Safety	13,152,241	13,305,741	12,753,114
Highways and Streets	3,281,745	3,313,713	3,048,391
<b>Total Expenditures</b>	<b>20,062,374</b>	<b>20,305,842</b>	<b>19,244,863</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,819,608</b>	<b>1,596,140</b>	<b>3,079,625</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	115,807
Transfers (Out)	(1,952,684)	(3,452,684)	(3,382,824)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,952,684)</b>	<b>(3,452,684)</b>	<b>(3,267,017)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (133,076)</b>	<b>\$ (1,856,544)</b>	<b>(187,392)</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>17,212,336</b>
Prior Period Adjustment			(4,653,147)
<b>FUND BALANCE, JANUARY 1, RESTATED</b>			<b>12,559,189</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 12,371,797</b>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2012

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1. BUDGETS

Annual budgets are adopted for all governmental and proprietary funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual budgets lapse at fiscal year end.

All departments of the City submit requests for their department to the City's Administrator so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested expenditures for the next fiscal year. The proposed budget is presented to the governing body for review. The City Council holds public hearings and may add to, subtract from or change commitments/assignments but may not change the form of the budget.

The Finance Director, as the budget officer, can transfer amounts between departments within any fund; however, transfers between funds must be approved by the City Council. Expenditures may not legally exceed budgeted amounts at the fund level. During the year, there were several budget transfers.

CITY OF BATAVIA, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
 ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2012

Funding Progress

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2007	\$ 17,123,018	\$ 19,813,409	86.42%	\$ 2,690,391	\$ 7,767,570	34.64%
2008	14,641,376	20,412,379	71.73%	5,771,003	7,849,222	73.52%
2009	14,053,484	19,078,528	73.66%	5,025,044	7,666,327	65.55%
2010	13,509,606	19,610,717	68.89%	6,101,111	7,166,783	85.13%
2011	14,712,249	21,476,629	68.50%	6,764,380	7,071,937	95.65%
2012	15,160,329	22,008,585	68.88%	6,848,256	7,375,778	92.85%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2007	\$ 789,185	\$ 789,185	100.00%
2008	765,299	765,299	100.00%
2009	802,664	802,664	100.00%
2010	825,613	890,831	92.68%
2011	914,496	848,140	107.82%
2012	961,064	961,064	100.00%

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
 POLICE PENSION FUND

December 31, 2012

Funding Progress

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2006	\$ 15,879,599	\$ 24,967,981	63.60%	\$ 9,088,382	\$ 3,107,967	292.42%
2007	17,522,683	26,670,944	65.70%	9,148,261	3,270,023	279.76%
2008	15,803,262	28,791,948	54.89%	12,988,686	3,557,722	365.08%
2009	18,360,332	31,122,221	58.99%	12,761,889	3,672,631	347.49%
2010	20,694,374	33,982,872	60.90%	13,288,498	3,549,116	374.42%
2011	21,258,165	36,550,130	58.16%	15,291,965	3,445,952	443.77%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2007	\$ 844,258	\$ 844,208	100.01%
2008	913,896	916,399	99.73%
2009	949,429	949,557	99.99%
2010	1,192,835	1,192,707	100.01%
2011	1,221,174	1,218,262	100.24%
2012	1,268,368	1,126,765	112.57%

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
 FIREFIGHTERS' PENSION FUND

December 31, 2012

Funding Progress

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2006	\$ 6,724,772	\$ 10,418,335	64.55%	\$ 3,693,563	\$ 1,597,810	231.16%
2007	7,460,092	11,803,316	63.20%	4,343,224	1,766,514	245.86%
2008	6,868,129	12,903,438	53.23%	6,058,380	1,872,055	323.62%
2009	8,005,355	14,063,735	56.92%	6,058,380	1,845,520	328.27%
2010	9,109,979	14,725,503	61.87%	5,615,524	1,753,824	320.19%
2011	9,773,775	15,481,204	63.13%	5,707,429	1,816,406	314.22%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2007	\$ 429,415	\$ 426,163	100.76%
2008	510,365	512,346	99.61%
2009	594,921	578,370	102.86%
2010	691,688	691,630	100.01%
2011	697,577	689,507	101.17%
2012	667,656	597,816	111.68%

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
 OTHER POSTEMPLOYMENT BENEFIT PLAN

December 31, 2012

Funding Progress

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	\$ -	\$ 3,369,585	0.00%	\$ 3,369,585	\$ 15,096,700	22.32%
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	-	3,716,305	0.00%	3,716,305	14,496,829	25.64%
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	-	6,135,319	0.00%	6,135,319	14,625,859	41.95%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2007	N/A	N/A	N/A
2008	\$ 121,555	\$ 154,275	78.79%
2009	121,555	152,538	79.69%
2010	121,555	152,538	79.69%
2011	175,533	182,848	96.00%
2012	175,533	182,848	96.00%

The City implemented GASB Statement No. 45 for the fiscal year ended December 31, 2008. Information for prior years is not available. The City is required to have the actuarial valuation performed biannually.

(See independent auditor's report.)

COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES

**MAJOR GOVERNMENTAL FUND**

## MAJOR GOVERNMENTAL FUND

General Fund - to account for all financial resources of the general government, except those accounted for in another fund.

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Property Taxes - General	\$ 6,249,280	\$ 6,249,280	\$ 6,214,698
Retailers' Occupation Tax	4,772,389	4,772,389	4,587,338
Home Rule Sales Tax	1,827,995	1,827,995	1,738,067
Utility Tax	3,320,169	3,320,169	3,633,856
<b>Total Taxes</b>	<b>16,169,833</b>	<b>16,169,833</b>	<b>16,173,959</b>
Intergovernmental			
Illinois State Income Tax	1,991,278	1,991,278	2,309,103
Illinois State Replacement Tax	174,863	174,863	174,966
Illinois State Maintenance Reimbursement	40,033	40,033	30,958
State and Federal Grants	-	20,000	33,051
Township Share	40,000	40,000	47,209
Countryside Fire Protection District	242,500	242,500	243,000
Local Use Tax	365,000	365,000	409,929
<b>Total Intergovernmental</b>	<b>2,853,674</b>	<b>2,873,674</b>	<b>3,248,216</b>
Licenses and Permits			
Licenses	52,000	52,000	61,305
Building Permits	200,000	200,000	172,764
<b>Total Licenses and Permits</b>	<b>252,000</b>	<b>252,000</b>	<b>234,069</b>
Charges for Services			
Engineering Plan Review	23,000	23,000	34,037
Engineering Inspection Fees	30,000	30,000	65,096
Survey Monumentation Fees	5,000	5,000	14,863
Planning Commission Fees	22,000	22,000	23,988
Grave Openings	38,000	38,000	24,167
Plumbing Inspections	21,000	21,000	26,372
Police Services	94,000	94,000	100,465
<b>Total Charges for Services</b>	<b>233,000</b>	<b>233,000</b>	<b>288,988</b>

(This schedule is continued on the following page.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>REVENUES (Continued)</b>			
Fines and Forfeitures			
Court Fines	\$ 195,000	\$ 195,000	\$ 142,952
Parking Fines	38,600	38,600	43,312
Total Fines and Forfeitures	233,600	233,600	186,264
Interest			
Investment Income	15,000	15,000	17,491
Miscellaneous			
Waste Transfer Fee	505,000	505,000	522,464
Cable TV Franchise Fee	380,000	380,000	403,240
Leaf and Brush Collection	269,500	269,500	270,387
Payment in Lieu of Taxes	750,000	750,000	764,131
Sale of Burial Lots	10,000	10,000	9,300
Reimbursements	97,875	97,875	94,785
Other	112,500	112,500	111,194
Total Miscellaneous	2,124,875	2,124,875	2,175,501
<b>TOTAL REVENUES</b>	<b>\$ 21,881,982</b>	<b>\$ 21,901,982</b>	<b>\$ 22,324,488</b>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>EXPENDITURES</b>			
General Government			
Legislative and Administration	\$ 1,171,428	\$ 1,151,428	\$ 1,008,370
Human Resources	246,644	266,644	285,221
Community Development	924,474	924,474	918,108
Public Works Administration	213,348	213,348	200,755
Engineering	628,823	628,823	624,420
Building and Grounds	412,270	412,270	395,465
Finance and Accounting	583,041	583,041	566,905
Information Systems	693,979	751,979	709,871
Utility Billing	311,056	311,056	299,457
Economic Development	82,927	82,927	74,388
Less Administrative Expenses	(1,639,602)	(1,639,602)	(1,639,602)
<b>Total General Government</b>	<b>3,628,388</b>	<b>3,686,388</b>	<b>3,443,358</b>
Public Safety			
Police	8,175,450	8,328,950	8,003,621
Fire	4,958,701	4,958,701	4,724,069
E.S.D.A.	18,090	18,090	25,424
<b>Total Public Safety</b>	<b>13,152,241</b>	<b>13,305,741</b>	<b>12,753,114</b>
Highways and Streets	3,281,745	3,313,713	3,048,391
<b>TOTAL EXPENDITURES</b>	<b>\$ 20,062,374</b>	<b>\$ 20,305,842</b>	<b>\$ 19,244,863</b>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>EXPENDITURES</b>			
General Government			
Legislative and Administration			
Regular Wages	\$ 508,085	\$ 488,085	\$ 429,375
Overtime	100	100	-
Group Insurance	40,500	40,500	40,411
IMRF - City Portion	60,217	60,217	50,868
Social Security	38,876	38,876	33,226
Pension Contributions	9,500	9,500	9,497
Memberships	16,950	16,950	14,972
Training and Seminars	1,500	1,500	598
Resource Materials	1,000	1,000	850
Travel	750	750	639
Postage and Shipping	2,800	2,800	2,534
Office Supplies	9,000	9,000	5,550
Printing	23,500	23,500	17,199
Advertising	500	500	375
Food	3,000	3,000	531
Sales Tax Rebate	10,000	10,000	-
Contract Labor	43,000	43,000	20,290
Legal Fees	135,000	135,000	98,853
BATV	152,000	152,000	159,177
Ride In Kane Program	80,000	80,000	94,419
General Liability Insurance	35,000	35,000	28,856
Workmen's Compensation Premium	150	150	150
<b>Total Legislative and Administration</b>	<b>1,171,428</b>	<b>1,151,428</b>	<b>1,008,370</b>
Human Resources			
Regular Wages	131,500	151,500	152,536
Group Insurance	8,400	8,400	8,354
IMRF - City Portion	17,134	17,134	19,245
Social Security	10,060	10,060	10,940
Memberships	700	700	390
Training and Seminars	12,000	12,000	4,035
Employee Recruitment	1,500	1,500	9,230
Postage and Shipping	200	200	161
Printing	1,000	1,000	1,156

(This schedule is continued on the following pages.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
General Government (Continued)			
Human Resources (Continued)			
Recognition Award	\$ 11,000	\$ 11,000	\$ 8,598
Medical Exams	20,000	20,000	26,864
Contract Labor	10,000	10,000	8,992
Legal Fees	8,000	8,000	23,407
General Liability Insurance	15,000	15,000	11,163
Workmen's Compensation Premium	150	150	150
	<hr/>		
Total Human Resources	246,644	266,644	285,221
	<hr/>		
Community Development			
Regular Wages	596,400	596,400	602,481
Overtime	250	250	-
Part-Time Help	8,000	8,000	8,512
Group Insurance	108,350	108,350	108,216
IMRF - City Portion	77,743	77,743	74,464
Social Security	46,256	46,256	44,445
Memberships	2,000	2,000	1,941
Training and Seminars	2,000	2,000	1,103
Resource Materials	150	150	167
Postage and Shipping	2,500	2,500	827
Office Supplies	2,500	2,500	2,261
Printing	250	250	123
Gasoline	2,800	2,800	2,596
Advertising	1,000	1,000	2,072
Telephone	1,200	1,200	1,807
Clothing Allowance	300	300	226
Meals	250	250	215
Repairs and Maintenance - Vehicles	2,500	2,500	5,190
Plumbing Inspection	20,000	20,000	25,393
Contract Labor	32,500	32,500	19,088
General Liability Insurance	2,125	2,125	1,581
Workmen's Compensation Premium	15,400	15,400	15,400
	<hr/>		
Total Community Development	924,474	924,474	918,108
	<hr/>		

(This schedule is continued on the following pages.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
General Government (Continued)			
Public Works Administration			
Regular Wages	\$ 135,535	\$ 135,535	\$ 136,743
Group Insurance	21,040	21,040	21,036
IMRF - City Portion	17,660	17,660	15,498
Social Security	10,368	10,368	8,622
Memberships	650	650	658
Training and Seminars	1,500	1,500	2,324
Office Supplies	-	-	30
Telephone	720	720	1,013
Contract Labor	25,000	25,000	14,141
General Liability Insurance	725	725	540
Workmen's Compensation Premium	150	150	150
	<hr/>		
Total Public Works Administration	213,348	213,348	200,755
	<hr/>		
Engineering			
Regular Wages	417,500	417,500	425,409
Overtime	2,000	2,000	577
Double Time	-	-	276
Group Insurance	72,400	72,400	72,249
IMRF - City Portion	54,661	54,661	51,868
Social Security	32,092	32,092	30,378
Memberships	1,200	1,200	1,122
Training and Seminars	7,600	7,600	1,111
Resource Materials	500	500	123
Postage and Shipping	350	350	326
Office Supplies	2,500	2,500	2,414
Gasoline	2,345	2,345	2,174
Advertising	600	600	470
Regulatory Fees	1,000	1,000	1,000
Telephone	2,800	2,800	2,147
Clothing Allowance	650	650	153
Recording Fees	400	400	778
Repairs and Maintenance - Vehicles	2,500	2,500	2,304
Contract Labor	12,250	12,250	15,567
Engineering Fees	11,000	11,000	10,612

(This schedule is continued on the following pages.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
General Government (Continued)			
Engineering (Continued)			
Other Equipment	\$ 1,850	\$ 1,850	\$ 1,281
General Liability Insurance	2,125	2,125	1,581
Workmen's Compensation Premium	500	500	500
<b>Total Engineering</b>	<b>628,823</b>	<b>628,823</b>	<b>624,420</b>
Building and Grounds			
Regular Wages	61,947	61,947	62,849
Overtime	1,250	1,250	1,298
Group Insurance	21,040	21,040	21,134
IMRF - City Portion	8,235	8,235	7,604
Social Security	4,835	4,835	4,466
Office Supplies	100	100	143
Gasoline	1,088	1,088	701
Telephone	28,500	28,500	26,166
Utilities	93,200	93,200	80,452
General Supplies	15,000	15,000	14,061
Repairs and Maintenance - Vehicles	2,000	2,000	563
Repairs and Maintenance - Buildings	148,500	148,500	158,182
Equipment Rental	26,000	26,000	17,140
Repairs and Maintenance - Other Equipment	-	-	150
General Liability Insurance	75	75	56
Workmen's Compensation Premium	500	500	500
<b>Total Building and Grounds</b>	<b>412,270</b>	<b>412,270</b>	<b>395,465</b>
Finance and Accounting			
Regular Wages	372,279	372,279	375,404
Group Insurance	67,100	67,100	61,606
IMRF - City Portion	48,508	48,508	46,469
Social Security	28,479	28,479	26,610
Memberships	550	550	700
Training and Seminars	2,000	2,000	1,123
Resource Materials	150	150	307

(This schedule is continued on the following pages.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
General Government (Continued)			
Finance and Accounting (Continued)			
Travel	\$ 425	\$ 425	\$ 288
Postage and Shipping	3,500	3,500	2,619
Office Supplies	7,000	7,000	5,299
Printing	2,000	2,000	247
Telephone	-	-	840
Auditing	50,000	50,000	44,405
General Liability Insurance	900	900	838
Workmen's Compensation Premium	150	150	150
	<hr/>		
Total Finance and Accounting	583,041	583,041	566,905
	<hr/>		
Information Systems			
Regular Wages	258,587	258,587	263,311
Group Insurance	42,525	42,525	42,419
IMRF - City Portion	33,694	33,694	32,055
Social Security	19,782	19,782	18,832
Memberships	525	525	350
Training and Seminars	2,375	2,375	350
Resource Materials	800	800	-
Travel	150	150	242
Postage and Shipping	100	100	25
Office Supplies	500	500	434
Computer Software	34,400	34,400	40,225
Computer Supplies	3,000	3,000	1,955
Gasoline	350	350	788
Telephone	9,980	9,980	10,315
Clothing Allowance	150	150	140
Computer Maintenance	42,720	42,720	34,873
Contract Labor	17,484	17,484	11,548
Software Training	1,000	1,000	-
Software Support	136,952	136,952	119,834
Computer	88,030	146,030	131,485
General Liability Insurance	725	725	540
Workmen's Compensation Premium	150	150	150
	<hr/>		
Total Information Systems	693,979	751,979	709,871
	<hr/>		

(This schedule is continued on the following pages.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
General Government (Continued)			
Utility Billings			
Regular Wages	\$ 148,214	\$ 148,214	\$ 142,790
Overtime	500	500	38
Group Insurance	18,613	18,613	15,373
IMRF - City Portion	19,377	19,377	17,424
Social Security	11,377	11,377	10,230
Training and Seminars	4,000	4,000	514
Postage and Shipping	52,000	52,000	50,095
Office Supplies	3,100	3,100	2,067
Computer Software	13,400	13,400	13,032
Collection Fees	1,600	1,600	2,859
Repairs and Maintenance - Office Equipment	6,500	6,500	3,741
Contract Labor	28,000	28,000	30,477
General Liability Insurance	725	725	540
Workmen's Compensation Premium	150	150	150
Bad Debt Expense	3,500	3,500	10,127
	<u>311,056</u>	<u>311,056</u>	<u>299,457</u>
Economic Development			
Regular Wages	58,296	58,296	56,244
IMRF - City Portion	7,596	7,596	7,354
Social Security	4,460	4,460	4,137
Memberships	575	575	3,224
Training and Seminars	-	-	1,859
Travel	-	-	14
Printing	-	-	650
Contract Labor	12,000	12,000	906
	<u>82,927</u>	<u>82,927</u>	<u>74,388</u>
Less Administrative Reimbursements	<u>(1,639,602)</u>	<u>(1,639,602)</u>	<u>(1,639,602)</u>
Total General Government	<u>3,628,388</u>	<u>3,686,388</u>	<u>3,443,358</u>

(This schedule is continued on the following pages.)

## CITY OF BATAVIA, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
Public Safety			
Police Department			
Regular Wages	\$ 4,364,565	\$ 4,364,565	\$ 4,204,443
Overtime	255,000	255,000	242,091
Auxiliary Police, Full-Time	20,000	20,000	17,545
Part Time Help	38,071	38,071	42,775
Group Insurance	832,611	832,611	772,342
IMRF - City Portion	65,485	65,485	64,538
Social Security	93,345	93,345	92,898
Pension Contributions	1,268,368	1,268,368	1,268,368
Board of P & F Commission	36,940	36,940	33,659
Memberships	7,395	7,395	6,734
Training and Seminars	29,113	29,113	25,641
Resource Materials	1,230	1,230	796
Travel	1,200	1,200	130
Postage and Shipping	4,500	4,500	4,086
Office Supplies	14,300	14,300	13,966
Vehicle Supplies	7,500	7,500	4,974
Printing	8,700	8,700	7,031
Communication Supplies	7,200	7,200	7,010
Investigative Supplies	1,500	1,500	1,379
Gasoline	105,000	105,000	106,799
Patrol Supplies	8,500	9,700	8,018
Community Relations	1,000	1,000	1,094
Ammunition	10,460	9,800	9,897
Telephone	15,060	15,060	9,442
Clothing Allowance	50,175	48,341	49,607
Food	800	800	171
Repairs and Maintenance - Vehicle	59,560	59,560	52,255
Equipment Rental	10,712	10,712	7,766
Repairs and Maintenance - Other Equipment	9,940	9,940	4,767
Contract Labor	464,920	464,920	427,727
Narcotics and Enforcement	500	500	232
Other Equipment	8,000	8,000	7,751
Vehicles	78,800	233,594	232,905
General Liability Insurance	70,000	70,000	49,784
Workmen's Compensation Premium	225,000	225,000	225,000
Total Police Department	8,175,450	8,328,950	8,003,621

(This schedule is continued on the following pages.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
Public Safety (Continued)			
Fire Department			
Regular Wages	\$ 2,116,884	\$ 2,116,884	\$ 2,036,978
Overtime	200,000	200,000	221,213
Part-Time Help	475,100	475,100	455,088
Group Insurance	484,873	484,873	464,262
IMRF - City Portion	7,562	7,562	6,391
Social Security	69,538	69,538	66,514
Pension Contributions	667,656	667,656	667,656
State Unemployment	2,500	2,500	-
Memberships	5,200	5,200	3,541
Education Reimbursement	1,900	1,900	1,430
EMS Training	3,000	3,000	315
Training and Seminars	20,000	20,000	13,282
Fire Prevention	1,100	1,100	855
Resource Materials	1,500	1,500	1,423
Postage and Shipping	1,200	1,200	872
Office Supplies	4,200	4,200	4,133
Vehicle Supplies	15,000	15,000	12,178
Printing	1,000	1,000	800
Communication Supplies	7,000	7,000	6,453
Gasoline	36,400	36,400	34,830
Telephone	8,500	8,500	7,813
Education Materials	4,800	4,800	2,664
Hazardous Materials	2,100	2,100	980
Clothing Allowance	31,000	31,000	24,961
Water Rescue Materials	9,000	9,000	8,794
Medical Supplies	4,000	4,000	4,254
Food	2,900	2,900	2,664
Utilities	43,000	43,000	45,934
General Supplies	8,100	8,100	7,829
Repairs and Maintenance - Vehicle	70,000	70,000	71,346
Repairs and Maintenance - Building	18,000	18,000	21,856
Repairs and Maintenance - Other Equipment	3,300	3,300	1,702
Contract Labor	487,888	487,888	391,900
S.C.B.A. Maintenance	5,500	5,500	7,710
Office Furniture and Equipment	2,000	2,000	624
Other Equipment	14,000	14,000	12,078

(This schedule is continued on the following pages.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
Public Safety (Continued)			
Fire Department (Continued)			
General Liability Insurance	\$ 40,000	\$ 40,000	\$ 30,323
Workmen's Compensation Premium	83,000	83,000	82,423
Total Fire Department	4,958,701	4,958,701	4,724,069
E.S.D.A.			
Part-Time Help	10,000	10,000	9,748
Social Security	765	765	746
Meal Allowance	-	-	80
Memberships	450	450	229
Training and Seminars	200	200	85
Travel	400	400	1,071
Office Supplies	-	-	635
Gasoline	200	200	547
Telephone	1,000	1,000	1,885
Clothing Allowance	-	-	457
Utilities	875	875	1,719
Repairs and Maintenance - Vehicle	1,000	1,000	984
Equipment Rental	1,200	1,200	588
Repairs and Maintenance - Other Equipment	2,000	2,000	2,317
Contractual Services	-	-	4,333
Total E.S.D.A.	18,090	18,090	25,424
Total Public Safety	13,152,241	13,305,741	12,753,114
Highways and Streets			
Street and Sanitation			
Regular Wages	1,177,640	1,177,640	1,173,251
Overtime	190,000	190,000	101,421
Part-Time Help	25,000	25,000	17,406
Group Insurance	293,815	293,815	298,795
IMRF - City Portion	178,203	178,203	154,623
Social Security	106,537	106,537	92,292
Meal Allowance	3,000	3,000	853
Training and Seminars	3,000	3,000	2,427

(This schedule is continued on the following page.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
Highways and Streets (Continued)			
Street and Sanitation (Continued)			
Travel	\$ 100	\$ 100	\$ 53
Supplies for Other Equipment	10,000	10,000	9,334
Postage and Shipping	500	500	794
Office Supplies	2,000	2,000	1,213
Vehicle Supplies	40,000	40,000	51,145
Communication Supplies	2,000	2,000	398
Materials	75,000	75,000	86,922
Gasoline	75,000	75,000	71,047
Salt and De-Icers	200,000	200,000	127,484
Advertising	1,000	1,000	735
Telephone	7,000	7,000	5,542
Clothing Allowance	10,500	10,500	10,651
Food	350	350	616
Utilities	22,800	22,800	26,090
Safety Supplies	2,500	2,500	3,045
General Supplies	22,500	22,500	21,115
Landfill Fees	6,000	6,000	8,187
Ornamental Supplies	10,000	10,000	13,555
Repairs and Maintenance - Vehicle	28,000	28,000	15,174
Repairs and Maintenance - Building	28,000	28,000	24,017
Equipment Rental	2,000	2,000	61
Repairs and Maintenance - Other Equipment	13,000	13,000	20,062
Contract Labor	282,300	314,268	260,236
Contract Labor - Health Department	65,000	65,000	42,017
Contract Labor - Forestry Department	210,000	210,000	212,191
Other Equipment	19,000	19,000	16,796
General Liability Insurance	45,000	45,000	53,843
Workmen's Compensation Premium	125,000	125,000	125,000
Total Highways and Streets	3,281,745	3,313,713	3,048,391
TOTAL EXPENDITURES	\$ 20,062,374	\$ 20,305,842	\$ 19,244,863

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

## NONMAJOR GOVERNMENTAL FUNDS

### **Special Revenue Funds**

Motor Fuel Tax Fund - to account for state gasoline tax allocations restricted for local roadway program expenditures.

Perpetual Care Cemetery - to account for the funds assigned for the care of the City's cemetery.

### **Debt Service Fund**

Debt Service Fund - to account for the resources restricted or assigned for the payment of principal and interest on the City's long-term debt obligations.

### **Capital Projects Funds**

Capital Projects Fund - to account for the resources assigned for the construction or acquisition of capital assets and other improvements except those financed by proprietary funds.

Infrastructure Capital Projects Fund - to account for the resources assigned for the construction and major improvements to the City's highways and streets and other general infrastructure.

Tax Increment Financing #1 Fund - to account for the revenue and expenditures associated with the TIF #1 Redevelopment Projects. Financing is being provided by restricted incremental property taxes.

Tax Increment Financing #3 Fund - to account for the revenue and expenditures associated with the TIF #3 Redevelopment Projects. Financing is being provided by restricted incremental property taxes.

CITY OF BATAVIA, ILLINOIS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS

December 31, 2012

	Special Revenue		Debt Service
	Motor Fuel Tax	Perpetual Care Cemetery	Debt Service
<b>ASSETS</b>			
Cash and Investments	\$ 2,057,533	\$ -	\$ 37,596
Cash with Paying Agent	-	-	665,774
Receivables			
Property Taxes	-	-	444,342
Other	-	-	-
Notes	-	-	-
Due from Other Governments	74,999	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,132,532</b>	<b>\$ -</b>	<b>\$ 1,147,712</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 49,047	\$ -	\$ -
Retainage Payable	22,033	-	-
Accrued Interest Payable	-	-	130,774
Due to Other Fund	-	-	-
Bonds Payable - Current	-	-	535,000
<b>Total Liabilities</b>	<b>71,080</b>	<b>-</b>	<b>665,774</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Property Tax Revenue	-	-	444,342
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>444,342</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>71,080</b>	<b>-</b>	<b>1,110,116</b>
<b>FUND BALANCES</b>			
Restricted			
Maintenance of Roadways	2,061,452	-	-
Economic Development	-	-	-
Debt Service	-	-	37,596
Assigned			
Capital Projects	-	-	-
<b>Total Fund Balances</b>	<b>2,061,452</b>	<b>-</b>	<b>37,596</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,132,532</b>	<b>\$ -</b>	<b>\$ 1,147,712</b>

Capital Projects					Total
Capital Projects	Infrastructure Capital Projects	Tax Increment Financing #1	Tax Increment Financing #3	Nonmajor Governmental Funds	
\$ 2,769,296	\$ -	\$ 490,183	\$ 196,855	\$ 5,551,463	
-	-	-	-	665,774	
-	-	762,086	-	1,206,428	
20,000	-	3,043	-	23,043	
-	-	321,730	-	321,730	
41,104	-	461,490	-	577,593	
<u>\$ 2,830,400</u>	<u>\$ -</u>	<u>\$ 2,038,532</u>	<u>\$ 196,855</u>	<u>\$ 8,346,031</u>	
\$ 11,914	\$ -	\$ 514,650	\$ -	\$ 575,611	
-	-	177,297	-	199,330	
-	-	-	-	130,774	
37,091	-	-	-	37,091	
-	-	-	-	535,000	
<u>49,005</u>	<u>-</u>	<u>691,947</u>	<u>-</u>	<u>1,477,806</u>	
-	-	762,086	-	1,206,428	
-	-	762,086	-	1,206,428	
<u>49,005</u>	<u>-</u>	<u>1,454,033</u>	<u>-</u>	<u>2,684,234</u>	
-	-	-	-	2,061,452	
-	-	584,499	196,855	781,354	
-	-	-	-	37,596	
<u>2,781,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,781,395</u>	
<u>2,781,395</u>	<u>-</u>	<u>584,499</u>	<u>196,855</u>	<u>5,661,797</u>	
<u>\$ 2,830,400</u>	<u>\$ -</u>	<u>\$ 2,038,532</u>	<u>\$ 196,855</u>	<u>\$ 8,346,031</u>	

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2012

	Special Revenue		Debt Service
	Motor Fuel Tax	Perpetual Care Cemetery	Debt Service
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 485,723
Intergovernmental	819,455	-	-
Charges for Services	6,798	6,550	-
Investment Income	1,592	102	-
Miscellaneous	-	-	7,146
<b>Total Revenues</b>	<b>827,845</b>	<b>6,652</b>	<b>492,869</b>
<b>EXPENDITURES</b>			
Current			
General Government	1,545,071	10,000	-
Capital Outlay	-	-	-
Debt Service			
Principal Retirement	-	-	1,035,000
Interest and Fiscal Charges	-	-	520,361
<b>Total Expenditures</b>	<b>1,545,071</b>	<b>10,000</b>	<b>1,555,361</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(717,226)</b>	<b>(3,348)</b>	<b>(1,062,492)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	500,000	-	922,428
Transfers (Out)	-	(115,807)	-
Issuance of Refunding Bonds	-	-	8,680,000
Premium on Issuance of Bonds	-	-	414,439
Payment to Escrow Agent	-	-	(8,926,746)
<b>Total Other Financing Sources (Uses)</b>	<b>500,000</b>	<b>(115,807)</b>	<b>1,090,121</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(217,226)</b>	<b>(119,155)</b>	<b>27,629</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>-</b>	<b>119,155</b>	<b>1,776,877</b>
Prior Period Adjustment	2,278,678	-	(1,766,910)
<b>FUND BALANCES, JANUARY 1, RESTATED</b>	<b>2,278,678</b>	<b>119,155</b>	<b>9,967</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 2,061,452</b>	<b>\$ -</b>	<b>\$ 37,596</b>

Capital Projects	Capital Projects			Total Nonmajor Governmental Funds
	Infrastructure Capital Projects	Tax Increment Financing #1	Tax Increment Financing #3	
\$ -	\$ -	\$ 811,809	\$ 358,185	\$ 1,655,717
197,985	-	466,051	-	1,483,491
23,302	-	-	-	36,650
1,035	-	912	742	4,383
31,000	-	-	-	38,146
253,322	-	1,278,772	358,927	3,218,387
-	-	-	-	1,555,071
723,803	-	2,594,133	1,181,176	4,499,112
-	-	-	-	1,035,000
-	-	-	-	520,361
723,803	-	2,594,133	1,181,176	7,609,544
(470,481)	-	(1,315,361)	(822,249)	(4,391,157)
1,960,396	-	-	-	3,382,824
-	-	-	-	(115,807)
-	-	-	-	8,680,000
-	-	-	-	414,439
-	-	-	-	(8,926,746)
1,960,396	-	-	-	3,434,710
1,489,915	-	(1,315,361)	(822,249)	(956,447)
1,291,480	892,719	-	-	4,080,231
-	(892,719)	1,899,860	1,019,104	2,538,013
1,291,480	-	1,899,860	1,019,104	6,618,244
\$ 2,781,395	\$ -	\$ 584,499	\$ 196,855	\$ 5,661,797

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
MOTOR FUEL TAX FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Intergovernmental			
State Motor Fuel Tax	\$ 652,000	\$ 652,000	\$ 761,172
State Grants	89,280	89,280	58,283
Charges for Services	2,500	2,500	6,798
Investment Income	3,000	3,000	1,592
	<hr/>		
Total Revenues	746,780	746,780	827,845
	<hr/>		
<b>EXPENDITURES</b>			
Current			
Highways and Streets			
Motor Fuel Tax Projects	1,622,975	1,622,975	1,545,071
	<hr/>		
Total Expenditures	1,622,975	1,622,975	1,545,071
	<hr/>		
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(876,195)	(876,195)	(717,226)
	<hr/>		
<b>OTHER FINANCING (USES)</b>			
Transfer In	500,000	500,000	500,000
Transfers (Out)	(500,000)	(500,000)	-
	<hr/>		
Total Other Financing (Uses)	-	-	500,000
	<hr/>		
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (876,195)</b>	<b>\$ (876,195)</b>	<b>(217,226)</b>
	<hr/>		
<b>FUND BALANCE, JANUARY 1</b>			-
			<hr/>
Prior Period Adjustment			2,278,678
			<hr/>
<b>FUND BALANCE, JANUARY 1, RESTATED</b>			2,278,678
			<hr/>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 2,061,452</b>
			<hr/> <hr/>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
PERPETUAL CARE CEMETARY FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Charges for Services			
Care of Cemetary Lots	\$ 7,000	\$ 7,000	\$ 6,550
Interest	500	500	102
<b>Total Revenues</b>	<b>7,500</b>	<b>7,500</b>	<b>6,652</b>
<b>EXPENDITURES</b>			
General Government	10,000	10,000	10,000
<b>Total Expenditures</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(3,348)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	-	-	(115,807)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(115,807)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (2,500)</b>	<b>\$ (2,500)</b>	<b>(119,155)</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>119,155</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ -</b>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes	\$ 480,500	\$ 480,500	\$ 485,723
Miscellaneous	-	-	7,146
<b>Total Revenues</b>	<b>480,500</b>	<b>480,500</b>	<b>492,869</b>
<b>EXPENDITURES</b>			
Debt Service			
Principal Retirement	1,222,744	1,247,744	1,035,000
Interest and Fiscal Charges	600,094	575,094	520,361
<b>Total Expenditures</b>	<b>1,822,838</b>	<b>1,822,838</b>	<b>1,555,361</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,342,338)</b>	<b>(1,342,338)</b>	<b>(1,062,492)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	969,594	969,594	922,428
Transfers (Out)	(7,127,256)	(6,059,256)	-
Issuance of Refunding Bonds	7,500,000	7,500,000	8,680,000
Premium on Issuance of Bonds	-	-	414,439
Payment to Escrow Agent	-	-	(8,926,746)
<b>Total Other Financing Sources (Uses)</b>	<b>1,342,338</b>	<b>2,410,338</b>	<b>1,090,121</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 1,068,000</b>	<b>27,629</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>1,776,877</b>
Prior Period Adjustment			<u>(1,766,910)</u>
<b>FUND BALANCE, JANUARY 1, RESTATED</b>			<u>9,967</u>
<b>FUND BALANCE, DECEMBER 31</b>			<u><u>\$ 37,596</u></u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Intergovernmental	\$ 668,680	\$ 668,680	\$ 197,985
Charges for Services	20,000	20,000	23,302
Interest	2,600	2,600	1,035
Miscellaneous	-	-	31,000
<b>Total Revenues</b>	<b>691,280</b>	<b>691,280</b>	<b>253,322</b>
<b>EXPENDITURES</b>			
Capital Outlay	1,837,269	1,837,269	723,803
<b>Total Expenditures</b>	<b>1,837,269</b>	<b>1,837,269</b>	<b>723,803</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,145,989)</b>	<b>(1,145,989)</b>	<b>(470,481)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	483,090	1,983,090	1,960,396
<b>Total Other Financing Sources (Uses)</b>	<b>483,090</b>	<b>1,983,090</b>	<b>1,960,396</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (662,899)</b>	<b>\$ 837,101</b>	<b>1,489,915</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>1,291,480</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 2,781,395</b>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>CAPITAL OUTLAY</b>			
Engineering Fees - Deerpath Bridge Rehab	\$ 165,448	\$ 165,448	\$ 51,974
Infrastructure Construction - Donovan Bridge Reconstruction	149,999	149,999	-
Infrastructure Construction - Miscellaneous	386,322	386,322	6,408
Drainage Projects	170,000	170,000	57,401
Vehicles	707,500	707,500	520,945
City Hall Improvements	258,000	258,000	87,075
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,837,269</b>	<b>\$ 1,837,269</b>	<b>\$ 723,803</b>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
TAX INCREMENT FINANCING #1 FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Property	\$ 6,869,256	\$ 6,869,256	\$ 811,809
Intergovernmental			
Grants	16,750	16,750	461,490
Other	8,977	8,977	4,561
Investment Income	6,500	6,500	912
	<hr/>		
Total Revenues	6,901,483	6,901,483	1,278,772
<hr/>			
<b>EXPENDITURES</b>			
Capital Outlay			
Contractual Services	5,535,515	5,535,515	2,594,133
	<hr/>		
Total Expenditures	5,535,515	5,535,515	2,594,133
<hr/>			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,365,968	1,365,968	(1,315,361)
<hr/>			
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer In			
TIF Debt Service Fund	500,000	500,000	-
	<hr/>		
Total Other Financing Sources (Uses)	500,000	500,000	-
<hr/>			
<b>NET CHANGE IN FUND BALANCE</b>	\$ 1,865,968	\$ 1,865,968	(1,315,361)
<hr/>			
<b>FUND BALANCE, JANUARY 1</b>			-
Prior Period Adjustment			1,899,860
			<hr/>
<b>FUND BALANCE, JANUARY 1, RESTATED</b>			1,899,860
<hr/>			
<b>FUND BALANCE, DECEMBER 31</b>			\$ 584,499
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(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 TAX INCREMENT FINANCING #3 FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Property	\$ 1,326,000	\$ 1,326,000	\$ 358,185
Interest Income	4,000	4,000	742
Total Revenues	<u>1,330,000</u>	<u>1,330,000</u>	<u>358,927</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>1,350,000</u>	<u>1,350,000</u>	<u>1,181,176</u>
Total Expenditures	<u>1,350,000</u>	<u>1,350,000</u>	<u>1,181,176</u>
NET CHANGE IN FUND BALANCE	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	<u>(822,249)</u>
FUND BALANCE, JANUARY 1			-
Prior Period Adjustment			<u>1,019,104</u>
FUND BALANCE, JANUARY 1, RESTATED			<u>1,019,104</u>
FUND BALANCE, DECEMBER 31			<u><u>\$ 196,855</u></u>

(See independent auditor's report.)

## MAJOR ENTERPRISE FUNDS

Waterworks Fund - to account for revenues and expenses relative to the operation of the water utility.

Sewerage Fund - to account for revenues and expenses relative to the operation of the wastewater utility.

Electric Fund - to account for revenues and expenses relative to the operation of the electric utility.

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL  
WATERWORKS FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 4,338,730	\$ 4,338,730	\$ 4,564,944
Total Operating Revenues	4,338,730	4,338,730	4,564,944
<b>OPERATING EXPENSES</b>			
Administration	647,503	647,503	649,662
Operations	3,252,821	3,402,821	2,098,217
Total Operating Expenses	3,900,324	4,050,324	2,747,879
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	438,406	288,406	1,817,065
DEPRECIATION AND AMORTIZATION	-	-	956,061
OPERATING INCOME	438,406	288,406	861,004
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	15,000	15,000	11,707
Interest and Fiscal Charges	(940,574)	(940,574)	(266,097)
Total Nonoperating Revenues (Expenses)	(925,574)	(925,574)	(254,390)
CHANGE IN NET POSITION	\$ (487,168)	\$ (637,168)	606,614
NET POSITION, JANUARY 1			19,339,290
NET POSITION, DECEMBER 31			\$ 19,945,904

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL  
WATERWORKS FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>ADMINISTRATION</b>			
General Expenses			
General Liability Insurance	\$ 40,000	\$ 40,000	\$ 33,489
Workers' Compensation Premium	25,000	25,000	25,000
Bad Debt Expense	8,000	8,000	16,670
General Support	455,434	455,434	455,434
Electric Support - Metering	119,069	119,069	119,069
	<hr/>		
Total Administration	\$ 647,503	\$ 647,503	\$ 649,662
<hr/>			
<b>OPERATIONS</b>			
Water Production			
Production Electricity	400,000	400,000	420,801
Telephone	7,000	7,000	6,237
Chemical Materials	130,000	130,000	137,083
Utilities	4,000	4,000	8,241
General Supplies	8,000	8,000	6,877
Repairs and Maintenance - Building	10,000	10,000	6,294
Repairs and Maintenance - Other Equipment	395,000	395,000	75,341
Contract Labor	83,500	83,500	47,226
Engineering Fees	10,000	10,000	19,605
Other Equipment	15,000	15,000	5,060
	<hr/>		
Total Water Production	1,062,500	1,062,500	732,765
<hr/>			
Water Distribution			
Regular Wages	633,756	633,756	647,079
Overtime	85,200	85,200	90,459
Part-Time Help	8,000	8,000	9,637
Group Insurance	155,623	155,623	152,019
IMRF - City Portion	93,680	93,680	89,339
Social Security	55,612	55,612	64,340
Meal Allowance	200	200	-
Memberships	2,100	2,100	2,252
Training and Seminars	3,200	3,200	7,092
Resource Materials	500	500	393
Travel	1,100	1,100	1,165
Postage and Shipping	500	500	943
Office Supplies	1,700	1,700	1,142
Vehicle Supplies	6,100	6,100	4,402

(This schedule is continued on the following page.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)  
 WATERWORKS FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
OPERATIONS (Continued)			
Water Distribution (Continued)			
Materials	\$ 18,000	\$ 18,000	\$ 10,332
Fuel	17,000	17,000	15,648
Telephone	300	300	176
Clothing Allowance	5,200	5,200	4,802
Food	800	800	902
Utilities	8,700	8,700	7,849
General Supplies	10,500	10,500	12,849
Meters	150,000	150,000	57,686
Fire Hydrants	6,200	6,200	4,443
Piping and Fitting	37,000	37,000	61,472
Landfill Fees	3,100	3,100	5,460
Repairs and Maintenance - Vehicle	3,200	3,200	4,375
Repairs and Maintenance - Building	38,000	38,000	23,849
Repairs and Maintenance - Other Equipment	3,100	3,100	2,838
Contract Labor	49,000	49,000	77,422
Julie System	1,200	1,200	1,452
Other Equipment	5,000	5,000	3,635
Total Water Distribution	1,403,571	1,403,571	1,365,452
Water Improvements			
Water Meters	-	150,000	-
Contractual Services	732,000	732,000	365,188
Engineering Fees	54,750	54,750	-
Total Water Improvements	786,750	936,750	365,188
Less Nonoperating Items			
Capital Assets Capitalized	-	-	(365,188)
	786,750	936,750	-
Total Operations	\$ 3,252,821	\$ 3,402,821	\$ 2,098,217

(See independent auditor's report.)

## CITY OF BATAVIA, ILLINOIS

STATEMENT OF NET POSITION  
SEWERAGE FUND

December 31, 2012

	Operations and Maintenance	Restricted Accounts			Total
		Bond and Interest	Bond Reserve	Depreciation Repair and Replacement	
<b>CURRENT ASSETS</b>					
Cash and Investments	\$ 1,493,647	\$ -	\$ -	\$ -	\$ 1,493,647
Cash with Paying Agent	196,494	-	-	-	196,494
Restricted Cash and Investments	278,935	130,184	-	350,000	759,119
Receivables					
Accounts	600,095	-	-	-	600,095
Accrued Interest	3,492	-	-	-	3,492
Prepays	20,972	-	-	-	20,972
<b>Total Current Assets</b>	<b>2,593,635</b>	<b>130,184</b>	<b>-</b>	<b>350,000</b>	<b>3,073,819</b>
<b>NONCURRENT ASSETS</b>					
Capital Assets					
Nondepreciable	367,409	-	-	-	367,409
Depreciable	43,678,928	-	-	-	43,678,928
Accumulated Depreciation	(17,699,334)	-	-	-	(17,699,334)
<b>Total Noncurrent Assets</b>	<b>26,347,003</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,347,003</b>
<b>Total Assets</b>	<b>28,940,638</b>	<b>130,184</b>	<b>-</b>	<b>350,000</b>	<b>29,420,822</b>
<b>CURRENT LIABILITIES</b>					
Accounts Payable	92,317	-	-	-	92,317
Accrued Payable	37,509	-	-	-	37,509
Accrued Interest Payable	-	23,526	-	-	23,526
Deposits Payable	12,246	-	-	-	12,246
Compensated Absences Payable	14,369	-	-	-	14,369
Alternate Revenue Bonds Payable	87,321	-	-	-	87,321
IEPA Loans Payable	537,343	106,658	-	-	644,001
<b>Total Current Liabilities</b>	<b>781,105</b>	<b>130,184</b>	<b>-</b>	<b>-</b>	<b>911,289</b>
<b>NONCURRENT LIABILITIES</b>					
Compensated Absences Payable	57,476	-	-	-	57,476
Alternate Revenue Bonds Payable	691,479	-	-	-	691,479
IEPA Loans Payable	4,947,834	-	-	-	4,947,834
<b>Total Noncurrent Liabilities</b>	<b>5,696,789</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,696,789</b>
<b>Total Liabilities</b>	<b>6,477,894</b>	<b>130,184</b>	<b>-</b>	<b>-</b>	<b>6,608,078</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	20,083,026	(106,658)	-	-	19,976,368
Restricted - Debt Service	278,935	-	-	350,000	628,935
Unrestricted	2,100,783	106,658	-	-	2,207,441
<b>TOTAL NET POSITION</b>	<b>\$ 22,462,744</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 350,000</b>	<b>\$ 22,812,744</b>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL  
SEWERAGE FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 4,082,385	\$ 4,082,385	\$ 3,978,774
Total Operating Revenues	4,082,385	4,082,385	3,978,774
<b>OPERATING EXPENSES</b>			
Administration	637,228	637,228	646,507
Operations	2,718,425	2,793,425	1,909,137
Total Operating Expenses	3,355,653	3,430,653	2,555,644
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	726,732	651,732	1,423,130
DEPRECIATION AND AMORTIZATION	-	-	1,294,619
OPERATING INCOME	726,732	651,732	128,511
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Connection Fees	12,000	12,000	7,337
Interest Income	7,000	7,000	5,967
Gain on Disposal of Capital Assets	-	-	15,327
Interest and Fiscal Charges	(180,820)	(180,820)	(178,799)
Total Nonoperating Revenues (Expenses)	(161,820)	(161,820)	(150,168)
CHANGE IN NET POSITION	\$ 564,912	\$ 489,912	(21,657)
NET POSITION, JANUARY 1			22,859,267
Prior Period Adjustment			(24,866)
NET POSITION, JANUARY 1, RESTATED			22,834,401
NET POSITION, DECEMBER 31			\$ 22,812,744

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL  
SEWERAGE FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>ADMINISTRATION</b>			
General Expenses			
General Liability Insurance	\$ 40,000	\$ 40,000	\$ 40,402
Workers' Compensation Premium	15,000	15,000	15,000
Bad Debt Expense	7,725	7,725	16,602
General Support	455,434	455,434	455,434
Electric Support - Metering	119,069	119,069	119,069
	<hr/>		
Total Administration	\$ 637,228	\$ 637,228	\$ 646,507
<hr/>			
<b>OPERATIONS</b>			
Water Waste Treatment			
Regular Wages	465,670	465,670	474,381
Overtime	67,000	67,000	68,519
Part-Time Help	3,840	3,840	11,197
Group Insurance	117,505	117,505	117,025
IMRF - City Portion	69,407	69,407	66,429
Social Security	41,043	41,043	44,976
Membership	250	250	128
Training	1,800	1,800	3,392
Resource Materials	300	300	114
Travel	250	250	-
Office Supplies	500	500	619
Lab Supplies	5,500	5,500	2,776
Gasoline	9,100	9,100	4,164
Regulatory Fees	15,500	15,500	15,500
Telephone	27,300	27,300	34,812
Clothing Allowance	3,000	3,000	2,500
Chemicals	35,000	35,000	22,554
Utilities	495,000	495,000	421,401
Safety Supplies	1,250	1,250	2,624
General Supplies	4,000	4,000	4,180
Landfill Fees	96,500	96,500	96,723
Repairs and Maintenance - Vehicle	4,500	4,500	3,296
Repairs and Maintenance - Building	25,000	25,000	3,510
Repairs and Maintenance - Other Equipment	146,500	146,500	120,838
Contract Labor	80,600	80,600	129,335
	<hr/>		
Total Waste Water Treatment	1,716,315	1,716,315	1,650,993
<hr/>			

(This schedule is continued on the following page.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)  
SEWERAGE FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
OPERATIONS (Continued)			
Sanitary Sewer Maintenance			
Regular Wages	\$ 112,000	\$ 112,000	\$ 96,817
Overtime	10,800	10,800	1,013
Group Insurance	26,440	26,440	21,137
IMRF - City Portion	16,001	16,001	12,160
Social Security	9,394	9,394	7,145
Training	1,000	1,000	250
Materials	5,150	5,150	584
Gasoline	3,500	3,500	5,037
Clothing Allowance	825	825	541
General Supplies	1,550	1,550	1,502
Meters	150,000	150,000	47,706
Repairs and Maintenance - Vehicle	1,050	1,050	1,945
Repairs and Maintenance - Other Equipment	4,150	4,150	3,301
Contract Labor	334,000	259,000	277,124
Engineering Fees	15,000	15,000	10,302
Julie System	1,250	1,250	1,452
Other Equipment	10,000	10,000	128
Total Sanitary Sewer Maintenance	702,110	627,110	488,144
Less Nonoperating Items			
Capital Assets Capitalized	-	-	(230,000)
Electrical Improvements			
Contract Labor	100,000	250,000	33,630
Engineering Fees	200,000	200,000	48,343
Total Electrical Improvements	300,000	450,000	81,973
Less Nonoperating Items			
Capital Assets Capitalized	-	-	(81,973)
Total Operations	\$ 2,718,425	\$ 2,793,425	\$ 1,909,137

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF CHANGES IN NET POSITION - RESTRICTED - DEBT SERVICE  
SEWERAGE FUND

December 31, 2012

	Operations and Maintenance	Bond and Interest	Bond Reserve	Depreciation Repair and Replacement	Total
<b>INCREASES</b>					
Interfund Transfers In	\$ 28,935	\$ 1,137,114	\$ -	\$ -	\$ 1,166,049
<b>DECREASES</b>					
Bond Principal	-	958,315	-	-	958,315
Bond Interest	-	178,799	-	-	178,799
Total Decreases	-	1,137,114	-	-	1,137,114
<b>NET INCREASE</b>	28,935	-	-	-	28,935
<b>NET POSITION</b>					
January 1	250,000	-	-	350,000	600,000
December 31	\$ 278,935	\$ -	\$ -	\$ 350,000	\$ 628,935

(See independent auditor's report.)

## CITY OF BATAVIA, ILLINOIS

STATEMENT OF NET POSITION  
ELECTRIC FUND

December 31, 2012

	Operations and Maintenance	Restricted Accounts			Total
		Bond and Interest	Bond Reserve	Depreciation Repair and Replacement	
<b>CURRENT ASSETS</b>					
Cash and Investments	\$ 12,228,197	\$ -	\$ -	\$ -	\$ 12,228,197
Cash with Paying Agent	1,153,703	-	-	-	1,153,703
Restricted Cash and Investments	3,385,297	143,951	1,705,719	2,000,000	7,234,967
Receivables					
Accounts	6,208,223	-	-	-	6,208,223
Accrued Interest	29,067	-	-	-	29,067
Prepays	143,394	-	-	-	143,394
Inventories	2,057,740	-	-	-	2,057,740
<b>Total Current Assets</b>	<b>25,205,621</b>	<b>143,951</b>	<b>1,705,719</b>	<b>2,000,000</b>	<b>29,055,291</b>
<b>NONCURRENT ASSETS</b>					
Capital Assets					
Nondepreciable	3,541,707	-	-	-	3,541,707
Depreciable	71,787,949	-	-	-	71,787,949
Accumulated Depreciation	(23,763,671)	-	-	-	(23,763,671)
<b>Total Noncurrent Assets</b>	<b>51,565,985</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,565,985</b>
<b>Total Assets</b>	<b>76,771,606</b>	<b>143,951</b>	<b>1,705,719</b>	<b>2,000,000</b>	<b>80,621,276</b>
<b>CURRENT LIABILITIES</b>					
Accounts Payable	3,104,341	-	-	-	3,104,341
Retainage payable	24,257	-	-	-	24,257
Accrued Payroll	110,349	-	-	-	110,349
Accrued Interest Payable	457,252	91,451	-	-	548,703
Deposits Payable	85,936	-	-	-	85,936
Unearned Revenue	25,000	-	-	-	25,000
Compensated Absences Payable	27,586	-	-	-	27,586
Revenue Bonds Payable	552,500	52,500	-	-	605,000
<b>Total Current Liabilities</b>	<b>4,387,221</b>	<b>143,951</b>	<b>-</b>	<b>-</b>	<b>4,531,172</b>
<b>NONCURRENT LIABILITIES</b>					
Compensated Absences Payable	110,345	-	-	-	110,345
Revenue Bonds Payable	25,065,000	-	-	-	25,065,000
<b>Total Noncurrent Liabilities</b>	<b>25,175,345</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,175,345</b>
<b>Total Liabilities</b>	<b>29,562,566</b>	<b>143,951</b>	<b>-</b>	<b>-</b>	<b>29,706,517</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	25,948,485	(52,500)	-	-	25,895,985
Restricted - Debt Service	3,385,297	-	1,705,719	2,000,000	7,091,016
Unrestricted	17,875,258	52,500	-	-	17,927,758
<b>TOTAL NET POSITION</b>	<b>\$ 47,209,040</b>	<b>\$ -</b>	<b>\$ 1,705,719</b>	<b>\$ 2,000,000</b>	<b>\$ 50,914,759</b>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL  
ELECTRIC FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 44,860,228	\$ 44,860,228	\$ 43,893,073
Total Operating Revenues	44,860,228	44,860,228	43,893,073
<b>OPERATING EXPENSES</b>			
Administration	2,230,588	2,230,588	2,319,408
Operations	43,219,181	43,569,181	35,338,921
Total Operating Expenses	45,449,769	45,799,769	37,658,329
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	(589,541)	(939,541)	6,234,744
DEPRECIATION AND AMORTIZATION	-	-	2,334,253
OPERATING INCOME (LOSS)	(589,541)	(939,541)	3,900,491
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	75,000	75,000	58,895
Gain on Disposal of Capital Assets	-	-	19,803
Interest and Fiscal Charges	(1,097,806)	(1,097,806)	(1,098,154)
Total Nonoperating Revenues (Expenses)	(1,022,806)	(1,022,806)	(1,019,456)
CHANGE IN NET POSITION	\$ (1,612,347)	\$ (1,962,347)	2,881,035
NET POSITION, JANUARY 1			48,033,724
NET POSITION, DECEMBER 31			\$ 50,914,759

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL  
ELECTRIC FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>ADMINISTRATION</b>			
Meter Reader/Tester			
Regular Wages	\$ 204,075	\$ 204,075	\$ 252,487
Overtime	6,100	6,100	5,245
Part-Time Help	84,900	84,900	89,714
Group Insurance	57,420	57,420	57,142
IMRF - City Portion	27,386	27,386	25,954
Social Security	22,573	22,573	25,405
Fuel for Vehicles	6,500	6,500	6,132
Telephone	1,900	1,900	832
Clothing Allowance	2,500	2,500	1,983
General Supplies	12,500	12,500	10,348
Repairs and Maintenance - Vehicles	1,000	1,000	596
Total Meter Reader/Tester	426,854	426,854	475,838
General Expenses			
General Liability Insurance	80,000	80,000	68,040
Workers' Compensation Premium	180,000	180,000	180,000
General Support	718,734	718,734	718,734
Payments in Lieu of Taxes	750,000	750,000	750,000
Bad Debt Expense	75,000	75,000	126,796
Total General Expenses	1,803,734	1,803,734	1,843,570
Total Administration	\$ 2,230,588	\$ 2,230,588	\$ 2,319,408
<b>OPERATIONS</b>			
Purchase Power			
Purchase Power	\$ 29,390,552	\$ 29,390,552	\$ 29,394,654
PJM Interconnection	2,896,096	2,896,096	1,636,566
Ancillary Power Costs	125,000	125,000	112,087
PJM Sub Account	185,000	185,000	-
State Utility Tax	1,500,000	1,500,000	1,497,581
Cost of Removal - Stranded	-	-	42,466
Obsolete Inventory	-	-	28,192
Total Purchase Power	34,096,648	34,096,648	32,711,546
Electrical Distribution			
Regular Wages	1,622,650	1,622,650	1,520,439
Overtime	180,500	180,500	135,097
Part-Time Help	25,000	25,000	43,974
Group Insurance	265,130	265,130	228,246
IMRF - City Portion	234,950	234,950	218,780
Social Security	139,853	139,853	136,839
State Unemployment	-	-	3,822
Meal Allowance	400	400	-
Memberships	32,500	32,500	25,701
Training and Seminars	15,000	15,000	12,388
Resource Materials	750	750	1,626
Postage and Shipping	800	800	288

(This schedule is continued on the following page.)

## CITY OF BATAVIA, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)  
ELECTRIC FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
OPERATIONS (Continued)			
Electrical Distribution (Continued)			
Public Education	\$ 1,500	\$ 1,500	\$ -
Office Supplies	9,000	9,000	1,875
Vehicle Supplies	12,000	12,000	4,079
Communication Supplies	24,000	24,000	-
Materials	7,500	7,500	6,774
Gasoline	22,000	22,000	22,227
Advertising	500	500	320
Telephone	21,500	21,500	24,198
Clothing Allowance	16,000	16,000	8,706
Food	1,000	1,000	682
Utilities	40,000	40,000	37,242
Safety Supplies	5,000	5,000	11,696
Substation Maintenance	62,000	62,000	40,419
Street Lights	25,000	25,000	-
General Supplies	75,000	75,000	127,305
Landfill Fees	2,500	2,500	5,460
Tree Trimming	150,000	150,000	118,992
Repairs and Maintenance - Vehicle	20,000	20,000	11,005
Repairs and Maintenance - Building	28,000	28,000	25,480
Repairs and Maintenance - Other Equipment	25,000	25,000	19,482
Contract Labor	541,000	891,000	551,194
Contract Labor - Forestry	10,000	10,000	19,642
Engineering Fees	10,000	10,000	-
Julie System	1,500	1,500	1,452
Other Equipment	85,000	85,000	35,181
	<u>3,712,533</u>	<u>4,062,533</u>	<u>3,400,611</u>
Less Nonoperating Items			
Capital Assets Capitalized	-	-	(773,236)
Electrical Improvements			
General Supplies	1,078,000	1,078,000	121,246
Electric Meters	45,000	45,000	45,537
Wire and Cable	309,000	309,000	25,298
Electric Poles	100,000	100,000	12,480
Noninventory Supplies	-	-	4,879
Contract Labor	1,389,000	1,389,000	353,974
Engineering Fees	100,000	100,000	-
Vehicles	475,000	475,000	274,438
Transformers	1,514,000	1,514,000	229,306
Off - Site Utilities	400,000	400,000	316,843
	<u>5,410,000</u>	<u>5,410,000</u>	<u>1,384,001</u>
Less Nonoperating Items			
Capital Assets Capitalized	-	-	(1,384,001)
Total Operations	<u>\$ 43,219,181</u>	<u>\$ 43,569,181</u>	<u>\$ 35,338,921</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF CHANGES IN NET POSITION - RESTRICTED - DEBT SERVICE  
ELECTRIC FUND

December 31, 2012

	Operations and Maintenance	Bond and Interest	Bond Reserve	Depreciation Repair and Replacement	Total
<b>INCREASES</b>					
Interfund Transfers In	\$ 85,297	\$ 1,703,154	\$ -	\$ -	\$ 1,788,451
<b>DECREASES</b>					
Bond Principal	-	605,000	-	-	605,000
Bond Interest	-	1,098,154	-	-	1,098,154
Total Decreases	-	1,703,154	-	-	1,703,154
NET INCREASE	85,297	-	-	-	85,297
<b>NET POSITION</b>					
January 1	3,300,000	-	1,705,719	2,000,000	7,005,719
December 31	\$ 3,385,297	\$ -	\$ 1,705,719	\$ 2,000,000	\$ 7,091,016

(See independent auditor's report.)

## INTERNAL SERVICE FUNDS

Health Insurance Fund - to account for all costs associated with self-insurance risks for employee health, dental and life insurance.

Workers' Compensation Insurance Fund - to account for all costs associated with self-insurance risks for employee workers' compensation insurance.

CITY OF BATAVIA, ILLINOIS

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS

December 31, 2012

	Health Insurance	Workers' Compensation Insurance	Total
<b>CURRENT ASSETS</b>			
Cash and Investments	\$ 2,338,995	\$ 1,538,549	\$ 3,877,544
Receivables			
Accounts	414	-	414
Accrued Interest	1,388	-	1,388
Prepaid Expenses	-	60,694	60,694
<b>Total Current Assets</b>	<b>2,340,797</b>	<b>1,599,243</b>	<b>3,940,040</b>
<b>Total Assets</b>	<b>2,340,797</b>	<b>1,599,243</b>	<b>3,940,040</b>
<b>CURRENT LIABILITIES</b>			
Accounts Payable	3	1,514	1,517
Claims Payable	235,767	9,512	245,279
<b>Total Current Liabilities</b>	<b>235,770</b>	<b>11,026</b>	<b>246,796</b>
<b>LONG TERM LIABILITIES</b>			
Claims Reserve	-	418,892	418,892
<b>Total Liabilities</b>	<b>235,770</b>	<b>429,918</b>	<b>665,688</b>
<b>NET POSITION</b>			
Unrestricted	2,105,027	1,169,325	3,274,352
<b>TOTAL NET POSITION</b>	<b>\$ 2,105,027</b>	<b>\$ 1,169,325</b>	<b>\$ 3,274,352</b>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL  
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2012

	Health Insurance	Workers' Compensation Insurance	Total Internal Service
<b>OPERATING REVENUES</b>			
Charges for Services			
Contributions	\$ 3,390,426	\$ 729,560	\$ 4,119,986
Total Operating Revenues	3,390,426	729,560	4,119,986
<b>OPERATING EXPENSES</b>			
Administration			
Contractual Services	100,295	12,000	112,295
Insurance			
Premiums	350,549	-	350,549
Claims	2,799,050	509,973	3,309,023
Contractual Services	139,939	-	139,939
Total Operating Expenses	3,389,833	521,973	3,911,806
OPERATING INCOME	593	207,587	208,180
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	3,466	821	4,287
Total Nonoperating Revenues (Expenses)	3,466	821	4,287
CHANGE IN NET POSITION	4,059	208,408	212,467
NET POSITION, JANUARY 1	-	-	-
Prior period adjustment	2,100,968	960,917	3,061,885
NET POSITION, JANUARY 1, RESTATED	2,100,968	960,917	3,061,885
NET POSITION, DECEMBER 30	\$ 2,105,027	\$ 1,169,325	\$ 3,274,352

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2012

	Health Insurance	Workers' Compensation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Interfund Services Transactions	\$ 2,501,764	\$ 729,560	\$ 3,231,324
Receipts from Others	888,662	-	888,662
Payments to Suppliers	(3,403,710)	(517,327)	(3,921,037)
Net Cash from Operating Activities	(13,284)	212,233	198,949
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
None	-	-	-
Net Cash from Noncapital Financing Activities	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Investments	(250,000)	-	(250,000)
Interest Received on Investments	2,974	821	3,795
Net Cash from Investing Activities	(247,026)	821	(246,205)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(260,310)	213,054	(47,256)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	2,099,305	1,325,495	3,424,800
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	\$ 1,838,995	\$ 1,538,549	\$ 3,377,544
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Income	\$ 593	\$ 207,587	\$ 208,180
Adjustments to Reconcile Operating Income to Net Cash From Operating Activities			
Changes in Assets and Liabilities			
Accounts Receivable	2,619	101,329	103,948
Prepaid Expenses	-	2,701	2,701
Accounts Payable	(4,222)	1,411	(2,811)
Claims Payable	(12,274)	(49,508)	(61,782)
Claims Reserve	-	(51,287)	(51,287)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	\$ (13,284)	\$ 212,233	\$ 198,949
<b>CASH AND INVESTMENTS</b>			
Cash and Cash Equivalents	\$ 1,838,995	\$ 1,538,549	\$ 3,377,544
Investments	500,000	-	500,000
<b>TOTAL CASH AND INVESTMENTS</b>	\$ 2,338,995	\$ 1,538,549	\$ 3,877,544

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL  
HEALTH INSURANCE FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for Services			
Employer Contributions	\$ 2,556,817	\$ 2,556,817	\$ 2,501,764
Employee Contributions	530,014	530,014	527,999
Nonemployee Insurance Contributions	200,000	200,000	244,051
Flex Contributions	120,000	120,000	116,612
Total Operating Revenues	<u>3,406,831</u>	<u>3,406,831</u>	<u>3,390,426</u>
<b>OPERATING EXPENSES</b>			
Administration			
Contractual Services	99,750	99,750	100,295
Miscellaneous	500	500	-
Insurance			
Premiums	407,978	407,978	350,549
Claims	3,000,000	3,000,000	2,953,177
Insurance Reimbursements	(50,000)	(50,000)	(154,127)
Contractual Services	149,500	149,500	139,939
Total Operating Expenses	<u>3,607,728</u>	<u>3,607,728</u>	<u>3,389,833</u>
OPERATING INCOME (LOSS)	(200,897)	(200,897)	593
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	7,000	7,000	3,466
CHANGE IN NET POSITION	<u>\$ (193,897)</u>	<u>\$ (193,897)</u>	<u>4,059</u>
NET POSITION, JANUARY 1			-
Prior Period Adjustment			<u>2,100,968</u>
NET POSITION, JANUARY 1, RESTATED			<u>2,100,968</u>
NET POSITION, DECEMBER 31			<u><u>\$ 2,105,027</u></u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL  
HEALTH INSURANCE FUND

For the Year Ended December 31, 2012

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	Original Budget	Final Budget	Actual
<b>OPERATING EXPENSES</b>			
Administration			
Contractual Services	\$ 99,750	\$ 99,750	\$ 100,295
Miscellaneous	500	500	-
Insurance			
Premiums	407,978	407,978	350,549
Claims	3,000,000	3,000,000	2,953,177
Insurance Reimbursements	(50,000)	(50,000)	(154,127)
Contractual Services	149,500	149,500	139,939
<b>TOTAL OPERATING EXPENSES</b>	<u>\$ 3,607,728</u>	<u>\$ 3,607,728</u>	<u>\$ 3,389,833</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL  
WORKERS' COMPENSATION INSURANCE FUND

For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 662,400	\$ 729,560	\$ 729,560
Total Operating Revenues	<u>662,400</u>	<u>729,560</u>	<u>729,560</u>
<b>OPERATING EXPENSES</b>			
Administration	12,500	12,500	12,000
Insurance Claims	600,000	600,000	509,973
Total Operating Expenses	<u>612,500</u>	<u>612,500</u>	<u>521,973</u>
OPERATING INCOME	49,900	117,060	207,587
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	1,000	1,000	821
CHANGE IN NET POSITION	<u>\$ 50,900</u>	<u>\$ 118,060</u>	<u>208,408</u>
NET POSITION, JANUARY 1			-
Prior Period Adjustment			<u>960,917</u>
NET POSITION, JANUARY 1, RESTATED			<u>960,917</u>
NET POSITION, DECEMBER 31			<u><u>\$ 1,169,325</u></u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL  
WORKERS' COMPENSATION INSURANCE FUND

For the Year Ended December 31, 2012

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	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Administration			
Contractual Services	\$ 12,500	\$ 12,500	\$ 12,000
Insurance			
Stop Loss Premium	100,000	100,000	70,886
Claims	500,000	500,000	439,087
TOTAL OPERATING EXPENSES	<u>\$ 612,500</u>	<u>\$ 612,500</u>	<u>\$ 521,973</u>

(See independent auditor's report.)

## FIDUCIARY FUNDS

### **Pension Trust Funds**

Police Pension Fund - to account for the accumulation of resources to pay pension costs. Resources are contributed by sworn police personnel at rates fixed by state statutes and by the City based upon an annual actuarial valuation.

Firefighters' Pension Fund - to account for the accumulation of resources to pay pension costs. Resources are contributed by sworn fire personnel at rates fixed by state statutes and by the City based upon an annual actuarial valuation.

### **Agency Funds**

Special Service Area Fund - to account for payments made by property owners on related special service area debt.

Escrow Deposits Fund - to account for the refundable deposits held by the City to ensure the completion of public improvements by private developers.

CITY OF BATAVIA, ILLINOIS

COMBINING STATEMENT OF PLAN NET POSITION  
PENSION TRUST FUNDS

December 31, 2012

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 298,125	\$ 2,412	\$ 300,537
Investments, at Fair Value			
Money Market Mutual Funds	2,932,622	89,319	3,021,941
U.S. Government and Agency Securities	6,000,857	3,795,484	9,796,341
Municipal Bonds	-	514,813	514,813
Insurance Company Contracts	-	2,879,042	2,879,042
Corporate Bonds	2,131,430	-	2,131,430
Domestic Corporate Equities	6,286,439	-	6,286,439
Equity Mutual Funds	5,534,552	3,647,883	9,182,435
Receivables			
Accrued Interest	47,829	24,585	72,414
Prepaid Expenses	1,500	3,652	5,152
<b>Total Assets</b>	<b>23,233,354</b>	<b>10,957,190</b>	<b>34,190,544</b>
<b>LIABILITIES</b>			
Accounts Payable	8,310	2,575	10,885
<b>Total Liabilities</b>	<b>8,310</b>	<b>2,575</b>	<b>10,885</b>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 23,225,044</b>	<b>\$ 10,954,615</b>	<b>\$ 34,179,659</b>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION  
PENSION TRUST FUNDS

For the Year Ended December 31, 2012

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
<b>ADDITIONS</b>			
Contributions			
Employer Contributions	\$ 1,268,368	\$ 667,656	\$ 1,936,024
Employee Contributions	361,578	183,236	544,814
Total Contributions	1,629,946	850,892	2,480,838
Investment Income			
Net Appreciation in Fair Value of Investments	1,221,812	581,999	1,803,811
Interest	658,591	210,459	869,050
Total Investment Income	1,880,403	792,458	2,672,861
Less Investment Expense	(177,946)	(20,743)	(198,689)
Net Investment Income	1,702,457	771,715	2,474,172
Total Additions	3,332,403	1,622,607	4,955,010
<b>DEDUCTIONS</b>			
Administration	49,067	26,445	75,512
Pension Benefits	1,316,457	415,323	1,731,780
Total Deductions	1,365,524	441,768	1,807,292
CHANGE IN NET POSITION	1,966,879	1,180,839	3,147,718
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>			
January 1	21,258,165	9,773,776	31,031,941
December 31	\$ 23,225,044	\$ 10,954,615	\$ 34,179,659

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended December 31, 2012

	Balances January 1	Additions	Deletions	Balances December 31
<b>ALL FUNDS</b>				
ASSETS				
Cash and Investments	\$ 83,974	\$ 157,302	\$ 167,139	\$ 74,137
TOTAL ASSETS	\$ 83,974	\$ 157,302	\$ 167,139	\$ 74,137
LIABILITIES				
Deposits Payable	\$ 83,974	\$ 117,302	\$ 127,139	\$ 74,137
Due to Bondholders	\$ -	\$ 40,000	\$ 40,000	\$ -
TOTAL LIABILITIES	\$ 83,974	\$ 157,302	\$ 167,139	\$ 74,137
<b>SPEICAL SERVICE AREA FUND</b>				
ASSETS				
Cash and Investments	\$ -	\$ 40,000	\$ 40,000	\$ -
TOTAL ASSETS	\$ -	\$ 40,000	\$ 40,000	\$ -
LIABILITIES				
Due to Bondholders	\$ -	\$ 40,000	\$ 40,000	\$ -
TOTAL LIABILITIES	\$ -	\$ 40,000	\$ 40,000	\$ -
<b>ESCROW DEPOSIT FUND</b>				
ASSETS				
Cash and Investments	\$ 83,974	\$ 117,302	\$ 127,139	\$ 74,137
TOTAL ASSETS	\$ 83,974	\$ 117,302	\$ 127,139	\$ 74,137
LIABILITIES				
Deposits Payable	\$ 83,974	\$ 117,302	\$ 127,139	\$ 74,137
TOTAL LIABILITIES	\$ 83,974	\$ 117,302	\$ 127,139	\$ 74,137

(See independent auditor's report.)

## SUPPLEMENTAL SCHEDULES

CITY OF BATAVIA, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION BOND SERIES OF 2005

December 31, 2012

Date of Issue	July 18, 2005
Date of Maturity	January 1, 2025
Authorized Issue	\$2,000,000
Denomination of Notes	\$5,000
Interest Rates	3.50% to 5.00%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	LaSalle National Trust, N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			January 1	Interest Due on		
	Principal	Interest	Totals		Amount	July 1	Amount
2013	\$ 95,000	\$ 5,250	\$ 100,250	2013	\$ 3,469	2013	\$ 1,781
	<u>\$ 95,000</u>	<u>\$ 5,250</u>	<u>\$ 100,250</u>		<u>\$ 3,469</u>		<u>\$ 1,781</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
 GENERAL OBLIGATION REFUNDING BOND SERIES OF 2009B

December 31, 2012

Date of Issue	April 1, 2009
Date of Maturity	December 15, 2014
Authorized Issue	\$1,435,000
Denomination of Notes	\$5,000
Interest Rates	2.50% to 3.50%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	U.S. Bank National Association

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	December 15	Amount
2013	\$ 295,000	\$ 19,700	\$ 314,700	2013	\$ 9,850	2013	\$ 9,850
2014	310,000	10,850	320,850	2014	5,425	2014	5,425
	<u>\$ 605,000</u>	<u>\$ 30,550</u>	<u>\$ 635,550</u>		<u>\$ 15,275</u>		<u>\$ 15,275</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION REFUNDING BOND SERIES OF 2012

December 31, 2012

Date of Issue	February 7, 2012
Date of Maturity	January 1, 2025
Authorized Issue	\$1,530,000
Denomination of Notes	\$5,000
Interest Rates	2.00% to 3.00%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	U.S. Bank National Association

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2013	\$ 25,000	\$ 35,675	\$ 60,675	2013	\$ 17,963	2013	\$ 17,712
2014	115,000	34,275	149,275	2014	17,713	2014	16,562
2015	115,000	30,975	145,975	2015	16,563	2015	14,412
2016	120,000	29,625	149,625	2016	15,413	2016	14,212
2017	120,000	26,625	146,625	2017	14,213	2017	12,412
2018	120,000	23,025	143,025	2018	12,413	2018	10,612
2019	125,000	19,350	144,350	2019	10,613	2019	8,737
2020	125,000	16,225	141,225	2020	8,738	2020	7,487
2021	130,000	13,675	143,675	2021	7,488	2021	6,187
2022	130,000	10,913	140,913	2022	6,188	2022	4,725
2023	135,000	7,931	142,931	2023	4,725	2023	3,206
2024	135,000	4,809	139,809	2024	3,206	2024	1,603
2025	135,000	1,603	136,603	2025	1,603	2025	-
	<u>\$ 1,530,000</u>	<u>\$ 254,706</u>	<u>\$ 1,784,706</u>		<u>\$ 136,839</u>		<u>\$ 117,867</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION REFUNDING BOND SERIES OF 2012A

December 31, 2012

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Date of Issue	July 24, 2012
Date of Maturity	January 1, 2026
Authorized Issue	\$7,150,000
Denomination of Notes	\$5,000
Interest Rates	2.00% to 4.00%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	U.S. Bank National Association

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2013	\$ 10,000	\$ 200,368	\$ 210,368	2013	\$ 93,393	2013	\$ 106,975
2014	40,000	213,550	253,550	2014	106,975	2014	106,575
2015	485,000	208,300	693,300	2015	106,575	2015	101,725
2016	500,000	193,450	693,450	2016	101,725	2016	91,725
2017	525,000	175,575	700,575	2017	91,725	2017	83,850
2018	540,000	159,600	699,600	2018	83,850	2018	75,750
2019	560,000	143,100	703,100	2019	75,750	2019	67,350
2020	575,000	126,075	701,075	2020	67,350	2020	58,725
2021	600,000	108,450	708,450	2021	58,725	2021	49,725
2022	620,000	90,150	710,150	2022	49,725	2022	40,425
2023	640,000	71,250	711,250	2023	40,425	2023	30,825
2024	660,000	51,750	711,750	2024	30,825	2024	20,925
2025	690,000	31,500	721,500	2025	20,925	2025	10,575
2026	705,000	10,575	715,575	2026	10,575	2026	-
	<u>\$ 7,150,000</u>	<u>\$ 1,783,693</u>	<u>\$ 8,933,693</u>		<u>\$ 938,543</u>		<u>\$ 845,150</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
 GENERAL OBLIGATION ALTERNATE REVENUE BOND SERIES OF 2006

December 31, 2012

Date of Issue	April 6, 2006
Date of Maturity	January 1, 2026
Authorized Issue	\$10,000,000
Denomination of Notes	\$5,000
Interest Rates	4.00% to 4.50%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Citibank N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2013	\$ 405,000	\$ 35,276	\$ 440,276	2014	\$ 17,638	2014	\$ 17,638
2014	425,000	18,064	443,064	2015	9,032	2015	9,032
	<u>\$ 830,000</u>	<u>\$ 53,340</u>	<u>\$ 883,340</u>		<u>\$ 26,670</u>		<u>\$ 26,670</u>

The City has pledged sales tax revenue for the payment of bond principal and interest.

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
 GENERAL OBLIGATION SALES TAX ALTERNATE REVENUE BOND SERIES OF 2009A

December 31, 2012

Date of Issue	April 1, 2009
Date of Maturity	December 1, 2013
Authorized Issue	\$855,000
Denomination of Notes	\$5,000
Interest Rates	2.50% to 3.00%
Interest Dates	December 1 and June 1
Principal Maturity Date	December 1
Payable at	U.S. Bank National Association

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			June 1	Interest Due on		
	Principal	Interest	Totals		Amount	December 1	Amount
2013	\$ 225,000	\$ 6,750	\$ 231,750	2013	\$ 3,375	2013	\$ 3,375
	<u>\$ 225,000</u>	<u>\$ 6,750</u>	<u>\$ 231,750</u>		<u>\$ 3,375</u>		<u>\$ 3,375</u>

The City has pledged sales tax revenue for the payment of bond principal and interest.

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
 TAXABLE GENERAL OBLIGATION ALTERNATE REVENUE BOND SERIES OF 2010

December 31, 2012

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Date of Issue	December 29, 2010
Date of Maturity	December 15, 2020
Authorized Issue	\$951,083
Denomination of Bonds	\$5,000
Interest Rates	1.15% to 4.80%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	U.S. Bank National Association

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	December 15	Amount
2013	\$ 87,321	\$ 18,505	\$ 105,826	2013	\$ 9,253	2013	\$ 9,252
2014	89,198	17,303	106,501	2014	8,652	2014	8,651
2015	91,518	15,819	107,337	2015	7,909	2015	7,910
2016	94,355	14,003	108,358	2016	7,002	2016	7,001
2017	97,751	11,829	109,580	2017	5,914	2017	5,915
2018	101,662	9,327	110,989	2018	4,664	2018	4,663
2019	106,084	9,496	115,580	2019	4,748	2019	4,748
2020	110,911	3,407	114,318	2020	1,703	2020	1,704
	<u>\$ 778,800</u>	<u>\$ 99,689</u>	<u>\$ 878,489</u>		<u>\$ 49,845</u>		<u>\$ 49,844</u>

The City has pledged sewer user charges for the payment of bond principal and interest.

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
IEPA SEWER SERIES OF 1999

December 31, 2012

Date of Issue	May 1, 2001
Date of Maturity	May 1, 2020
Authorized Issue	\$1,025,139
Interest Rate	2.535%
Interest Dates	May 1 and November 1
Principal Maturity Date	May
Payable at	Illinois Environmental Protection Agency

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2013	\$ 56,081	\$ 10,963	\$ 67,044
2014	57,512	9,532	67,044
2015	58,979	8,065	67,044
2016	60,483	6,561	67,044
2017	62,026	5,018	67,044
2018	63,609	3,435	67,044
2019	65,231	1,813	67,044
2020	22,476	282	22,758
	<u>\$ 446,397</u>	<u>\$ 45,669</u>	<u>\$ 492,066</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS  
LONG-TERM DEBT REQUIREMENTS  
IEPA SEWER SERIES OF 1999A

December 31, 2012

Date of Issue	November 1, 2001
Date of Maturity	November 1, 2020
Authorized Issue	\$10,938,990
Interest Rate	2.535%
Interest Dates	May 1 and November 1
Principal Maturity Date	May 1 and November 1
Payable at	Illinois Environmental Protection Agency

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2013	\$ 587,920	\$ 126,735	\$ 714,655
2014	602,919	111,736	714,655
2015	618,299	96,356	714,655
2016	634,073	80,582	714,655
2017	650,248	64,407	714,655
2018	666,836	47,819	714,655
2019	683,848	30,807	714,655
2020	701,294	13,361	714,655
	<u>\$ 5,145,437</u>	<u>\$ 571,803</u>	<u>\$ 5,717,240</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
IEPA WATER SERIES OF 2004

December 31, 2012

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Date of Issue	June 25, 2004
Date of Maturity	November 1, 2024
Authorized Issue	\$6,221,144
Interest Rates	2.50%
Interest Dates	May 1 and November 1
Principal Maturity Date	November 1
Payable at	Illinois Environmental Protection Agency

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2013	\$ 305,772	\$ 103,652	\$ 409,424
2014	313,465	95,959	409,424
2015	321,350	88,074	409,424
2016	329,434	79,990	409,424
2017	337,721	71,703	409,424
2018	346,217	63,207	409,424
2019	354,926	54,498	409,424
2020	363,854	45,570	409,424
2021	373,008	36,416	409,424
2022	382,391	27,033	409,424
2023	392,011	17,413	409,424
2024	401,872	7,552	409,424
	<u>\$ 4,222,021</u>	<u>\$ 691,067</u>	<u>\$ 4,913,088</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
IEPA WATER SERIES OF 2004

December 31, 2012

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Date of Issue	April 26, 2004
Date of Maturity	November 1, 2024
Authorized Issue	\$3,219,875
Interest Rates	2.50%
Interest Dates	May 1 and November 1
Principal Maturity Date	November 1
Payable at	Illinois Environmental Protection Agency

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2013	\$ 156,927	\$ 53,195	\$ 210,122
2014	160,875	49,247	210,122
2015	164,922	45,200	210,122
2016	169,070	41,052	210,122
2017	173,323	36,799	210,122
2018	177,684	32,438	210,122
2019	182,154	27,968	210,122
2020	186,735	23,387	210,122
2021	191,433	18,689	210,122
2022	196,249	13,873	210,122
2023	201,186	8,936	210,122
2024	206,247	3,875	210,122
			-
	<u>\$ 2,166,805</u>	<u>\$ 354,659</u>	<u>\$ 2,521,464</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
IEPA WATER SERIES OF 2005

December 31, 2012

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Date of Issue	September 20, 2004
Date of Maturity	November 1, 2024
Authorized Issue	\$439,099
Interest Rates	2.50%
Interest Dates	May 1 and November 1
Principal Maturity Date	November 1
Payable at	Illinois Environmental Protection Agency

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2013	\$ 24,403	\$ 8,272	\$ 32,675
2014	25,017	7,658	32,675
2015	25,646	7,029	32,675
2016	26,291	6,384	32,675
2017	26,952	5,722	32,674
2018	27,631	5,044	32,675
2019	28,326	4,349	32,675
2020	29,038	3,637	32,675
2021	29,769	2,906	32,675
2022	30,518	2,157	32,675
2023	31,285	1,390	32,675
2024	32,072	603	32,675
	<u>\$ 336,948</u>	<u>\$ 55,151</u>	<u>\$ 392,099</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
IEPA WATER SERIES OF 2006

December 31, 2012

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Date of Issue	September 15, 2005
Date of Maturity	September 26, 2026
Authorized Issue	\$2,941,668
Interest Rates	2.50%
Interest Dates	March 26 and September 26
Principal Maturity Date	September 26, 2026
Payable at	Illinois Environmental Protection Agency

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2013	\$ 135,821	\$ 55,306	\$ 191,127
2014	139,237	51,890	191,127
2015	142,740	48,387	191,127
2016	146,331	44,796	191,127
2017	150,012	41,115	191,127
2018	153,787	37,340	191,127
2019	157,655	33,472	191,127
2020	161,621	29,506	191,127
2021	165,687	25,440	191,127
2022	169,855	21,272	191,127
2023	174,128	16,999	191,127
2024	178,508	12,619	191,127
2025	182,999	8,128	191,127
2026	187,602	3,525	191,127
	<u>\$ 2,245,983</u>	<u>\$ 429,795</u>	<u>\$ 2,675,778</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
IEPA WATER SERIES OF 2006

December 31, 2012

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Date of Issue	August 29, 2005
Date of Maturity	September 26, 2026
Authorized Issue	\$1,519,805
Interest Rates	2.50%
Interest Dates	March 26 and September 26
Principal Maturity Date	September 26
Payable at	Illinois Environmental Protection Agency

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2013	\$ 70,383	\$ 28,659	\$ 99,042
2014	72,153	26,889	99,042
2015	73,968	25,074	99,042
2016	75,829	23,213	99,042
2017	77,737	21,305	99,042
2018	79,693	19,350	99,043
2019	81,697	17,345	99,042
2020	83,752	15,290	99,042
2021	85,859	13,183	99,042
2022	88,019	11,023	99,042
2023	90,233	8,809	99,042
2024	92,502	6,539	99,041
2025	94,830	4,213	99,043
2026	97,215	1,827	99,042
	<u>\$ 1,163,870</u>	<u>\$ 222,719</u>	<u>\$ 1,386,589</u>

(See independent auditor's report.)

CITY OF BATAVIA ILLINOIS

LONG-TERM DEBT REQUIREMENTS  
REVENUE BOND SERIES OF 2006 - ELECTRIC

December 31, 2012

Date of Issue	May 1, 2006
Date of Maturity	January 1, 2037
Authorized Issue	\$26,870,000
Denomination of Notes	\$5,000
Interest Rates	3.5% to 4.5%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	LaSalle National Trust, N.A.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	July 1	Amount	January 1	Amount
2013	\$ 605,000	\$ 1,097,406	\$ 1,702,406	2012	\$ 548,703	2013	\$ 548,703
2014	630,000	1,073,206	1,703,206	2013	536,603	2014	536,603
2015	655,000	1,048,006	1,703,006	2014	524,003	2015	524,003
2016	680,000	1,021,806	1,701,806	2015	510,903	2016	510,903
2017	710,000	994,606	1,704,606	2016	497,303	2017	497,303
2018	735,000	966,206	1,701,206	2017	483,103	2018	483,103
2019	765,000	936,806	1,701,806	2018	468,403	2019	468,403
2020	795,000	906,206	1,701,206	2019	453,103	2020	453,103
2021	830,000	874,406	1,704,406	2020	437,203	2021	437,203
2022	865,000	840,376	1,705,376	2021	420,188	2022	420,188
2023	900,000	804,694	1,704,694	2022	402,347	2023	402,347
2024	935,000	766,894	1,701,894	2023	383,447	2024	383,447
2025	975,000	727,156	1,702,156	2024	363,578	2025	363,578
2026	1,020,000	685,718	1,705,718	2025	342,859	2026	342,859
2027	1,060,000	642,368	1,702,368	2026	321,184	2027	321,184
2028	1,105,000	597,318	1,702,318	2027	298,659	2028	298,659
2029	1,155,000	550,356	1,705,356	2028	275,178	2029	275,178
2030	1,205,000	499,826	1,704,826	2029	249,913	2030	249,913
2031	1,255,000	447,106	1,702,106	2030	223,553	2031	223,553
2032	1,310,000	392,200	1,702,200	2031	196,100	2032	196,100
2033	1,370,000	334,888	1,704,888	2032	167,444	2033	167,444
2034	1,430,000	274,950	1,704,950	2033	137,475	2034	137,475
2035	1,490,000	210,600	1,700,600	2034	105,300	2035	105,300
2036	1,560,000	143,550	1,703,550	2035	71,775	2036	71,775
2037	1,630,000	73,338	1,703,338	2036	36,675	2037	36,663
	<u>\$ 25,670,000</u>	<u>\$ 16,909,992</u>	<u>\$ 42,579,992</u>		<u>\$ 8,455,002</u>		<u>\$ 8,454,990</u>

(See independent auditor's report.)

## STATISTICAL SECTION

This part of the City of Batavia, Illinois' statistical comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	131-140
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	141-144
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	145-150
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	151-152
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	153-157

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

CITY OF BATAVIA, ILLINOIS  
NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	2003	2004	2005	2006
<b>GOVERNMENTAL ACTIVITIES</b>				
Net Investment in Capital Assets	\$ 51,316,177	\$ 53,435,734	\$ 54,007,767	\$ 56,436,503
Restricted	1,383,810	1,706,428	2,655,489	2,725,514
Unrestricted	6,279,243	7,533,840	8,057,531	10,891,346
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 58,979,230</b>	<b>\$ 62,676,002</b>	<b>\$ 64,720,787</b>	<b>\$ 70,053,363</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net Investment in Capital Assets	\$ 49,131,314	\$ 55,901,461	\$ 55,546,192	\$ 52,291,412
Restricted	560,000	560,000	560,000	6,965,719
Unrestricted	19,382,799	15,857,580	17,924,403	17,858,940
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 69,074,113</b>	<b>\$ 72,319,041</b>	<b>\$ 74,030,595</b>	<b>\$ 77,116,071</b>
<b>PRIMARY GOVERNMENT</b>				
Net Investment in Capital Assets	\$ 100,447,491	\$ 109,337,195	\$ 109,553,959	\$ 108,727,915
Restricted	1,943,810	2,266,428	3,215,489	9,691,233
Unrestricted	25,662,042	23,391,420	25,981,934	28,750,286
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 128,053,343</b>	<b>\$ 134,995,043</b>	<b>\$ 138,751,382</b>	<b>\$ 147,169,434</b>

Data Source

Audited Financial Statements

2007	2008	2009	2010	2011	2012
\$ 58,043,517	\$ 59,368,474	\$ 59,211,061	\$ 61,702,711	\$ 71,424,001	\$ 72,676,714
4,144,776	3,898,823	4,849,006	6,450,380	4,368,391	3,172,867
12,519,599	11,929,557	12,411,040	13,273,254	15,556,352	17,671,347
<u>\$ 74,707,892</u>	<u>\$ 75,196,854</u>	<u>\$ 76,471,107</u>	<u>\$ 81,426,345</u>	<u>\$ 91,348,744</u>	<u>\$ 93,520,928</u>
\$ 57,578,542	\$ 58,492,879	\$ 59,128,513	\$ 61,371,996	\$ 61,475,226	\$ 61,674,302
6,965,719	6,965,719	6,965,719	6,965,719	7,605,719	7,719,951
16,722,298	17,353,828	16,820,949	19,039,131	21,151,336	24,279,154
<u>\$ 81,266,559</u>	<u>\$ 82,812,426</u>	<u>\$ 82,915,181</u>	<u>\$ 87,376,846</u>	<u>\$ 90,232,281</u>	<u>\$ 93,673,407</u>
\$ 115,622,059	\$ 117,861,353	\$ 118,339,574	\$ 123,074,707	\$ 132,899,227	\$ 134,351,016
11,110,495	10,864,542	11,814,725	13,416,099	11,974,110	10,892,818
29,241,897	29,283,385	29,231,989	32,312,385	36,707,688	41,950,501
<u>\$ 155,974,451</u>	<u>\$ 158,009,280</u>	<u>\$ 159,386,288</u>	<u>\$ 168,803,191</u>	<u>\$ 181,581,025</u>	<u>\$ 187,194,335</u>

## CITY OF BATAVIA, ILLINOIS

## CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007
<b>EXPENSES</b>					
Governmental Activities					
General Government	\$ 5,500,138	\$ 5,106,748	\$ 6,386,249	\$ 6,584,012	\$ 6,451,060
Public Safety	8,698,103	9,702,403	10,121,222	10,402,997	12,215,741
Highways and Streets	4,846,756	5,236,687	5,067,474	5,582,728	6,183,985
Interest on Long-Term Debt	323,873	287,526	298,690	753,633	684,256
Total Governmental Activities Expenses	19,368,870	20,333,364	21,873,635	23,323,370	25,535,042
Business-Type Activities					
Waterworks	2,457,911	2,930,784	3,627,668	3,966,794	4,254,129
Sewerage	3,729,470	3,873,299	4,241,377	4,203,810	4,470,801
Electric	22,343,757	22,414,600	26,519,599	26,008,557	31,961,842
Total Business-Type Activities Expenses	28,531,138	29,218,683	34,388,644	34,179,161	40,686,772
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 47,900,008</b>	<b>\$ 49,552,047</b>	<b>\$ 56,262,279</b>	<b>\$ 57,502,531</b>	<b>\$ 66,221,814</b>
<b>PROGRAM REVENUES</b>					
Governmental Activities					
Charges for Services					
General Government	\$ 3,835,249	\$ 4,167,069	\$ 5,339,196	\$ 4,656,976	\$ 4,049,006
Public Safety	134,874	166,104	262,939	262,228	221,761
Highways and Streets	-	-	-	-	-
Operating Grants and Contributions	198,322	230,637	190,320	194,000	238,000
Capital Grants and Contributions	893,624	3,563,277	951,987	2,069,115	1,875,829
Total Governmental Activities Program Revenues	5,062,069	8,127,087	6,744,442	7,182,319	6,384,596
Business-Type Activities					
Charges for Services					
Waterworks	2,585,426	3,504,389	4,398,278	4,364,265	4,445,495
Sewerage	3,911,638	3,843,013	3,811,702	3,652,958	3,642,300
Electric	23,485,602	24,096,264	26,610,687	27,914,884	35,121,078
Operating Grants and Contributions	262,365	249,062	237,926	109,591	20,297
Capital Grants and Contributions	1,469,876	721,438	911,002	469,848	-
Total Business-Type Activities Program Revenues	31,714,907	32,414,166	35,969,595	36,511,546	43,229,170
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 36,776,976</b>	<b>\$ 40,541,253</b>	<b>\$ 42,714,037</b>	<b>\$ 43,693,865</b>	<b>\$ 49,613,766</b>
<b>NET (EXPENSE) REVENUE</b>					
Governmental Activities	\$ (14,306,801)	\$ (12,206,277)	\$ (15,129,193)	\$ (16,141,051)	\$ (19,150,446)
Business-Type Activities	3,183,769	3,195,483	1,580,951	2,332,385	2,542,398
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE</b>	<b>\$ (11,123,032)</b>	<b>\$ (9,010,794)</b>	<b>\$ (13,548,242)</b>	<b>\$ (13,808,666)</b>	<b>\$ (16,608,048)</b>

2008	2009	2010	2011	2012
\$ 8,146,104	\$ 5,962,374	\$ 6,266,691	\$ 6,374,558	\$ 5,162,153
12,121,625	12,301,852	12,665,417	12,510,380	12,785,535
6,260,339	5,734,078	5,181,816	6,282,067	5,858,599
645,989	616,057	527,177	486,149	519,467
27,174,057	24,614,361	24,641,101	25,653,154	24,325,754
4,396,820	4,138,840	3,832,685	4,110,503	3,970,037
4,208,916	4,138,139	3,807,081	3,926,312	4,013,735
34,045,301	38,272,324	37,511,960	35,934,858	41,070,933
42,651,037	46,549,303	45,151,726	43,971,673	49,054,705
\$ 69,825,094	\$ 71,163,664	\$ 69,792,827	\$ 69,624,827	\$ 73,380,459
\$ 3,764,086	\$ 3,854,860	\$ 3,964,876	\$ 3,126,338	\$ 2,128,277
171,223	226,208	252,426	203,415	298,380
-	-	-	-	288,836
234,567	241,750	240,000	244,000	329,668
1,008,624	686,975	3,623,695	10,317,551	1,508,042
5,178,500	5,009,793	8,080,997	13,891,304	4,553,203
4,087,625	4,064,180	4,222,211	4,230,203	4,564,944
3,691,018	3,753,931	3,792,108	3,812,444	3,978,774
35,665,614	37,487,439	39,639,489	38,665,547	43,893,073
18,727	26,549	1,841,691	10,425	-
139,164	1,033,442	-	-	-
43,602,148	46,365,541	49,495,499	46,718,619	52,436,791
\$ 48,780,648	\$ 51,375,334	\$ 57,576,496	\$ 60,609,923	\$ 56,989,994
\$ (21,995,557)	\$ (19,604,568)	\$ (16,560,104)	\$ (11,761,850)	\$ (19,772,551)
951,111	(183,762)	4,343,773	2,746,946	3,382,086
\$ (21,044,446)	\$ (19,788,330)	\$ (12,216,331)	\$ (9,014,904)	\$ (16,390,465)

CITY OF BATAVIA, ILLINOIS  
CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007
<b>GENERAL REVENUES AND OTHER</b>					
<b>CHANGES IN NET POSITION</b>					
Governmental Activities					
Property Taxes	\$ 4,610,601	\$ 5,273,418	\$ 5,288,191	\$ 5,962,071	\$ 6,470,013
Sales Taxes	4,758,157	4,971,878	5,195,982	7,464,511	7,636,826
Utility Taxes	2,559,210	2,682,374	2,587,486	2,844,460	3,081,641
Other Taxes	34,724	31,623	28,898	-	-
Income Tax	1,687,830	1,866,577	2,189,790	2,400,894	2,590,454
Replacement Tax	113,188	126,698	172,496	186,896	221,048
Other	112,128	154,143	59,322	68,180	455,311
Interest Income	122,250	156,581	346,860	1,057,465	1,042,689
Miscellaneous	787,093	571,039	1,235,041	1,449,075	2,186,492
Transfers	68,083	68,718	69,912	40,075	20,501
<b>Total Governmental Activities</b>	<b>14,853,264</b>	<b>15,903,049</b>	<b>17,173,978</b>	<b>21,473,627</b>	<b>23,704,975</b>
Business-Type Activities					
Interest Income	313,872	314,392	433,992	793,166	1,628,591
Miscellaneous	-	-	-	-	-
Transfers	(68,083)	(68,718)	(69,912)	(40,075)	(20,501)
<b>Total Business-Type Activities</b>	<b>245,789</b>	<b>245,674</b>	<b>364,080</b>	<b>753,091</b>	<b>1,608,090</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 15,099,053</b>	<b>\$ 16,148,723</b>	<b>\$ 17,538,058</b>	<b>\$ 22,226,718</b>	<b>\$ 25,313,065</b>
<b>CHANGE IN NET POSITION</b>					
Governmental Activities	\$ 546,463	\$ 3,696,772	\$ 2,044,785	\$ 5,332,576	\$ 4,554,529
Business-Type Activities	3,429,558	3,441,157	1,945,031	3,085,476	4,150,488
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 3,976,021</b>	<b>\$ 7,137,929</b>	<b>\$ 3,989,816</b>	<b>\$ 8,418,052</b>	<b>\$ 8,705,017</b>

Data Source

Audited Financial Statements

	2008	2009	2010	2011	2012
\$	6,767,017	\$ 7,116,278	\$ 7,221,619	\$ 7,330,398	\$ 7,870,416
	7,087,893	6,035,687	6,223,857	6,441,947	6,735,334
	3,300,786	3,134,179	3,157,059	3,096,521	3,633,856
	-	-	-	-	-
	2,759,628	2,363,790	2,307,602	2,408,189	2,309,103
	215,708	186,191	196,214	174,711	174,966
	89,736	164,237	213,396	123,602	-
	427,370	127,908	59,145	35,239	21,874
	1,815,544	1,729,656	2,115,848	2,073,642	244,123
	20,837	20,895	20,662	-	-
	<u>22,484,519</u>	<u>20,878,821</u>	<u>21,515,402</u>	<u>21,684,249</u>	<u>20,989,672</u>
	615,593	307,412	138,554	108,489	76,569
	-	-	-	-	7,337
	(20,837)	(20,895)	(20,662)	-	-
	<u>594,756</u>	<u>286,517</u>	<u>117,892</u>	<u>108,489</u>	<u>83,906</u>
\$	<u>23,079,275</u>	<u>21,165,338</u>	<u>21,633,294</u>	<u>21,792,738</u>	<u>21,073,578</u>
\$	488,962	\$ 1,274,253	\$ 4,955,298	\$ 9,922,399	\$ 1,217,121
	1,545,867	102,755	4,461,665	2,855,435	3,465,992
\$	<u>2,034,829</u>	<u>1,377,008</u>	<u>9,416,963</u>	<u>12,777,834</u>	<u>4,683,113</u>

CITY OF BATAVIA, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2003	2004	2005	2006	2007
<b>GENERAL FUND</b>					
Reserved	\$ 1,546,180	\$ 1,544,849	\$ 1,564,244	\$ 1,375,615	\$ 1,568,044
Unreserved	8,543,602	7,190,782	5,631,610	11,075,495	12,698,479
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL GENERAL FUND</b>	<b>\$ 10,089,782</b>	<b>\$ 8,735,631</b>	<b>\$ 7,195,854</b>	<b>\$ 12,451,110</b>	<b>\$ 14,266,523</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>					
Reserved	\$ 695,102	\$ 417,649	\$ 305,936	\$ 978,700	\$ 861,307
Unreserved, Reported in					
Special Revenue Funds	-	-	-	-	-
Debt Service Funds	-	-	-	-	-
Capital Projects Funds	2,652,526	1,008,364	1,215,887	11,173,375	1,915,394
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b>	<b>\$ 3,347,628</b>	<b>\$ 1,426,013</b>	<b>\$ 1,521,823</b>	<b>\$ 12,152,075</b>	<b>\$ 2,776,701</b>

Data Source

Audited Financial Statements

Note:

The City implemented GASB Statement No. 54 for the year ended December 31, 2011.

2008	2009	2010	2011	2012
\$ 1,838,047	\$ 2,120,755	\$ 2,678,753	\$ -	\$ -
12,103,289	12,643,938	13,643,762	-	-
-	-	-	178,617	173,639
-	-	-	2,216,178	292,465
-	-	-	258,458	-
-	-	-	14,559,083	11,905,693
<u>\$ 13,941,336</u>	<u>\$ 14,764,693</u>	<u>\$ 16,322,515</u>	<u>\$ 17,212,336</u>	<u>\$ 12,371,797</u>
\$ 856,905	\$ 1,299,247	\$ 1,766,856	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
1,446,175	1,654,563	2,188,377	-	-
-	-	-	1,896,032	2,880,402
-	-	-	2,184,199	2,781,395
<u>\$ 2,303,080</u>	<u>\$ 2,953,810</u>	<u>\$ 3,955,233</u>	<u>\$ 4,080,231</u>	<u>\$ 5,661,797</u>

CITY OF BATAVIA, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2003	2004	2005	2006	2007
<b>REVENUES</b>					
Taxes	\$ 11,962,692	\$ 12,959,293	\$ 13,100,557	\$ 16,271,042	\$ 17,188,480
Intergovernmental	3,005,092	3,392,332	3,563,915	4,919,085	5,380,642
Licenses and Permits	556,332	546,906	504,569	481,697	380,021
Charges for Services	3,278,917	3,620,163	4,834,627	4,175,279	3,668,985
Fines and Forfeitures	134,874	166,104	262,939	262,228	221,761
Investment Income	122,250	156,581	346,860	1,057,465	1,042,689
Miscellaneous	787,093	571,039	1,235,041	1,449,075	2,186,492
<b>Total Revenues</b>	<b>19,847,250</b>	<b>21,412,418</b>	<b>23,848,508</b>	<b>28,615,871</b>	<b>30,069,070</b>
<b>EXPENDITURES</b>					
General Government	5,497,117	4,896,245	6,294,992	6,485,812	6,374,376
Public Safety	8,552,323	9,562,783	10,028,916	10,569,945	12,067,288
Highways and Streets	3,381,952	3,662,442	4,177,690	4,838,314	4,447,607
Capital Outlay	596,870	737,453	1,096,306	3,497,877	13,003,125
Debt Service					
Principal Retirement	806,575	881,275	883,325	1,304,300	1,071,650
Interest and Fiscal Charges	330,571	296,971	261,425	793,923	685,486
<b>Total Expenditures</b>	<b>19,165,408</b>	<b>20,037,169</b>	<b>22,742,654</b>	<b>27,490,171</b>	<b>37,649,532</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>681,842</b>	<b>1,375,249</b>	<b>1,105,854</b>	<b>1,125,700</b>	<b>(7,580,462)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Issuance	-	-	2,000,000	10,000,000	-
Debt Issuance Premium	-	-	100,000	-	-
Payment to Escrow Agent	-	-	-	-	-
Transfers In	731,558	665,243	665,925	1,831,980	3,866,520
Transfers (Out)	(663,475)	(596,525)	(596,013)	(1,791,905)	(3,846,019)
<b>Total Other Financing Sources (Uses)</b>	<b>68,083</b>	<b>68,718</b>	<b>2,169,912</b>	<b>10,040,075</b>	<b>20,501</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 749,925</b>	<b>\$ 1,443,967</b>	<b>\$ 3,275,766</b>	<b>\$ 11,165,775</b>	<b>\$ (7,559,961)</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>6.12%</b>	<b>6.10%</b>	<b>5.29%</b>	<b>9.25%</b>	<b>6.98%</b>

Data Source

Audited Financial Statements

<sup>1</sup> Prior to 2012, charges for services included contributions to the Health Insurance Fund and Workers Compensation Fund. These were previously reported as part of the General Fund and now are reported as Internal Service Funds. In addition, prior to 2012, administrative support to the General Fund was reported as revenue and is now reported as a reduction in expenditures.

	2008	2009	2010	2011	2012 <sup>1</sup>
\$	17,155,696	\$ 16,286,144	\$ 16,602,505	\$ 16,868,866	\$ 17,829,676
	4,308,263	3,642,943	3,832,473	3,796,579	4,731,707
	263,420	196,493	445,039	246,606	234,069
	3,500,666	3,658,367	3,519,837	2,879,732	325,638
	171,223	226,208	252,426	203,415	186,264
	427,370	127,908	59,145	35,239	21,874
	1,815,544	1,729,656	2,115,818	2,073,642	2,213,647
	27,642,182	25,867,719	26,827,243	26,104,079	25,542,875
	8,036,700	5,853,071	6,162,236	5,483,040	4,998,429
	11,949,809	12,112,891	12,423,114	12,334,555	12,753,114
	4,621,617	4,073,379	3,614,205	4,292,210	3,048,391
	2,169,844	645,666	403,472	1,527,510	4,499,112
	1,036,350	659,875	1,157,225	965,000	1,035,000
	647,507	573,480	528,408	486,945	520,361
	28,461,827	23,918,362	24,288,660	25,089,260	26,854,407
	(819,645)	1,949,357	2,538,583	1,014,819	(1,311,532)
	-	2,290,000	-	-	8,680,000
	-	-	-	-	414,439
	-	(2,786,165)	-	-	(8,926,746)
	2,905,770	2,340,580	2,362,518	2,109,938	3,498,631
	(2,884,933)	(2,319,685)	(2,341,856)	(2,109,938)	(3,498,631)
	20,837	(475,270)	20,662	-	167,693
\$	(798,808)	\$ 1,474,087	\$ 2,559,245	\$ 1,014,819	\$ (1,143,839)
	6.33%	5.59%	7.85%	9.78%	6.67%

CITY OF BATAVIA, ILLINOIS

EQUALIZED ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Fiscal Year	Residential Property	Farm Property	Commercial Property	Industrial Property	Total	Railroad	Total Assessed Value	Total Actual Value	Total Direct Tax Rate
2003	\$ 498,817,625	\$ 3,792,932	\$ 77,531,484	\$ 108,244,329	\$ 688,386,370	\$ 105,401	\$ 688,491,771	\$ 2,065,475,313	0.6210
2004	558,692,175	4,277,092	92,226,983	113,477,923	768,674,173	87,004	768,761,177	2,306,283,531	0.6236
2005	610,936,400	4,083,962	98,100,789	131,015,821	844,136,972	85,113	844,222,085	2,532,666,255	0.5530
2006	678,936,687	3,891,078	103,432,157	133,382,625	919,642,547	78,643	919,721,190	2,759,433,570	0.5748
2007	738,200,411	6,071,624	117,181,180	140,512,163	1,001,965,378	84,309	1,002,049,687	3,006,149,061	0.5551
2008	778,454,777	6,074,204	126,010,423	155,805,878	1,066,345,282	94,872	1,066,440,154	3,199,320,462	0.5416
2009	805,260,627	5,356,121	131,481,073	164,271,286	1,106,369,107	109,180	1,106,478,287	3,319,434,861	0.5491
2010	798,427,508	4,763,870	126,663,434	161,149,228	1,091,004,040	132,011	1,091,136,051	3,273,708,153	0.5594
2011	764,707,767	269,482	124,426,791	164,235,277	1,053,639,317	145,143	1,053,784,460	3,161,353,380	0.5924
2012	724,630,079	270,540	116,998,784	155,294,204	997,193,607	172,817	997,366,424	2,992,099,272	0.6720

Data Source

Office of the County Assessor

CITY OF BATAVIA, ILLINOIS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Levy Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>DIRECT CITY RATE</b>										
Corporate	0.1919	0.1990	0.1913	0.2147	0.2052	0.1947	0.1780	0.1785	0.1890	0.2433
Bond and Interest	0.0444	0.0398	0.0359	0.0525	0.0488	0.0457	0.0448	0.0444	0.0460	0.0490
Police Pension	0.0929	0.0891	0.0858	0.0845	0.0842	0.0859	0.0849	0.1093	0.1156	0.1272
Fire Pension	0.0492	0.0528	0.0480	0.0467	0.0429	0.0480	0.0558	0.0634	0.0662	0.0669
IMRF	0.0412	0.0388	0.0361	0.0326	0.0324	0.0299	0.0290	0.0293	0.0308	0.0326
Fire Protection	0.0954	0.0966	0.0942	0.0871	0.0838	0.0808	0.0875	0.0821	0.0699	0.0818
Police Protection	0.0605	0.0629	0.0617	0.0567	0.0547	0.0507	0.0532	0.0524	0.0749	0.0712
Street and Bridge	0.0455	0.0446	-	-	0.0031	0.0059	0.0159	-	-	-
Ambulance	-	-	-	-	-	-	-	-	-	-
City of Batavia	0.6210	0.6236	0.5530	0.5748	0.5551	0.5416	0.5491	0.5594	0.5924	0.6720
<b>OVERLAPPING RATES</b>										
Kane County	0.4292	0.3578	0.3467	0.3367	0.3451	0.3321	0.3336	0.3398	0.3730	0.3990
Kane County Forest Preserve District	0.1395	0.1270	0.1432	0.1904	0.1747	0.1974	0.1932	0.1997	0.2201	0.2609
Batavia Township	0.0924	0.0873	0.0840	0.0808	0.0792	0.0770	0.0772	0.0720	0.0827	0.0886
Batavia Township Road District	0.0464	0.0438	0.0421	0.0405	0.0397	0.0386	0.0387	0.0392	0.0418	0.0447
Batavia Park District	0.4139	0.4458	0.4506	0.4226	0.4410	0.4389	0.4425	0.4521	0.4529	0.4875
Batavia Library District	0.2340	0.2533	0.2826	0.2850	0.2868	0.2611	0.2833	0.2881	0.3069	0.3289
Batavia Library 1998 Bond District	0.0546	0.0480	0.0427	0.0406	0.0390	0.0349	0.0124	0.0125	0.0089	0.0137
Batavia Library 1999 Bond District	0.0412	0.0396	0.0372	0.0330	0.0297	0.0487	0.0487	0.0498	0.0421	0.0459
School District #101	4.2412	4.3072	4.6508	4.7369	4.6989	4.6989	4.6986	4.6986	4.9033	5.7833
Community College District #516	0.4043	0.4134	0.4099	0.3933	0.3984	0.3950	0.3995	0.4043	0.4069	0.4709
<b>TOTAL DIRECT AND OVERLAPPING TAX RATE</b>	<b>6.7177</b>	<b>6.7468</b>	<b>7.0428</b>	<b>7.1346</b>	<b>7.0876</b>	<b>7.0642</b>	<b>7.0768</b>	<b>7.1155</b>	<b>7.4310</b>	<b>8.5954</b>

Data Source

Office of the County Clerk

\*Rates are per \$100 of Assessed Value

CITY OF BATAVIA, ILLINOIS  
 PRINCIPAL PROPERTY TAXPAYERS

December 31, 2012

Taxpayers	2012 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2003 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
ALDI, Inc.	\$ 10,567,034	1	1.06%			
Kir Batavia	9,404,483	2	0.94%	\$ 5,238,788	2	1.17%
Partylite Worldwide Inc.	5,991,865	3	0.60%			
Libety Illinois LP	5,747,133	4	0.58%	6,307,895	1	1.41%
Vista Investments Inc.	5,318,613	5	0.53%			
Wal-Mart Real Estate	4,999,305	6	0.50%			
Menard Inc.	4,446,817	7	0.45%			
Batavia Acquisition Corp	4,410,917	8	0.44%			
MB Fabyan Randall Plaza	4,093,970	9	0.41%			
The Holmstead	4,025,275	10	0.40%			
VWR Scientific				3,299,703	3	0.74%
American National Bank				2,944,055	4	0.66%
Millard Warehouse				2,747,040	5	0.62%
Continental Illinois Nat'l Bank				2,522,232	6	0.56%
American Can Company				2,109,278	7	0.47%
LaSalle Trust				1,922,093	8	0.43%
Assisi Home				1,674,301	9	0.38%
The Northern Trust Company				1,666,500	10	0.37%
<b>TOTAL</b>	<b>\$ 59,005,412</b>		<b>5.91%</b>	<b>\$ 30,431,885</b>		<b>6.81%</b>

Data Source

Office of the County Clerk

CITY OF BATAVIA, ILLINOIS

PROPERTY TAX RATES, LEVIES AND COLLECTIONS

Last Ten Levy Years

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 4,275,538	\$ 4,242,436	99.23%	N/A	\$ 4,242,436	99.23%
2004	4,793,995	4,771,251	99.53%	N/A	4,771,251	99.53%
2005	4,668,970	4,649,284	99.58%	N/A	4,649,284	99.58%
2006	5,286,412	5,279,945	99.88%	N/A	5,279,945	99.88%
2007	5,561,777	5,551,195	99.81%	N/A	5,551,195	99.81%
2008	5,777,695	5,761,912	99.73%	N/A	5,761,912	99.73%
2009	5,945,945	5,894,998	99.14%	N/A	5,894,998	99.14%
2010	6,104,982	6,101,667	99.95%	N/A	6,101,667	99.95%
2011	6,243,388	6,223,847	99.69%	N/A	6,223,847	99.69%
2012	6,702,671	6,659,124	99.35%	N/A	6,659,124	99.35%

Data Source

Office of the County Clerk

N/A - Currently Not Available

CITY OF BATAVIA, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended December 31,	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Alternative Revenue Bonds	Installement Contracts	General Obligation Bonds	Alternative Revenue Bonds	Revenue Bonds			
2003	\$ 3,850,575	\$ 2,745,000	\$ 800,000	\$ 2,601,000	\$ -	\$ 14,854,523	\$ 24,851,098	3.58%	\$ 995
2004	3,399,000	2,460,000	550,000	2,092,275	-	17,757,947	26,259,222	3.78%	1,051
2005	4,839,400	2,185,000	300,000	1,560,600	-	21,661,447	30,546,447	4.40%	1,223
2006	14,080,100	1,890,000	50,000	1,269,900	-	52,230,425	69,520,425	10.02%	2,783
2007	4,103,450	10,845,000	-	1,269,900	-	50,958,778	67,177,128	9.68%	2,689
2008	3,692,100	10,220,000	-	971,550	-	49,414,003	64,297,653	9.27%	2,574
2009	3,252,225	9,550,000	-	657,900	-	47,393,907	60,854,032	8.67%	2,409
2010	2,795,000	8,850,000	-	332,775	-	45,313,315	57,291,090	5.65%	2,200
2011	2,430,000	8,250,000	-	-	864,831	43,261,041	54,805,872	5.40%	2,104
2012	9,794,439	1,055,000	-	-	778,800	41,397,462	53,025,701	5.23%	2,036

Note: Details of the City's outstanding debt can be found in the notes to financial statements.

(1) See the schedule of Demographic and Economic Information for personal income and population data.

CITY OF BATAVIA, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year Ended December 31,	Gross General Obligation Bonds	Debt Payable from Other Sources	Net General Obligation Bonds	Percentage of Actual Taxable Value of Property (1)	Per Capita* (2)
2003	\$ 6,451,575	\$ 194,501	\$ 6,257,074	0.909%	\$ 251
2004	5,491,275	309,409	5,181,866	0.674%	207
2005	6,400,000	500,298	5,899,702	0.699%	236
2006	15,350,000	863,351	14,486,649	1.575%	580
2007	5,373,350	740,727	4,632,623	0.462%	185
2008	4,663,650	733,665	3,929,985	0.369%	157
2009	3,910,125	1,173,288	2,736,837	0.247%	108
2010	3,127,775	1,643,470	1,484,305	0.136%	57
2011	2,430,000	1,776,877	653,123	0.062%	25
2012	9,794,439	37,596	9,756,843	0.978%	375

Note: Details regarding the City's outstanding debt can be found in the notes to financial statements.

(1) See Equalized Assessed Value and Actual Value of Taxable Property schedule for actual taxable value of property data.

(2) See Demographic and Economic Information for population data.

CITY OF BATAVIA, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2012

Governmental Unit	Debt Outstanding	Percentage of Debt Applicable to the City <sup>1</sup>	City's Share of Debt
City of Batavia	\$ 10,849,439	100.00%	\$ 10,849,439
<u>Overlapping Debt</u>			
School District #101	94,240,000	79.27%	74,704,048
School District #304	142,836,062	7.66%	10,941,242
Community College District #516	80,361,775	11.42%	9,177,315
Kane County	50,640,000	7.70%	3,899,280
Kane County Forest Preserve District	208,735,866	7.70%	16,072,662
Batavia Park District	5,227,930	78.93%	4,126,405
Batavia Public Library District	3,750,000	84.07%	3,152,625
Geneva Park District	21,988,000	14.14%	3,109,103
Subtotal of Overlapping Debt	<u>607,779,633</u>		<u>125,182,680</u>
Total Direct and Overlapping Debt	<u>\$ 618,629,072</u>		<u>\$ 136,032,119</u>

<sup>1</sup> Determined by ratio of assessed value of property subject to taxation in overlapping unit to value of property subject to taxation in the City.

Data Source

Office of the County Clerk

CITY OF BATAVIA, ILLINOIS  
SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2012

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Under the 1970 Illinois Constitution, there is no legal limit for home rule municipalities except as set by the General Assembly.

CITY OF BATAVIA, ILLINOIS

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Waterworks Revenue Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2003	\$ -	\$ -	\$ -	\$ -	\$ -	NA	
2004	3,504,389	(2,252,735)	1,251,654	-	118,319	10.58	
2005	4,398,278	(2,565,132)	1,833,146	243,092	228,319	3.89	
2006	4,364,265	(2,696,307)	1,667,958	611,570	347,043	1.74	
2007	4,445,495	(2,925,011)	1,520,484	1,086,108	352,332	1.06	
2008	4,087,625	(3,030,622)	1,057,003	864,991	358,109	0.86	
2009	4,064,180	(2,796,824)	1,267,356	941,364	338,710	0.99	
2010	4,222,211	(2,518,005)	1,704,206	643,508	311,374	1.78	
2011	4,230,203	(2,820,150)	1,410,053	659,697	282,693	1.50	
2012	4,564,944	(2,747,879)	1,817,065	676,296	263,848	1.93	

Fiscal Year	Sewerage Revenue Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2003	\$ 3,911,638	\$ (2,000,690)	\$ 1,910,948	940,984	\$ 435,968	1.39	
2004	3,843,013	(2,158,224)	1,684,789	949,558	413,826	1.24	
2005	3,811,702	(2,520,999)	1,290,703	979,141	389,814	0.94	
2006	3,652,958	(2,540,459)	1,112,499	1,009,683	351,912	0.82	
2007	3,642,300	(2,826,132)	816,168	1,041,215	320,837	0.60	
2008	3,691,018	(2,594,942)	1,096,076	1,073,767	288,021	0.80	
2009	3,753,931	(2,555,239)	1,198,692	1,107,380	254,200	0.88	
2010	3,792,108	(2,259,134)	1,532,974	1,142,084	219,247	1.13	
2011	3,812,444	(2,387,432)	1,425,012	1,087,577	204,030	1.10	
2012	3,978,774	(2,555,644)	1,423,130	958,314	172,582	1.26	

Fiscal Year	Electric Revenue Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2003	\$ -	\$ -	\$ -	\$ -	\$ -	NA	
2004	-	-	-	-	-	NA	
2005	-	-	-	-	-	NA	
2006	27,914,884	(24,456,744)	3,458,140	-	221,864	15.59	
2007	35,121,078	(29,729,951)	5,391,127	-	1,139,405	4.73	
2008	35,665,614	(31,721,268)	3,944,346	-	1,139,405	3.46	
2009	37,487,439	(35,011,559)	2,475,880	285,000	1,129,805	1.75	
2010	39,639,489	(33,674,284)	5,965,205	295,000	1,119,479	4.22	
2011	38,665,547	(32,472,683)	6,192,864	305,000	1,108,805	4.38	
2012	43,893,073	(37,658,329)	6,234,744	315,000	1,097,406	4.41	

Note: Details of the City's outstanding debt can be found in the notes to financial statements.

CITY OF BATAVIA, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

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Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2003	24,978	\$ 693,963,774	\$ 27,783	4.90%
2004	24,978	693,963,774	27,783	4.60%
2005	24,978	693,963,774	27,783	4.00%
2006	24,978	693,963,774	27,783	3.30%
2007	24,978	693,963,774	27,783	3.80%
2008	24,978	693,963,774	27,783	5.10%
2009	25,264	701,909,712	27,783	8.50%
2010	26,045	1,014,556,930	38,954	9.00%
2011	26,045	1,014,556,930	38,954	8.40%
2012	26,045	1,014,556,930	38,954	7.70%

Data Source

U.S. Census Bureau

CITY OF BATAVIA, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2012			2003		
	Rank	Employees	% of Total City Employment	Rank	Employees	% of Total City Employment
Fermi National Accelerator Laborator	1	1,800	12.35%	1	2,150	24.44%
Suncast Corporation	2	800	5.49%	3	450	5.11%
Unit School District #101	3	636	4.36%	5	400	4.55%
Agco Corporation	4	365	2.50%	4	425	4.83%
VWR International	5	225	1.54%			
Aldi, Inc.	6	200	1.37%	6	200	2.27%
Waste Management	7	200	1.37%	8	200	2.27%
Power Packaging	8	300	2.06%			
Carlisle Food Service Products, Inc.	9	190	1.30%			
Sealy Mattress Company	10	160	1.10%	7	200	2.27%
Siemens-Furnas Controls				2	500	5.68%
Infilco Degremont				9	180	2.05%
Eagle Concrete				10	175	1.99%
		<u>4,876</u>	<u>33.44%</u>		<u>4,880</u>	<u>55.46%</u>

Data Source

U.S. Census Bureau

CITY OF BATAVIA, ILLINOIS

FULL-TIME EQUIVALENT CITY GOVERNEMENT EMPLOYEES

Last Ten Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Administration	9	9	10	12	13	13	13	12	11	7
Finance	9	10	10	10	10	9	8	7	7	10
Building and Zoning	13	13	13	15	15	15	13	12	12	12
Public Safety										
Police										
Officers	45	45	45	45	45	45	43	40	40	40
Civilians	6	6	6	7	7	7	6	5	8	8
Fire										
Firefighters and Officers	23	23	23	24	24	24	24	22	22	23
Civilians	1	1	1	1	1	1	1	1	1	1
Highways and Streets	23	23	23	23	23	23	21	20	19	18
Waterworks	9	9	10	10	10	10	10	10	10	10
Sewerage	8	8	8	8	8	8	7	7	6	6
Electric	19	19	22	22	23	23	21	22	20	18
<b>TOTAL</b>	<b>165</b>	<b>166</b>	<b>171</b>	<b>177</b>	<b>179</b>	<b>178</b>	<b>167</b>	<b>158</b>	<b>156</b>	<b>153</b>

Data Source

Various City Departments

CITY OF BATAVIA, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007
<b>GENERAL GOVERNMENT</b>					
Tobacco Licenses	22	21	25	25	24
Liquor Licenses	34	34	38	43	40
<b>PUBLIC SAFETY</b>					
Police					
Part I Crimes	683	668	624	638	687
Part II Crimes*	2,215	1,919	1,779	2,005	1,608
Parking Violations	2,659	2,458	2,955	2,467	2,143
Traffic Violations	2,464	3,530	4,016	4,718	3,473
Fire					
Emergency Responses	2,863	3,039	2,935	3,146	3,242
Fires Extinguished	131	129	147	112	115
Inspections	538	572	553	595	605
<b>HIGHWAYS AND STREETS</b>					
Parkway Trees Planted	405	445	424	433	243
Leaves Collected (Cubic Yards)	9,015	7,974	8,595	7,594	8,115
Street Resurfacing (Miles)	3	4	5	5	5
<b>WATERWORKS</b>					
Number of Metered Accounts	8,763	8,979	9,067	9,177	9,228
Number of Hydrants Flushed/Inspecte	1,520	1,540	1,560	1,580	1,600
New Connections	224	186	118	110	51
Water Average Daily Consumption (Millions of Gallons)	3,095	2,993	3,221	2,989	3,010
<b>SEWERAGE</b>					
Number of Metered Accounts	8,515	8,767	8,899	9,001	9,201
Average Daily Sewage Treatment (Millions of Gallons)	3,005	3,269	2,967	3,703	3,335
<b>ELECTRIC</b>					
Number of Metered Accounts	9,162	9,345	9,385	9,456	9,458
MW Hours Sold	364,785	380,630	40,951	417,738	427,247

Data Source

Various City Departments

2008	2009	2010	2011	2012
27	27	27	24	26
39	38	39	38	40
701	708	557	475	518
2,018	2,359	1,349	1,471	1,670
1,928	3,583	2,476	1,822	1,941
2,162	4,327	3,934	2,596	2,859
3,378	3,139	3,289	3,264	3,458
125	80	82	116	95
800	946	1,233	1,013	986
189	182	138	135	212
9,557	9,898	7,684	8,495	7,585
5	5	2	3	3
9,244	9,235	9,241	9,254	9,275
1,615	1,625	1,625	1,600	1,950
3	6	6	7	10
3,000	3,000	2,950	2,799	2,710
9,218	9,149	9,168	9,137	9,092
3,900	3,700	3,748	3,690	1,125
10,801	10,764	10,761	10,813	10,844
416,339	400,319	428,299	462,899	493,478

CITY OF BATAVIA, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007
<b>PUBLIC SAFETY</b>					
Police					
Stations	1	1	1	1	1
Area Patrols	1	1	1	1	1
Patrol Units	14	14	14	13	13
Fire					
Fire Stations	2	2	2	2	2
Fire Engines	6	6	6	6	6
<b>PUBLIC WORKS</b>					
Urban Street Miles	101	103	105	106	106
Rural Street Miles	7	7	7	7	7
Total Street Miles	108	110	112	113	113
<b>WATERWORKS</b>					
Water Mains (Miles)	110	112	113	116	116
Fire Hydrants	1,500	1,550	1,600	1,600	1,600
<b>SEWERAGE</b>					
Sanitary Sewers (Miles)	120	120	122	124	126
Storm Sewers (Miles)	103	105	107	108	108
<b>ELECTRIC</b>					
Over Head (Percentage)	41.0%	42.0%	43.0%	43.0%	45.0%
Substations	6	6	5	5	5

Data Source

Various City Departments

2008	2009	2010	2011	2012
1	1	1	1	1
1	1	1	1	1
13	14	13	13	13
2	2	2	2	2
6	6	6	6	6
106	106	106	107	107
7	7	7	7	7
113	113	113	114	114
116	116	116	160	160
1,600	1,600	1,600	1,600	1,600
126	126	126	126	126
108	108	108	108	108
45.0%	45.0%	45.0%	45.0%	45.0%
5	5	5	5	5

## COMPLIANCE SECTION



REPORT OF INDEPENDENT ACCOUNTANT'S ON COMPLIANCE

The Honorable Mayor  
Members of the City Council  
City of Batavia, Illinois

We have examined management's assertion that the City of Batavia, Illinois, complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended December 31, 2012. As discussed in that representation letter, management is responsible for the City of Batavia, Illinois' compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the City of Batavia, Illinois' compliance based on our examination.

Our examination was made in accordance with the standards established by the American Institute of Public Accountants and, accordingly, included examining, on a test basis, evidence about the City of Batavia, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City of Batavia, Illinois' compliance with statutory requirements.

In our opinion, management's assertion that the City of Batavia, Illinois complied with the aforementioned requirements for the year ended December 31, 2012, is fairly stated in all material respects.

This report is intended solely for the information and use of the City Council, management of the City, the joint review board and the Illinois State Comptroller's Office. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read 'Sikich LLP'.

Naperville, Illinois  
May 30, 2013