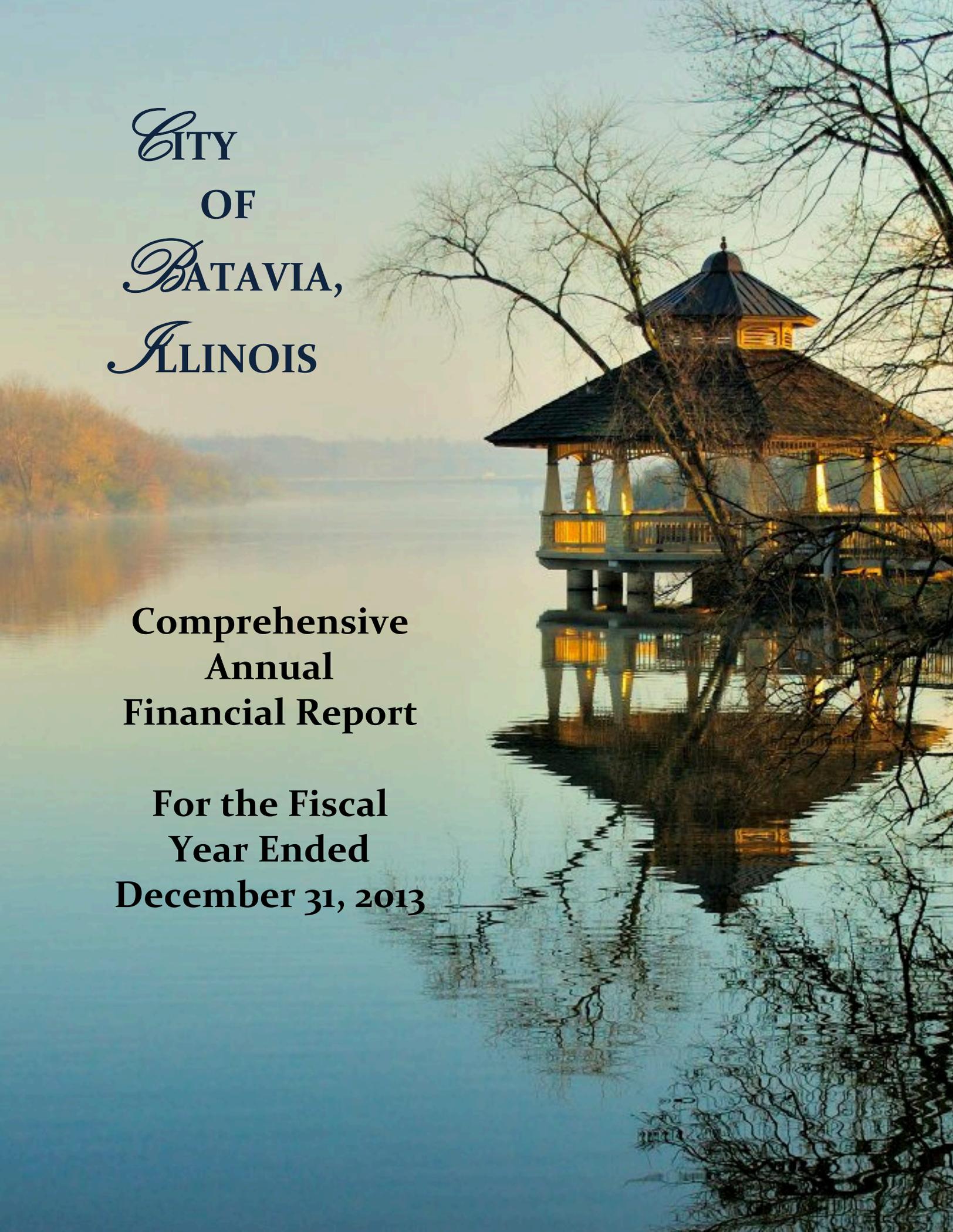


CITY
OF
BATAVIA,
ILLINOIS

**Comprehensive
Annual
Financial Report**

**For the Fiscal
Year Ended
December 31, 2013**



CITY OF BATAVIA, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
December 31, 2013

Prepared by the Finance Department

Peggy Colby
Finance Director

CITY OF BATAVIA, ILLINOIS
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INTRODUCTORY SECTION

List of Officials

As of December 31, 2013

Honorable Jeffery D. Schielke, Mayor

City Council

Ward 1:	Garran Sparks	Michael F. O'Brien
Ward 2:	Martin Callahan	Alan P. Wolff
Ward 3:	Dan Chanzit	Kyle Hohmann
Ward 4:	Susan Stark	Jamie Saam
Ward 5:	Lucy Thelin Atac	Steve Vasilion
Ward 6:	Nicolas Cerone	Lisa Clark
Ward 7:	David J. Brown	Drew McFadden

City Administrator

William R. McGrath

Assistant City Administrator

Jason Bajor

City Clerk

Heidi L. Wetzel

City Attorney

Drendel & Jansons Law Group

City Treasurer

Gerald R. Miller

Department Heads

City Engineer

Noel Basquin

Director of Community Development

Scott Buening

Director of Information Systems

Howard Chason

Director of Finance

Peggy Colby

Fire Chief

Randy Deicke

Director of Public Works

Gary Holm

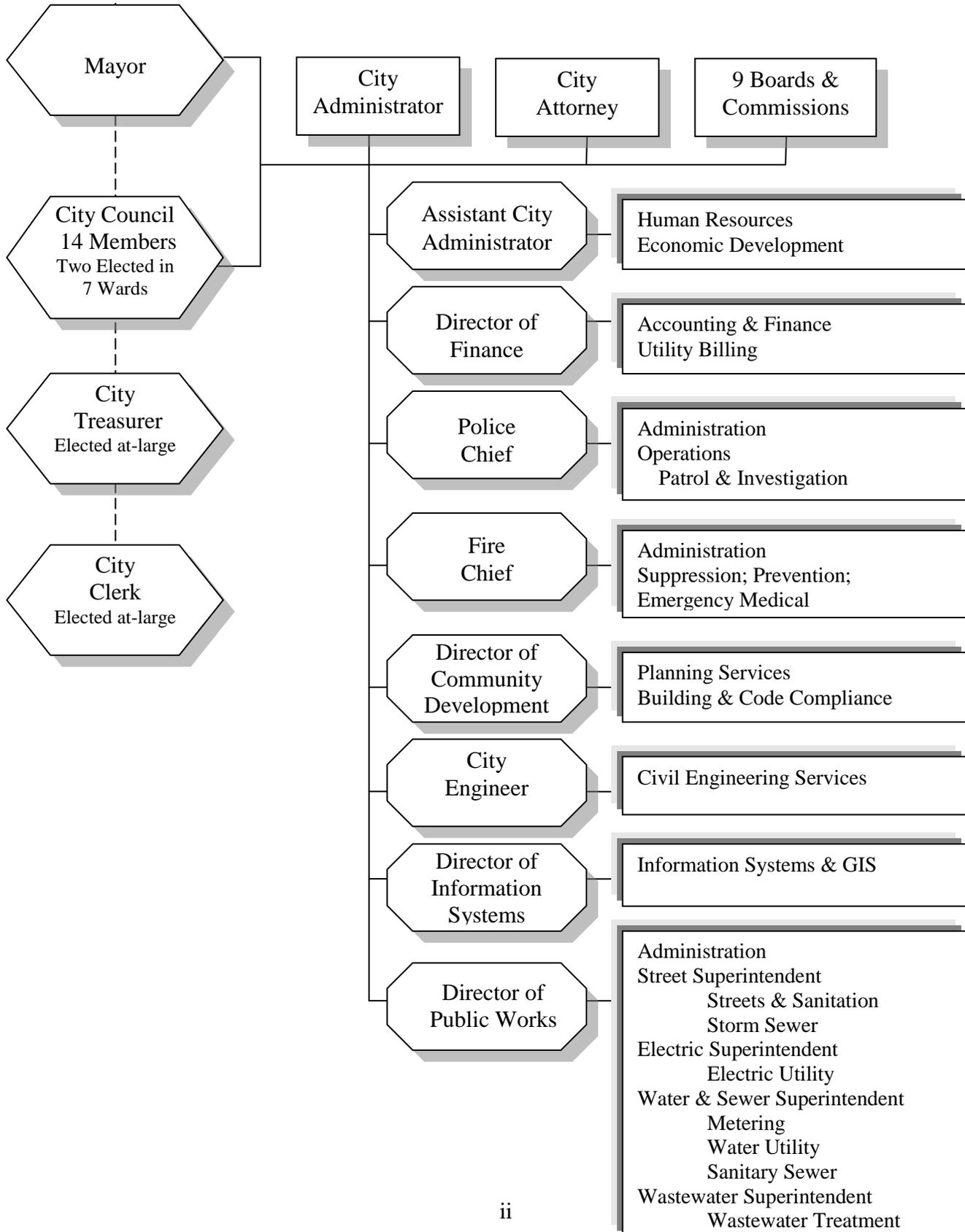
Police Chief

Gary Schira

City of Batavia

Organizational Structure

Citizens of Batavia





Government Finance Officers Association

**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, 2012

Executive Director/CEO



CITY OF BATAVIA

JEFFERY D. SCHIELKE
Mayor

June 9, 2014

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, 2013 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, 2013, 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 unmodified opinion that the City of Batavia's financial statements for the fiscal year ended December 31, 2013, 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 was experienced an average annual growth rate of 10% from 1990 through 2007. The last four years have all had decreases in value directly related to the recession when real estate values decreased across the county. It is expected that there could be one or two more years of small declines before the values start rebounding.

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 recently completed an expansion to include a full grocery section. Other retail stores continue to occupy the spaces along this stretch including the new occupation of a formerly vacant furniture store site by the Michigan based furniture store, Art Van.

New restaurants have located both on Randall Road and in the City's downtown. Significant streetscape projects in the downtown that got underway in 2012 have brought not only enhancements but also new businesses to the area. The downtown portion of the main thoroughfare from east to west reached substantial completion in 2013. Final amenities will be installed in 2014. Plans for the relocation and new construction of the current Walgreens store in the downtown will also begin in 2014.

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. Several new businesses moved into the park in 2013.

Batavia saw lower levels of unemployment with an annual average of 7.5% compared to the Illinois annual average of 9.2%.

The City remains in a favorable financial position for 2013, with sufficient fund balances available for general operations, with an increase to fund balance of \$1.7 million. The increase was the result of various tax revenues coming in \$1 million over budget and expenditures coming in \$0.7 million under budget.

The City had a 5.4% increase of \$341,900 in sales tax revenues in 2013 after realizing a 1.8% decrease the prior year. A furniture store opened late in the year along with a few smaller stores during the year. The industrial park also saw many new businesses locate there in 2013. Income taxes were higher than 2013 by 8.8% adding just over \$200,000 to revenues. Property tax revenues remained level by choice with a small increase to debt service due to a one-time abatement the prior year. Utility taxes added \$136,000 to revenue increasing 3.8%. The City had budgeted to add a small surplus in 2013 but with the significant increase in revenues and lower than expected expenditures mostly due to employee vacancies and lower contractual costs, the surplus was much higher than anticipated.

Major Initiatives

The year 2013 saw no significant changes to new construction activity with revenues being equal to the prior year.

Major initiatives for the year 2013 included the following:

- **Walgreens** – City staff continued working with a local developer on the redevelopment of a downtown Walgreens store. The reconstruction of this store in a new location and the addition of a drive through is expected to create increased tax revenues and to draw more people into the downtown area. The negotiations include the use of tax increment finance revenues to help fund the redevelopment.
- **Streetscape** – A major streetscape project along the Wilson Street Corridor reached substantial completion. The project included creating pedestrian friendly walkways in the downtown with wider sidewalks. The project also added ornamental lighting, planters, new underground utilities and interconnected traffic signals. This \$5 million project will be completed with a majority of state and federal grant funds with the final cost to the City expected to be \$768,000 in TIF funds and \$650,000 in utility funds.
- **Redevelopment Agreements** – The City saw activity on two major redevelopment areas that the City owns buildings on in 2013. At the end of the year, no agreement had been completed.
- **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. One loan was granted in 2013.

Future Initiatives

For 2014, Capital project initiatives include:

- Continuing of Engineering for reconstruction of the Deerpath Bridge
- Safe Routes to School Walkways
- Fiber Optic Improvements
- Houston Street Watermain
- Water Meter Replacement Project (Phase 2)
- Sanitary Sewer System Study/Repairs
- Continued work on Improvements to the Wastewater Treatment Plant

The safe routes to school projects are nearly fully grant funded. The Deerpath Bridge is 80% funded by federal BRRP 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.

The City Council adopted a formal Fund Balance Policy in 2011 to comply with the required standards as outlined in the Governmental Accounting Standards Board Statement 54. The City Council approved an updated policy in 2013. The policy provides guidelines to City Officials to promote continued financial strength and stability. The City Council also approved an updated Bond Record Keeping Policy in 2013.

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, 2012. 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



1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

630.566.8400 // www.sikich.com

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

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, 2013 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 74%, 82% and 42%, 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, 2013, 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.

Other Matters

Required Supplementary Information

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund 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
June 6, 2014

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

CITY OF BATAVIA, ILLINOIS

Management's Discussion and Analysis December 31, 2013

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, 2013. 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 2013 was \$189.8 million, an increase of \$2.6 million over the prior year of \$187.2 million.
- Governmental activities net position was \$97.2 million at the end of the year. Of that amount, governmental activities had \$19.4 million available to meet ongoing obligations and \$2.5 million restricted for capital and other projects. The net position of business-type activities was \$92.6 million at the end of the year of which \$21.3 million is available for operations.
- The City collected \$26.5 million in tax and other revenues in its governmental funds in 2013 resulting in an increase to net position of \$3.7 million over the \$22.8 million in governmental program expenditures. There were no new programs added in 2013.
- Charges for Service for business-type activities were \$53.6 million with total revenues of \$53.7 million. Program expenses for business-type activities were \$54.8 million resulting in a decrease in net position of \$1.1 million.
- The General Fund had an increase to fund balance of \$1.7 million because of higher than expected revenues for sales tax, utility tax and income taxes combined with lower than anticipated expenditures.
- The City of Batavia's total long-term debt decreased by \$3.3 million in 2013 to \$49.3 million in total outstanding debt. A decrease of \$1 million was for governmental activities for total debt outstanding of \$9.4 million. The balance of the decrease of \$2.3 million reduced the debt for business-type activities to \$39.9 million.
- The City of Batavia did not issue any new debt in 2013. A refunding bond issue was done during the year to refund Illinois Environmental Protection Agency loans issued for business-type activities in a prior year.

CITY OF BATAVIA, ILLINOIS

Management's Discussion and Analysis December 31, 2013

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, 2013

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 nonmajor 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, 2013

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 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 - 60 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 IMRF, police, firefighter's, and other postemployment 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 61 - 66 of this report.

CITY OF BATAVIA, ILLINOIS

**Management's Discussion and Analysis
December 31, 2013**

Government-Wide Financial Analysis

Net position over time may serve as a useful indicator of a government's financial position. For the year 2013, the assets of the City of Batavia exceeded liabilities by \$189.8 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)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 34.5	\$ 31.8	\$ 36.7	\$ 36.7	\$ 71.2	\$ 68.5
Capital Assets	84.5	83.1	104.2	103.9	188.7	187.0
Deferred Outflows	0.5	0.5	-	-	0.5	0.5
Total Assets & Deferred Outflows	119.5	115.4	140.9	140.6	260.4	256.0
Long-Term Debt Outstanding	(10.8)	(12.0)	(40.6)	(42.6)	(51.4)	(54.6)
Other Liabilities	(4.1)	(2.5)	(7.7)	(4.3)	(11.8)	(6.8)
Deferred Inflows	(7.4)	(7.4)	-	-	(7.4)	(7.4)
Total Liabilities & Deferred Inflows	(22.3)	(21.9)	(48.3)	(46.9)	(70.6)	(68.8)
Net Position						
Net Investment in Capital Assets	75.3	72.7	63.9	61.7	139.2	134.4
Restricted	2.5	3.2	7.4	7.7	9.9	10.9
Unrestricted	19.4	17.6	21.3	24.3	40.7	41.9
Total Net Position	\$ 97.2	\$ 93.5	\$ 92.6	\$ 93.7	\$ 189.8	\$ 187.2

CITY OF BATAVIA, ILLINOIS

Management's Discussion and Analysis December 31, 2013

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 \$2.6 million in 2013, increasing from \$187.2 million to \$189.8 million. The increase is the result of an increase in net investment in capital assets, which increased \$4.8 million. The City is reporting unrestricted net position of \$40.7 million as of December 31, 2013 down from \$41.9 million in the prior year. 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 73.3% 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 \$139.2 million at the end of 2013, which was an increase of \$4.8 million over 2012.

CITY OF BATAVIA, ILLINOIS

Management's Discussion and Analysis December 31, 2013

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 5.2% of the City's net position and total \$9.9 million.

Net Assets Restricted for:

Maintenance of Roadways	\$ 2,130,954
Economic Development	375,819
Debt Service	<u>7,441,574</u>
Total Restricted Net Assets	<u>\$ 9,948,347</u>

Net position of the City of Batavia's governmental activities for 2013 was \$97.2 million, an increase of \$3.7 million over 2012. The investment in capital assets net of related debt was one reason for change with an increase of \$2.6 million to \$75.3 million in 2013. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints was \$19.4 million at the end this year an increase of \$1.8 million from the prior year of \$17.6 million. Restricted net position for governmental activities decreased \$0.7 million from \$3.2 million in the prior year to \$2.5 million at the end of 2013. 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 2013.

Net position of business-type activities for 2013 was \$92.6 million compared to \$93.7 million in 2012. The decrease of \$1.1 million was a result of activities during the year related to normal operations, primarily an increase in purchased power costs. 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 \$21.3 million at the end of 2013 down \$3 million from the prior year. Restricted net position for business-type activities also decreased \$0.3 million to \$7.4 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, 2013

Government-Wide Financial Analysis - Continued

	Changes in Net Position					
	(in Millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for Services	\$ 2.8	\$ 2.0	\$ 53.6	\$ 52.4	\$ 56.4	\$ 54.4
Operating Grants/Contributions	0.4	2.4	-	-	0.4	2.4
Capital Grants/Contributions	1.7	0.2	-	-	1.7	0.2
General Revenues						
Property Taxes	7.8	7.9	-	-	7.8	7.9
Sales Taxes	7.1	6.7	-	-	7.1	6.7
Utility Taxes	3.8	3.6	-	-	3.8	3.6
Intergovernmental	2.7	2.5	-	-	2.7	2.5
Interest	-	-	0.1	0.1	0.1	0.1
Other General Revenues	0.2	0.2	-	-	0.2	0.2
Total Revenues	26.5	25.5	53.7	52.5	80.2	78.0
Expenses						
General Government	5.2	5.2	-	-	5.2	5.2
Public Safety	13.4	12.8	-	-	13.4	12.8
Highways and Streets	3.9	5.8	-	-	3.9	5.8
Interest on Long-Term Debt	0.3	0.5	-	-	0.3	0.5
Waterworks	-	-	4.1	4.0	4.1	4.0
Sewerage	-	-	4.3	4.0	4.3	4.0
Electric	-	-	46.4	41.0	46.4	41.0
Total Expenses	22.8	24.3	54.8	49.0	77.6	73.3
Change in Net Position Before Transfers	3.7	1.2	(1.1)	3.5	2.6	4.7
Transfers	-	-	-	-	-	-
Change in Net Position	3.7	1.2	(1.1)	3.5	2.6	4.7
Net Position - Beginning	93.5	91.3	93.7	90.2	187.2	181.5
Prior Period Adjustment	-	1.0	-	-	-	1.0
Net Position - Beginning, as Restated	93.5	92.3	93.7	90.2	187.2	182.5
Net Position - Ending	\$ 97.2	\$ 93.5	\$ 92.6	\$ 93.7	\$ 189.8	\$ 187.2

CITY OF BATAVIA, ILLINOIS

Management's Discussion and Analysis December 31, 2013

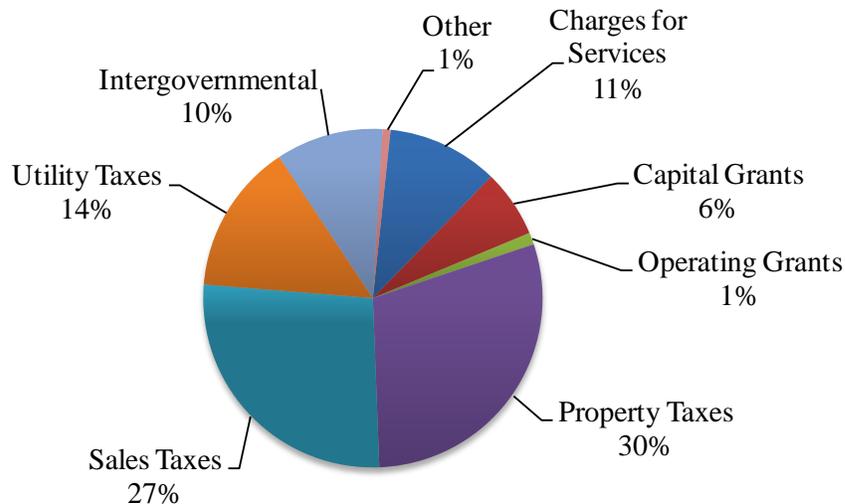
Government-Wide Financial Analysis - Continued

Governmental Activities

The 2013 revenues for governmental activities were \$26.5 million, while the cost of all governmental functions totaled \$22.8 million. Total revenues for governmental activities for 2013 were \$1.0 million more than 2012 revenues of \$25.5 million and program expenses for 2013 were \$1.5 million less than 2012 program expenses of \$24.3 million. This results in an increase in net position before transfers of \$3.7 million in 2013, compared to an increase of \$2.2 in net position in 2012.

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.

Revenues by Source - Governmental Activities

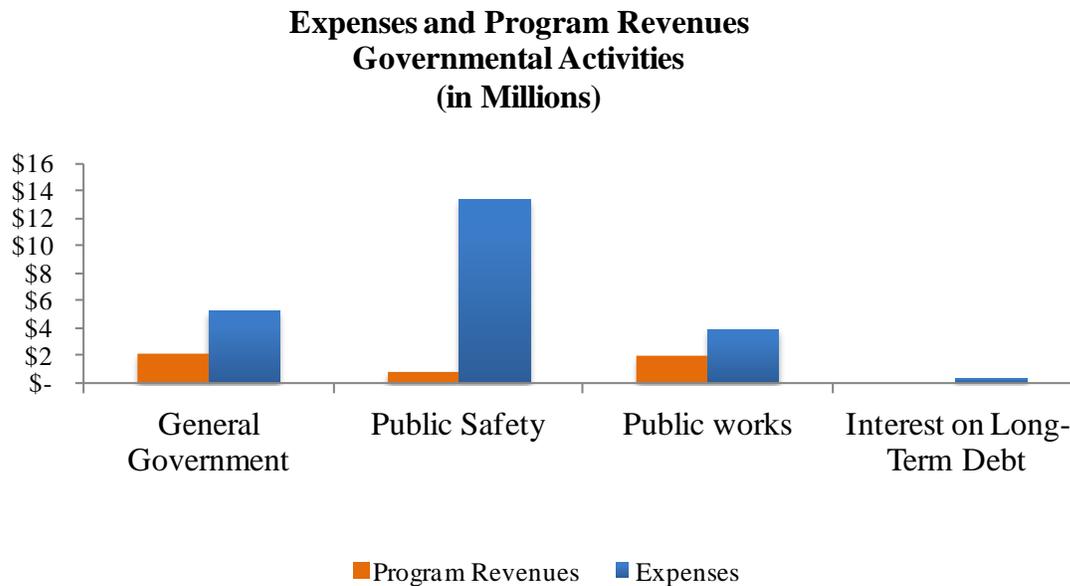


CITY OF BATAVIA, ILLINOIS

Management's Discussion and Analysis December 31, 2013

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 59% followed by public works at 17% and general government operations at 23%.

CITY OF BATAVIA, ILLINOIS

Management's Discussion and Analysis December 31, 2013

Government-Wide Financial Analysis - Continued

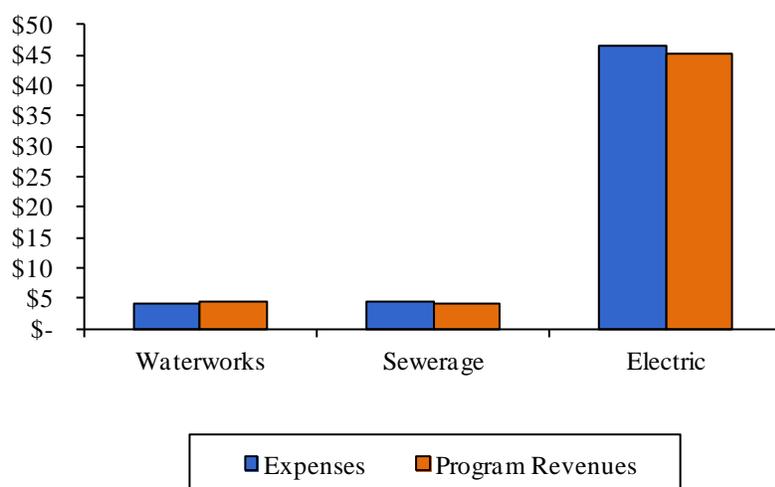
Business-Type Activities

Revenues for business-type activities were \$53.7 million and expenses were \$54.8 million.

- Three water main replacement projects were completed in 2013 in the City's water utility. The City's wastewater utility completed replacement and relining of projects in three areas 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 Prairie State coalmine.
- Capital improvements of \$2.5 million for the electric utility in 2013 included system improvements, upgrades and the reconstruction of a sub-station.

The graph compares program revenues to expenses for electric, waterworks and sewerage operations. The water and sewer utilities met or exceeded operational expenses. The electric utility did not generate enough program revenues due to a City Council decision to utilize reserves to supplement and offset increased costs. The water and sewer utilities had rate increases for 2013 in anticipation of capital and operating needs going forward. The electric utility has a rate increase planned for 2014 and 2015.

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



CITY OF BATAVIA, ILLINOIS

Management's Discussion and Analysis December 31, 2013

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, 2013, the Governmental Funds reported a combined ending fund balance of \$19.6 million. This represents an increase of \$1.6 million from the prior year. The increase is attributable to higher tax revenues and lower spending. The total unassigned fund balance was \$13.9 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 \$14.1 million, of which \$13.9 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 71% of the total General Fund expenditures, while total fund balance represents 72% of that same amount.

- As of the end of the current fiscal year, the General Fund had an ending fund balance of \$14.1 million, in contrast to last year's \$12.4 million.
- Revenues in the General Fund increased in 2013 due to an increase in the sales tax receipts of \$340,000. In addition, income tax increased \$200,000 and utility taxes increased \$136,000. The state use tax and court fines also added another \$100,000 in revenues to the General Fund.
- The General Fund expenditures were lower in 2013 primarily due to some one-time capital transfers done in 2012 that amounted to \$1.6 million. In addition, capital spending was \$242,000 less in 2013. Wages and benefits accounted for an increase in expenditures of \$515,000 in 2013 while other expenditures remained fairly level.
- 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 Motor Fuel Tax (MFT), Debt, Capital and Tax Increment Finance (TIF) funds. These had a combined fund balance of \$5.5 million at the end of 2013, just slightly less than the \$5.6 million at the end of 2012.

CITY OF BATAVIA, ILLINOIS

Management's Discussion and Analysis December 31, 2013

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 provided from three deep wells and three shallow wells at a 2013 rate of \$2.96 per hundred cubic feet. The 2013 Sewer rate was \$2.94 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 \$20.2 million compared to \$19.9 million the prior year. The increase was due to the capital additions for water mains funded from revenues. The sewerage fund ended the year with \$22.8 million net position almost unchanged from the prior year balance also \$22.8 million. Revenues matched expense output in both 2012 and 2013.
- Net position of the electric fund for 2013 was \$49.7 million compared to \$50.9 million at the beginning of the year. The decrease is mainly due to increased purchased power costs and the intentional use of reserves to offset the higher costs in an effort to stabilize rate increases. A rate increase is slated for 2014.
- 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

Transfer of budgeted amounts between line items within the same fund are permitted with an annual report of such transfers reported to the City Council. Amendments that increased the General Fund budget were minor with a net increase to the budget of \$47,700.

The changes included a decrease to engineering salaries and an increase to economic development contractual services and an increase to public safety for the addition of a stipend for the City's newly appointed EDSA manager.

CITY OF BATAVIA, ILLINOIS

Management's Discussion and Analysis December 31, 2013

General Fund Budgetary Highlights - Continued

General Fund Budgetary Highlights For the Fiscal Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
Revenues			
Taxes	\$ 16,172,501	\$ 16,172,501	\$ 16,685,585
Intergovernmental	3,164,284	3,164,284	3,500,543
Licenses & Permits	251,150	251,150	230,775
Charges for Services	202,322	202,322	225,222
Other	2,324,699	2,331,699	2,549,522
Total Revenues	22,114,956	22,121,956	23,191,647
Expenditures			
General Government	3,811,238	3,852,319	3,600,853
Public Health/Safety	13,107,132	13,113,724	12,711,277
Highways and Streets	3,360,022	3,360,022	3,302,998
Total Expenditures	20,278,392	20,326,065	19,615,128
Other Financing Sources (Uses)			
Transfers In	23,500	-	-
Transfers Out	(1,833,763)	(1,833,763)	(1,833,763)
Total Other Financing Sources (Uses)	(1,810,263)	(1,833,763)	(1,833,763)
Net Change in Fund Balance	\$ 26,301	\$ (37,872)	\$ 1,742,756

Actual expenditures in 2013 were \$0.7 million below budget. Salaries and fringe benefits ended the year with a positive variance of about \$315,000 due to unplanned vacancies and the associated benefit costs. In addition, professional services accounted for a positive variance of \$180,000 and maintenance and commodities were \$170,000 less than budgeted.

Receipts in the general fund revenue budget were \$1.1 million more than budgeted. The majority the variance was in tax revenues with \$500,000 in sales and utility taxes. The City collected \$300,000 more than budgeted in intergovernmental revenues and another \$300,000 more than budget in fines and other revenues. The sales and utility tax budget were a conservative estimate based on prior years and the intergovernmental revenue budget was based on expected state revenues that ended up being higher than initial projections.

CITY OF BATAVIA, ILLINOIS

**Management's Discussion and Analysis
December 31, 2013**

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, 2013 was \$188.7 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 increased \$1.7 million in 2013. Governmental activities capital assets increased by \$1.4 million and business type activities increased by \$0.3 million. Following are 2013 major additions (in millions).

Infrastructure - Roads/Bridges	\$ 2.2
Structures & Machinery	1.0
Electric Plant	2.1
Water and Sewer Mains/Improvements	<u>1.7</u>
	<u>\$ 7.0</u>

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

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2013	2012	2013	2012	2013	2012
Land	\$ 19.8	19.6	\$ 1.1	1.1	\$ 20.9	20.7
Construction in Progress	3.7	3.0	5.8	4.1	9.5	7.1
Structures & Improvements	14.7	14.6	16.5	17.1	31.2	31.7
Wells & Equipment	-	-	2.4	2.5	2.4	2.5
Machinery & Equipment	2.5	2.6	0.8	1.0	3.3	3.6
Electric System	-	-	39.4	39.9	39.4	39.9
Water/Sewer System	-	-	38.2	38.2	38.2	38.2
Infrastructure	43.8	43.3	-	-	43.8	43.3
Total	\$ 84.5	83.1	\$ 104.2	103.9	\$ 188.7	187.0

Capital improvements in 2013 for both the Governmental and Business-type activities were nearly all due to the City's streetscape construction projects that also included utility improvements for water and sewer. The Electric utility did a major rehabilitation of a substation during the year. 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, 2013

Capital Assets and Debt Administration - Continued

Debt Administration

At year-end, the City of Batavia had total outstanding bonded debt of \$49.3 million as compared to \$52.6 million the previous year. No new debt was issued in 2013 but a GO refunding was done to refund two IEPA loans for the wastewater utility and one IEPA loan for the water utility. The refunding was unusual in that bond interest rates were lower than the State loan program.

Bonded and Similar Indebtedness (in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 9.0	9.4	\$ 8.6	-	\$ 17.6	9.4
Alternate Revenue Bonds	0.4	1.0	0.7	0.8	1.1	1.8
Revenue Bonds			25.1	25.7	25.1	25.7
IEPA Loans	-	-	5.5	15.7	5.5	15.7
Total	\$ 9.4	10.4	\$ 39.9	42.2	\$ 49.3	52.6

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 completed in 2007 and the City's share of the Donovan Bridge reconstruction.
- Water currently has \$5.5 million outstanding in IEPA loans for capital improvements including three deep wells, a water treatment plant and a cross-town water main. In addition, the utility has \$3.8 million in GO Bonds issued to refund one of the IEPA loans in 2013.
- The sewer fund has \$4.8 million in outstanding GO Bonds issued in 2013 to refund two outstanding IEPA loans originally issued for plant improvements and \$0.7 million in Alternate Revenue bonds for Carriage Crest lift station reconstruction.
- The electric utility has \$25.1 million outstanding for bonds issued in 2006 to construct two 138 kV substations and associated transmission lines.

As of the end of 2013, 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.

CITY OF BATAVIA, ILLINOIS

Management's Discussion and Analysis December 31, 2013

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.

Economic Factors and Next Year's Budget and Rates

The City's elected and appointed officials considered many factors when planning the 2014 budget, including tax rates, fees and utility rates for its governmental and business-type activities. Batavia's unemployment rate decreased slightly from 7.7% in 2012 to 7.5% in 2013, and remained lower than the State of Illinois at 9.2% but slightly higher than the national average of 7.4%. The Chicago area experienced inflation of 1.1% compared to the national Consumer Price Index (CPI), which increased 1.5% for 2013.

Indicators of some economic recovery occurred in Batavia in 2013 with new businesses locating in both the retail and industrial sectors. The number of traditional home sales increased in 2013 as well as the average selling price. The number of foreclosures also decreased slightly during the year. The per capita income of Batavia continues to exceed the state average. Although some caution remains from past unemployment and impacts of the recession, Batavia is beginning to see increases in spending. Sales tax was up 5.4% in 2013. Batavia had a furniture store open late in the year that likely contributed to the increased collections. At the time of preparing the 2014 budget, the projections were that revenues would increase about 1% over the prior year collections. Due to the large increase realized in 2013, the expectations were for a lower increase year-over-year. Expenditures for the 2014 budget were 5.8% higher than what spending was in 2013. Wages increased for most employees by 2%. The 2014 budget was 3.2% over the 2013 budget. Expenditures in 2013 were lower than planned due to employee vacancies particularly in the police department that were unfilled for much of the year. In addition, some contractual and professional services were lower than expected.

The economic forecast for all of these indicators was a consideration when adopting the 2014 budget. The total amount budgeted in the general fund was \$22.9 million for 2014. The general fund budget for 2014 did not provide for any new programs, 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 however, a two-year increase was approved early in 2014 for implementation in May of 2014 and May of 2015.

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, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 21,759,532	\$ 18,184,547	\$ 39,944,079
Cash with Paying Agent	713,719	1,166,603	1,880,322
Restricted Cash and Investments	-	7,569,265	7,569,265
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	7,398,680	-	7,398,680
Other Taxes	3,096,797	-	3,096,797
Accounts	433,637	6,778,680	7,212,317
Accrued Interest	19,915	44,402	64,317
Other	31,449	-	31,449
Notes	324,953	-	324,953
Prepaid Expenses	155,929	188,495	344,424
Inventories	45,654	2,765,917	2,811,571
Due from Other Governments	401,201	-	401,201
Net Pension Asset	95,167	-	95,167
Capital Assets			
Not Depreciated	23,535,161	6,894,393	30,429,554
Depreciated (Net of Accumulated Depreciation)	61,011,583	97,298,394	158,309,977
 Total Assets	 119,023,377	 140,890,696	 259,914,073
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized Loss on Refunding	465,518	-	465,518
 Total Deferred Outflows of Resources	 465,518	 -	 465,518
 Total Assets and Deferred Outflows of Resources	 119,488,895	 140,890,696	 260,379,591

(This statement is continued on the following page.)

CITY OF BATAVIA, ILLINOIS

STATEMENT OF NET POSITION (Continued)

December 31, 2013

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	\$ 1,737,851	\$ 6,587,767	\$ 8,325,618
Retainage Payable	168,426	115,986	284,412
Accrued Payroll	717,559	212,984	930,543
Accrued Interest Payable	134,170	568,044	702,214
Other Payables	171,848	-	171,848
Deposits Payable	-	117,056	117,056
Other Unearned Revenue	-	25,000	25,000
Claims Payable	1,177,329	-	1,177,329
Long-Term Liabilities			
Due Within One Year	1,064,350	2,171,447	3,235,797
Due in More than One Year	9,771,479	38,471,888	48,243,367
Total Liabilities	14,943,012	48,270,172	63,213,184
DEFERRED INFLOWS OF RESOURCES			
Unearned Property Taxes	7,398,680	-	7,398,680
Total Deferred Inflows of Resources	7,398,680	-	7,398,680
Total Liabilities and Deferred Inflows of Resources	22,341,692	48,270,172	70,611,864
NET POSITION			
Net Investment in Capital Assets	75,247,631	63,949,289	139,196,920
Restricted for			
Maintenance of Roadways	2,130,954	-	2,130,954
Economic Development	375,819	-	375,819
Debt Service	16,326	7,425,248	7,441,574
Unrestricted (Deficit)	19,376,473	21,245,987	40,622,460
TOTAL NET POSITION	\$ 97,147,203	\$ 92,620,524	\$ 189,767,727

See accompanying notes to financial statements.

CITY OF BATAVIA, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 5,184,666	\$ 2,121,391	\$ -	\$ -
Public Safety	13,409,101	366,525	349,272	-
Highways and Streets	3,932,500	275,620	-	1,667,743
Interest	299,376	-	-	-
Total Governmental Activities	22,825,643	2,763,536	349,272	1,667,743
Business-Type Activities				
Water	4,061,725	4,302,000	-	-
Sewerage	4,297,406	4,226,780	-	-
Electric	46,392,424	45,107,223	-	-
Total Business-Type Activities	54,751,555	53,636,003	-	-
TOTAL PRIMARY GOVERNMENT	\$ 77,577,198	\$ 56,399,539	\$ 349,272	\$ 1,667,743

	Net (Expense) Revenue and Change in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (3,063,275)	\$ -	\$ (3,063,275)
	(12,693,304)	-	(12,693,304)
	(1,989,137)	-	(1,989,137)
	(299,376)	-	(299,376)
	<u>(18,045,092)</u>	<u>-</u>	<u>(18,045,092)</u>
	-	240,275	240,275
	-	(70,626)	(70,626)
	-	(1,285,201)	(1,285,201)
	<u>-</u>	<u>(1,115,552)</u>	<u>(1,115,552)</u>
	<u>(18,045,092)</u>	<u>(1,115,552)</u>	<u>(19,160,644)</u>
General Revenues			
Taxes			
Property	7,818,876	-	7,818,876
Sales and Use	7,116,025	-	7,116,025
Utility	3,770,203	-	3,770,203
Intergovernmental			
Income Tax	2,511,557	-	2,511,557
Replacement Tax	193,679	-	193,679
Investment Income	29,369	59,224	88,593
Miscellaneous	231,658	3,445	235,103
Total	<u>21,671,367</u>	<u>62,669</u>	<u>21,734,036</u>
CHANGE IN NET POSITION	3,626,275	(1,052,883)	2,573,392
NET POSITION, JANUARY 1	<u>93,520,928</u>	<u>93,673,407</u>	<u>187,194,335</u>
NET POSITION, DECEMBER 31	<u>\$ 97,147,203</u>	<u>\$ 92,620,524</u>	<u>\$ 189,767,727</u>

See accompanying notes to financial statements.

CITY OF BATAVIA, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2013

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Investments	\$ 11,460,631	\$ 6,484,336	\$ 17,944,967
Cash with Paying Agent	-	713,719	713,719
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	6,186,069	1,212,611	7,398,680
Other Taxes	3,096,797	-	3,096,797
Accounts	433,637	-	433,637
Accrued Interest	17,508	-	17,508
Other	2,627	26,641	29,268
Notes	49,009	275,944	324,953
Prepaid Items	101,200	-	101,200
Inventory	45,654	-	45,654
Due from Other Governments	10,000	391,201	401,201
Due from Other Funds	53,669	-	53,669
TOTAL ASSETS	\$ 21,456,801	\$ 9,104,452	\$ 30,561,253

(This statement is continued on the following page.)

	General	Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 266,772	\$ 1,470,424	\$ 1,737,196
Retainage Payable	-	168,426	168,426
Accrued Payroll	717,559	-	717,559
Accrued Interest Payable	-	133,719	133,719
Other Payables	171,848	-	171,848
Due to Other Funds	-	53,669	53,669
Bonds Payable - Current	-	580,000	580,000
Total Liabilities	<u>1,156,179</u>	<u>2,406,238</u>	<u>3,562,417</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Property Taxes	<u>6,186,069</u>	<u>1,212,611</u>	<u>7,398,680</u>
Total Deferred Inflows of Resources	<u>6,186,069</u>	<u>1,212,611</u>	<u>7,398,680</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,342,248</u>	<u>3,618,849</u>	<u>10,961,097</u>
FUND BALANCES			
Nonspendable			
Prepaid Items	101,200	-	101,200
Inventory	45,654	-	45,654
Long-Term Receivables	49,009	-	49,009
Restricted			
Maintenance of Roadways	-	2,130,954	2,130,954
Economic Development	-	375,819	375,819
Debt Service	-	16,326	16,326
Assigned			
Capital Projects	-	2,962,504	2,962,504
Unassigned	<u>13,918,690</u>	<u>-</u>	<u>13,918,690</u>
Total Fund Balances	<u>14,114,553</u>	<u>5,485,603</u>	<u>19,600,156</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 21,456,801</u>	<u>\$ 9,104,452</u>	<u>\$ 30,561,253</u>

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, 2013

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 19,600,156
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	84,546,744
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	465,518
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	(451)
Compensated absences payable	(871,751)
Bonds payable	(8,800,000)
Net pension obligation	(50,191)
Other postemployment benefit payable	(149,256)
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	(384,631)
The net assets of the internal service fund are included in the governmental activities in the statement of net position	2,695,898
The net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	<u>95,167</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 97,147,203</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, 2013

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 16,685,585	\$ 1,570,847	\$ 18,256,432
Intergovernmental	3,500,543	1,615,131	5,115,674
Licenses and Permits	230,775	-	230,775
Charges for Services	225,222	9,586	234,808
Fines and Forfeitures	249,773	-	249,773
Investment Income	26,912	2,457	29,369
Miscellaneous	2,272,837	6,999	2,279,836
Total Revenues	23,191,647	3,205,020	26,396,667
EXPENDITURES			
Current			
General Government	3,600,853	1,260,340	4,861,193
Public Safety	12,711,277	-	12,711,277
Highways and Streets	3,302,998	-	3,302,998
Capital Outlay	-	2,560,749	2,560,749
Debt Service			
Principal Retirement	-	1,100,000	1,100,000
Interest and Fiscal Charges	-	293,888	293,888
Total Expenditures	19,615,128	5,214,977	24,830,105
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,576,519	(2,009,957)	1,566,562
OTHER FINANCING SOURCES (USES)			
Transfers In	-	1,853,989	1,853,989
Transfers (Out)	(1,833,763)	(20,226)	(1,853,989)
Total Other Financing Sources (Uses)	(1,833,763)	1,833,763	-
NET CHANGE IN FUND BALANCES	1,742,756	(176,194)	1,566,562
FUND BALANCES, JANUARY 1	12,371,797	5,661,797	18,033,594
FUND BALANCES, DECEMBER 31	\$ 14,114,553	\$ 5,485,603	\$ 19,600,156

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, 2013

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,566,562
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	4,023,217
Contributions of capital assets are reported as capital contributions in the statement of activities	55,251
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	1,100,000
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	(2,564,560)
Loss on disposal of capital assets	(78,878)
Accrued interest	932
Compensated absences	(78,737)
Amortization of bond premium	29,808
Amortization of loss on refunding	(36,228)
Net pension obligation	127,404
Other postemployment benefit	(35,209)
The change in net position of internal service funds is reported with governmental activities	(578,454)
The change in net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	95,167
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,626,275</u>

See accompanying notes to financial statements.

CITY OF BATAVIA, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2013

	Business-Type Activities				Governmental
	Waterworks	Sewerage	Electric	Total	Activities
					Internal Service Funds
CURRENT ASSETS					
Cash and Investments	\$ 3,948,343	\$ 1,734,130	\$ 12,502,074	\$ 18,184,547	\$ 3,814,565
Cash with Paying Agent	-	-	1,166,603	1,166,603	-
Restricted Cash and Investments	-	-	7,569,265	7,569,265	-
Receivables - Net of Allowances					
Accounts	487,780	550,936	5,739,964	6,778,680	2,181
Accrued Interest	6,152	735	37,515	44,402	2,407
Prepaid Expenses	21,761	21,761	144,973	188,495	54,729
Inventories	-	-	2,765,917	2,765,917	-
Total Current Assets	4,464,036	2,307,562	29,926,311	36,697,909	3,873,882
CAPITAL ASSETS					
Nondepreciable	907,733	1,193,186	4,793,474	6,894,393	-
Depreciable	36,559,357	44,451,495	72,757,119	153,767,971	-
Accumulated Depreciation	(11,919,800)	(19,013,267)	(25,536,510)	(56,469,577)	-
Net Capital Assets	25,547,290	26,631,414	52,014,083	104,192,787	-
Total Assets	30,011,326	28,938,976	81,940,394	140,890,696	3,873,882
CURRENT LIABILITIES					
Accounts Payable	70,774	241,875	6,275,118	6,587,767	655
Retainage Payable	-	104,057	11,929	115,986	-
Accrued Payroll	56,327	40,377	116,280	212,984	-
Accrued Interest Payable	15,208	16,233	536,603	568,044	-
Deposits Payable	14,403	12,775	89,878	117,056	-
Unearned Revenue	-	-	25,000	25,000	-
Compensated Absences Payable	35,205	15,426	29,336	79,967	-
Claims Payable	-	-	-	-	673,743
Claims Reserve	-	-	-	-	503,586
General Obligation Bonds Payable	310,000	665,000	-	975,000	-
Alternate Revenue Bonds Payable	-	89,198	-	89,198	-
Revenue Bonds Payable	-	-	630,000	630,000	-
IEPA Loans Payable	397,282	-	-	397,282	-
Total Current Liabilities	899,199	1,184,941	7,714,144	9,798,284	1,177,984

(This statement is continued on the following page.)

CITY OF BATAVIA, ILLINOIS

STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS

December 31, 2013

	Business-Type Activities				Governmental
					Activities
	Waterworks	Sewerage	Electric	Total	Internal Service Funds
LONG-TERM LIABILITIES					
Compensated Absences Payable	\$ 140,822	\$ 61,703	\$ 117,345	\$ 319,870	\$ -
General Obligation Bonds Payable	3,646,786	4,339,160	-	7,985,946	-
Alternate Revenue Bonds Payable	-	602,281	-	602,281	-
Revenue Bonds Payable	-	-	24,435,000	24,435,000	-
IEPA Loans Payable	5,128,791	-	-	5,128,791	-
Total Long-Term Liabilities	8,916,399	5,003,144	24,552,345	38,471,888	-
Total Liabilities	9,815,598	6,188,085	32,266,489	48,270,172	1,177,984
NET POSITION					
Net Investment in Capital Assets	16,064,431	20,935,775	26,949,083	63,949,289	-
Restricted - Debt Service	-	-	7,425,248	7,425,248	-
Unrestricted	4,131,297	1,815,116	15,299,574	21,245,987	2,695,898
TOTAL NET POSITION	\$ 20,195,728	\$ 22,750,891	\$ 49,673,905	\$ 92,620,524	\$ 2,695,898

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, 2013

	Business-Type Activities				Governmental
	Water	Sewerage	Electric	Total	Internal
					Service
					Funds
OPERATING REVENUES					
Charges for Services	\$ 4,302,000	\$ 4,226,780	\$ 45,107,223	\$ 53,636,003	\$ 4,284,678
Total Operating Revenues	4,302,000	4,226,780	45,107,223	53,636,003	4,284,678
OPERATING EXPENSES					
Administration	643,292	646,981	2,254,903	3,545,176	100,242
Operations	2,148,568	2,152,222	40,903,454	45,204,244	4,767,325
Depreciation	974,456	1,313,934	2,147,263	4,435,653	-
Total Operating Expenses	3,766,316	4,113,137	45,305,620	53,185,073	4,867,567
OPERATING INCOME (LOSS)	535,684	113,643	(198,397)	450,930	(582,889)
NON-OPERATING REVENUES (EXPENSES)					
Connection Fees	-	3,445	-	3,445	-
Investment Income	9,549	5,328	44,347	59,224	4,435
Disposal of Capital Assets	-	-	(13,599)	(13,599)	-
Interest and Fiscal Charges	(295,409)	(184,269)	(1,073,205)	(1,552,883)	-
Total Non-Operating Revenues (Expenses)	(285,860)	(175,496)	(1,042,457)	(1,503,813)	4,435
CHANGE IN NET POSITION	249,824	(61,853)	(1,240,854)	(1,052,883)	(578,454)
NET POSITION, JANUARY 1	19,945,904	22,812,744	50,914,759	93,673,407	3,274,352
NET POSITION, DECEMBER 30	\$ 20,195,728	\$ 22,750,891	\$ 49,673,905	\$ 92,620,524	\$ 2,695,898

See accompanying notes to financial statements.

CITY OF BATAVIA, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended December 31, 2013

	Business-Type Activities				Governmental
	Waterworks	Sewerage	Electric	Total	Internal
					Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 4,378,848	\$ 4,276,468	\$ 45,579,424	\$ 54,234,740	\$ -
Receipts from Interfund Services Transactions	-	-	-	-	3,396,016
Receipts from Others	-	-	-	-	888,662
Receipts from Miscellaneous	-	3,445	-	3,445	-
Payments to Suppliers	(1,170,522)	(1,064,247)	(35,810,941)	(38,045,710)	(4,351,073)
Payments to Employees	(1,105,081)	(943,232)	(2,685,460)	(4,733,773)	-
Payments to Other Funds	(631,169)	(634,803)	(1,735,119)	(3,001,091)	-
Net Cash from Operating Activities	1,472,076	1,637,631	5,347,904	8,457,611	(66,395)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
None	-	-	-	-	-
Net Cash from Noncapital Financing Activities	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Assets Purchased	(591,179)	(1,494,288)	(3,072,423)	(5,157,890)	-
Proceeds from Issuance of Long-Term Debt					
Principal Payments on Long-Term Debt	(689,470)	(530,800)	(617,900)	(1,838,170)	-
Interest Payments on Long-Term Debt	(243,499)	(139,264)	(1,085,305)	(1,468,068)	-
Net Cash from Capital and Related Financing Activities	(1,524,148)	(2,164,352)	(4,775,628)	(8,464,128)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Investments	(248,626)	750,000	4,920,744	5,422,118	(748,744)
Sale of Investments	-	759,119	-	759,119	-
Interest Received on Investments	7,917	8,085	35,899	51,901	3,416
Net Cash from Investing Activities	(240,709)	1,517,204	4,956,643	6,233,138	(745,328)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(292,781)	990,483	5,528,919	6,226,621	(811,723)
CASH AND CASH EQUIVALENTS, JANUARY 1	2,242,498	243,647	28,197	2,514,342	3,377,544
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 1,949,717	\$ 1,234,130	\$ 5,557,116	\$ 8,740,963	\$ 2,565,821

(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, 2013

	Business-Type Activities				Governmental
					Activities
	Waterworks	Sewerage	Electric	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME					
(LOSS) TO NET CASH FLOWS FROM					
OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 535,684	\$ 113,643	\$ (198,397)	\$ 450,930	\$ (582,889)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities					
Depreciation	974,456	1,313,934	2,147,263	4,435,653	-
Receipts from Miscellaneous	-	3,445	-	3,445	-
Changes in Assets and Liabilities					
Accounts Receivable	75,449	49,159	468,259	592,867	(1,767)
Prepaid Expenses	(789)	(789)	(1,579)	(3,157)	5,965
Inventories	-	-	(257,042)	(257,042)	-
Accounts Payable	(133,330)	149,558	3,170,777	3,187,005	(862)
Accrued Payroll	1,130	2,868	5,931	9,929	-
Deposits Payable	1,399	529	3,942	5,870	-
Claims Payable	-	-	-	-	428,464
Claims Reserve	-	-	-	-	84,694
Compensated Absences	18,077	5,284	8,750	32,111	-
NET CASH FROM OPERATING ACTIVITIES	\$ 1,472,076	\$ 1,637,631	\$ 5,347,904	\$ 8,457,611	\$ (66,395)
CASH AND INVESTMENTS					
Cash and Cash Equivalents	\$ 1,949,717	\$ 1,234,130	\$ 5,557,116	\$ 8,740,963	\$ 2,565,821
Investments	1,998,626	500,000	6,944,958	9,443,584	1,248,744
Restricted Cash and Investments	-	-	7,569,265	7,569,265	-
TOTAL CASH AND INVESTMENTS	\$ 3,948,343	\$ 1,734,130	\$ 20,071,339	\$ 25,753,812	\$ 3,814,565
NONCASH TRANSACTIONS					
Refunding Bonds Issued	\$ 4,122,857	\$ 5,343,326	\$ -	\$ 9,466,183	\$ -
Refunding of IEPA Loans from Escrow	(4,070,085)	(5,271,862)	-	(9,341,947)	-
Payment of Bond Issuance Costs	(52,772)	(71,464)	-	(124,236)	-
TOTAL NONCASH TRANSACTIONS	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF BATAVIA, ILLINOIS

**STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

December 31, 2013

	Pension		Agency
	Trust		
ASSETS			
Cash and Short-Term Investments	\$ 12,731	\$	102,914
Investments, at Fair Value			
Money Market Mutual Funds	904,220		-
U.S. Government and Agency Securities	8,729,566		-
Municipal Bonds	697,941		-
Insurance Company Contracts	3,032,991		-
Corporate Bonds	4,321,684		-
Domestic Corporate Equities	1,786,482		-
Equity Mutual Funds	18,164,556		-
Receivables			
Accrued Interest	73,239		-
Prepaid Expenses	775		-
Total Assets	<u>37,724,185</u>		<u>102,914</u>
LIABILITIES			
Accounts Payable	6,577		-
Deposits Payable	-		102,914
Due to Others	-		-
Total Liabilities	<u>6,577</u>		<u>102,914</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 37,717,608</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, 2013

ADDITIONS

Contributions	
Employer Contributions	\$ 1,965,907
Employee Contributions	<u>538,342</u>
Total Contributions	<u>2,504,249</u>
Investment Income	
Net Appreciation in Fair Value of Investments	2,211,424
Interest	<u>993,080</u>
Total Investment Income	3,204,504
Less Investment Expense	<u>(194,992)</u>
Net Investment Income	<u>3,009,512</u>
Total Additions	<u>5,513,761</u>

DEDUCTIONS

Administration	82,125
Pension Benefits	<u>1,893,687</u>
Total Deductions	<u>1,975,812</u>

NET INCREASE 3,537,949

**NET POSITION HELD IN TRUST
FOR PENSION BENEFITS**

January 1	<u>34,179,659</u>
December 31	<u><u>\$ 37,717,608</u></u>

See accompanying notes to financial statements.

CITY OF BATAVIA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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 City'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 non-operating 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.

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

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 using the consumption method.

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	\$ 50,000
Machinery and Equipment	50,000
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 authority to assign fund balance has been delegated to the Finance Director through the direction and consent of the City Administrator through the fund balance policy adopted by the City Council.

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 assets 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 assets 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, 2013:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Agency Securities	\$ 1,927,539	\$ -	\$ 1,927,539	\$ -	\$ -
Municipal Bonds	506,058	506,058	-	-	-
Negotiable CD's	2,237,321	1,493,012	744,309	-	-
TOTAL	\$ 4,670,918	\$ 1,999,070	\$ 2,671,848	\$ -	\$ -

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 AA+ by Standard and Poor's. The municipal bonds are rated Aaa by Standard and Poor's. Also, the City's investment in Illinois Funds was rated AAAM by Standard and Poor's. The negotiable CD's are not rated but are FDIC insured.

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 do not require pledging of collateral for bank balances in excess of federal depository insurances, since flow-through FDIC insurance is available for the Pension Funds' deposit is with financial institutions.

Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of December 31, 2013:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Notes	\$ 2,853,518	\$ 40,116	\$ 1,895,368	\$ 765,266	\$ 152,768
Federal Home Loan Mortgage	376,380	-	49,791	-	326,589
Federal National Mortgage					
Association	1,269,113	183,113	433,389	-	652,611
Corporate Bonds	3,167,679	40,317	992,450	1,637,550	497,362
TOTAL	\$ 7,666,690	\$ 263,546	\$ 3,370,998	\$ 2,402,816	\$ 1,629,330

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 and notes are rated AA+ to BBB- by Standard & Poor'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, 2013:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Notes	\$ 939,450	\$ -	\$ 735,607	\$ 203,843	\$ -
Federal Farm Credit Bank	758,549	-	430,935	327,614	-
Federal Home Loan Mortgage	437,711	-	102,301	335,410	-
Federal Home Loan Bank	1,994,218	253,794	1,127,713	612,711	-
Federal National Mortgage Association	100,529	-	100,529	-	-
Government National Mortgage Association	98	98	-	-	-
Municipal Bonds	697,941	-	203,845	429,821	64,275
TOTAL	\$ 4,928,496	\$ 253,892	\$ 2,700,930	\$ 1,909,399	\$ 64,275

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 Standard & Poor's or 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 2013 levy year attach as an enforceable lien on January 1, 2013, 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, 2014 and August 1, 2014, and are payable in two installments, on or about June 1, 2014 and September 1, 2014. 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 2013 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.	\$ 10,243	\$ -	\$ 6,773	\$ 3,470
Performance Chiropractic - \$25,000 CDAP loan dated September 2012, due monthly with interest at 3.25% through September 2012.	22,341	-	8,152	14,189
R Kid's Closet - \$12,500 CDAP loan dated April 2012, due monthly with interest at 3.25% through April 2015.	9,488	-	4,131	5,357
Vasilion Architects, Inc. - \$20,000 CDAP loan dated May 2011, due monthly with interest at 3.25% through May 2014.	9,130	-	6,810	2,320
C-Storm Electronics - \$25,000 CDAP loan dated October 2013, due monthly with interest at 3.25% through October 2016	-	25,000	1,327	23,673
Total General Fund	51,202	25,000	27,193	49,009
Tax Increment Financing #1 Fund				
Pal Joeys - \$75,000 TIF loan dated August 2012, due monthly with interest at 3.50% through August 2017.	70,397	-	14,134	56,263
Bruce Harris - \$41,121 TIF loan dated September 2010, due monthly with interest at 3.50% through September 2015.	23,503	-	8,286	15,217
Robbins Flowers - \$168,000 TIF loan dated December 2010, due monthly starting July 2013 with interest at 2.50% through June 2018.	168,330	-	15,970	152,360

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

3. RECEIVABLES (Continued)

B. Notes Receivable (Continued)

Fund/Loan	Balances January 1	Issuances	Repayments	Balances December 31
Tax Increment Financing #1 Fund (Continued)				
Batavia Art Center - \$85,000 TIF loan dated August 2009, forgivable at 10% per year through July 2019.	\$ 59,500	\$ -	\$ 8,500	\$ 51,000
Total Tax Increment Financing #1 Fund	321,730	-	46,890	274,840
TOTAL NOTES RECEIVABLE	\$ 372,932	\$ 25,000	\$ 74,083	\$ 323,849

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 19,646,978	\$ 179,000	\$ 11,016	\$ 19,814,962
Construction in Progress	3,025,037	3,429,659	2,734,497	3,720,199
Total Capital Assets not Being Depreciated	22,672,015	3,608,659	2,745,513	23,535,161
Capital Assets Being Depreciated				
Structures and Improvements	18,380,206	669,846	-	19,050,052
Machinery and Equipment	5,307,198	283,744	455,497	5,135,445
Infrastructure	65,216,535	2,250,716	-	67,467,251
Total Capital Assets Being Depreciated	88,903,939	3,204,306	455,497	91,652,748
Less Accumulated Depreciation for				
Structures and Improvements	3,777,124	516,708	-	4,293,832
Machinery and Equipment	2,749,411	286,187	387,635	2,647,963
Infrastructure	21,937,705	1,761,665	-	23,699,370
Total Accumulated Depreciation	28,464,240	2,564,560	387,635	30,641,165
Total Capital Assets Being Depreciated, Net	60,439,699	639,746	67,862	61,011,583
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 83,111,714	\$ 4,248,405	\$ 2,813,375	\$ 84,546,744

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

4. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 1,117,833	\$ -	\$ -	\$ 1,117,833
Construction in Progress	4,079,171	4,427,640	2,730,251	5,776,560
Total Capital Assets not Being Depreciated	<u>5,197,004</u>	<u>4,427,640</u>	<u>2,730,251</u>	<u>6,894,393</u>
Capital Assets Being Depreciated				
Buildings	8,335,548	-	-	8,335,548
Structures and Improvements	14,797,087	-	-	14,797,087
Wells and Well Equipment	3,634,937	-	-	3,634,937
Machinery and Equipment	1,922,777	-	17,573	1,905,204
Electric System	62,022,823	2,083,172	1,096,429	63,009,566
Water/Sewer System	60,348,736	1,736,893	-	62,085,629
Total Capital Assets Being Depreciated	<u>151,061,908</u>	<u>3,820,065</u>	<u>1,114,002</u>	<u>153,767,971</u>
Less Accumulated Depreciation for				
Buildings	922,716	217,138	-	1,139,854
Structures and Improvements	5,138,150	369,851	-	5,508,001
Wells and Well Equipment	1,103,729	92,720	-	1,196,449
Machinery and Equipment	962,261	139,891	17,573	1,084,579
Electric System	22,163,220	1,821,247	356,851	23,627,616
Water/Sewer System	22,118,272	1,794,806	-	23,913,078
Total Accumulated Depreciation	<u>52,408,348</u>	<u>4,435,653</u>	<u>374,424</u>	<u>56,469,577</u>
Total Capital Assets Being Depreciated, Net	<u>98,653,560</u>	<u>(615,588)</u>	<u>739,578</u>	<u>97,298,394</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 103,850,564</u>	<u>\$ 3,812,052</u>	<u>\$ 3,469,829</u>	<u>\$ 104,192,787</u>

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

GOVERNMENTAL ACTIVITIES	
General Government	\$ 95,232
Public Safety	476,896
Highways and Streets, Including Depreciation of General Infrastructure Assets	<u>1,992,432</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,564,560</u></u>

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

4. CAPITAL ASSETS (Continued)

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

BUSINESS-TYPE ACTIVITIES

Waterworks	\$ 974,456
Sewerage	1,313,934
Electric	<u>2,147,263</u>

TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	<u>\$ 4,435,653</u>
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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	\$ 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	605,000	-	295,000	310,000	310,000

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

5. LONG-TERM DEBT (Continued)

A. General Obligation Bonds (Continued)

Issue	Fund Debt Retired by	Balances January 1	Issuances	Retirements	Balances December 31	Current Portion
\$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	\$ -	\$ 10,000	\$ 7,140,000	\$ 40,000
\$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	-	25,000	1,505,000	115,000
\$9,120,000 General Obligation Refunding Bonds Series of 2013 due in annual installments of \$355,000 to \$1,070,000, plus interest of 2.00% to 4.00% through November 1, 2024.	Waterworks/ Sewerage	-	9,120,000	470,000	8,650,000	975,000
TOTAL		<u>\$ 9,380,000</u>	<u>\$ 9,120,000</u>	<u>\$ 895,000</u>	<u>\$ 17,605,000</u>	<u>\$ 1,440,000</u>

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	\$ 830,000	\$ -	\$ 405,000	\$ 425,000	\$ 425,000
\$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	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	778,800	-	87,321	691,479	89,198
TOTAL		\$ 1,833,800	\$ -	\$ 717,321	\$ 1,116,479	\$ 514,198

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	\$ 25,670,000	\$ -	\$ 605,000	\$ 25,065,000	\$ 630,000

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 1999 due in annual installments of \$67,044 including interest at 2.535% through May 1, 2020.	Sewerage	\$ 446,397	\$ -	\$ 446,397	\$ -	\$ -
IEPA Sewer Series of 1999A due in annual installments of \$714,655 including interest at 2.535% through November 1, 2020.	Sewerage	5,145,438	-	5,145,438	-	-
IEPA Water Series of 2004 due in annual installments of \$179,980 including interest at 2.500% through November 1, 2024.	Waterworks	4,222,021	-	4,222,021	-	-

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 \$210,122 including interest at 2.500% through November 1, 2024.	Waterworks	\$ 2,166,805	\$ -	\$ 156,926	\$ 2,009,879	\$ 160,875
IEPA Water Series of 2005 due in annual installments of \$32,675 including interest at 2.500% through November 1, 2024.	Waterworks	336,948	-	24,403	312,545	25,017
IEPA Water Series of 2006 due in annual installments of \$191,127 including interest at 2.500% through September 26, 2026.	Waterworks	2,245,983	-	135,821	2,110,162	139,237
IEPA Water Series of 2006 due in annual installments of \$99,042 including interest at 2.500% through September 26, 2026.	Waterworks	1,163,870	-	70,383	1,093,487	72,153
TOTAL		\$ 15,727,462	\$ -	\$ 10,201,389	\$ 5,526,073	\$ 397,282

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		Business-Type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 465,000	\$ 258,675	\$ 975,000	\$ 188,647
2015	600,000	240,275	990,000	169,148
2016	620,000	223,075	1,010,000	149,347
2017	645,000	202,200	1,030,000	129,147
2018	660,000	182,625	1,050,000	108,548
2019	685,000	162,450	1,070,000	87,547
2020	700,000	142,300	1,050,000	66,147
2021	730,000	122,125	355,000	45,148
2022	750,000	101,062	365,000	38,048
2023	775,000	79,181	370,000	30,200
2024	795,000	56,559	385,000	15,400
2025	825,000	33,103	-	-
2026	705,000	10,575	-	-
TOTAL	\$ 8,955,000	\$ 1,814,205	\$ 8,650,000	\$ 1,027,327

Fiscal Year Ending December 31,	Alternate Revenue Bonds			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 425,000	\$ 9,031	\$ 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	\$ 425,000	\$ 9,031	\$ 691,479	\$ 81,184

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
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
TOTAL	\$ 25,065,000	\$ 15,812,586

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
2014	\$ 397,282	\$ 135,684
2015	407,276	125,690
2016	417,521	115,445
2017	428,024	104,941
2018	438,795	94,172
2019	449,832	83,134
2020	461,146	71,820
2021	472,748	60,218
2022	484,641	48,325
2023	496,832	36,134
2024	509,329	23,636
2025	277,829	12,341
2026	284,818	5,351
TOTAL	\$ 5,526,073	\$ 916,891

F. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2013:

	January 1	Additions	Reductions	December 31	Current Portion
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds	\$ 9,380,000	\$ -	\$ 425,000	\$ 8,955,000	\$ 465,000
Alternate Revenue Bonds	1,055,000	-	630,000	425,000	425,000
Compensated Absences*	793,014	237,340	158,603	871,751	174,350
Net Pension Obligation*	210,110	-	159,919	50,191	-
Net Other Postemployment Benefit*	114,047	35,209	-	149,256	-
Unamortized Premium	414,439	-	29,808	384,631	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 11,966,610	\$ 272,549	\$ 1,403,330	\$ 10,835,829	\$ 1,064,350

* 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.

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

5. LONG-TERM DEBT (Continued)

F. Changes in Long-Term Liabilities

	January 1	Additions	Reductions	December 31	Current Portion
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds	\$ -	\$ 9,120,000	\$ 470,000	\$ 8,650,000	\$ 975,000
Alternate Revenue Bonds	778,800	-	87,321	691,479	89,198
Revenue Bonds	25,670,000	-	605,000	25,065,000	630,000
IEPA Loans	15,727,462	-	10,201,389	5,526,073	397,282
Compensated Absences	367,726	105,656	73,545	399,837	79,967
Unamortized Premium	-	346,183	35,237	310,946	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 42,543,988	\$ 9,571,839	\$ 11,472,492	\$ 40,643,335	\$ 2,171,447

G. Revenue Bond Disclosures

Electric Fund - The revenue bond ordinances require that all monies held in the 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	Amount sufficient to provide account aggregate of \$1,705,719	Paying principal and interest on the bonds if there is an insufficiency in bond and interest
Depreciation	Initial deposit of \$2,000,000 or \$100,000 per month until the account aggregates \$2,000,000	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
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:

Electric

Number of Electric Customers by Class

Residential	9,529
Commercial	1,326
Industrial	11
Kwh of Energy Purchased	465,245,491
Average Cost per kWh	\$ 0.07

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 \$434,031 and the bonds maturing January 1, 2026. During the current fiscal year, the pledge of sales taxes of \$423,063 was approximately 8.7% 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 \$772,663, with the bonds maturing December 15, 2020. During the current fiscal year, the pledge of sewer revenues of \$105,826 was approximately 2.5% of total available pledged revenues.

I. Advance/Current Refundings

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, 2013, \$6,980,000 of the refunded bonds were outstanding.

On May 8, 2013, the City issued \$9,120,000 General Obligation Refunding Bonds, Series 2013 to refund three of the outstanding IEPA loans. \$9,346,461 of the proceeds, including reoffering premium, were used to payoff \$9,346,461 of the IEPA Water Loans, series 1999, 1999A, and 2004. Through the refunding, the City reduced its overall debt service by \$285,520 and had an economic gain of \$299,267.

5. LONG-TERM DEBT (Continued)

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 \$105,000 per individual's health claims paid (increased to \$120,000 as of December 1, 2013) and \$600,000 per individual for workers' compensation claims paid (increased to \$650,000 as of December 1, 2013). 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.

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

6. RISK MANAGEMENT (Continued)

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

	<u>2013</u>	<u>2012</u>
UNPAID CLAIMS - BEGINNING OF YEAR	\$ 664,171	\$ 777,240
Incurred Claims (Including IBNR)	4,641,106	3,350,081
Claims Payments	<u>(4,127,948)</u>	<u>(3,463,150)</u>
UNPAID CLAIMS - END OF YEAR	<u>\$ 1,177,329</u>	<u>\$ 664,171</u>

7. INTERFUND ASSETS/LIABILITIES

A. Due From/To Other Funds

	<u>Due From</u>	<u>Due To</u>
General		
Nonmajor Governmental	\$ 53,669	\$ -
Nonmajor Governmental		
General	<u>-</u>	<u>53,669</u>
TOTAL	<u>\$ 53,669</u>	<u>\$ 53,669</u>

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

- \$53,669 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, 2013 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General		
Nonmajor Governmental	\$ -	\$ 1,833,763
Nonmajor Governmental		
General	<u>1,853,989</u>	<u>20,226</u>
TOTAL	<u>\$ 1,853,989</u>	<u>\$ 1,853,989</u>

7. INTERFUND ASSETS/LIABILITIES (Continued)

B. Interfund Transfers (Continued)

The purpose of significant transfers is as follows:

- \$1,833,763 transferred from the General Fund to the Nonmajor Governmental Funds and includes \$500,000 to the Motor Fuel Tax Fund for project funding, \$928,763 to the Debt Service Fund for debt payments and \$405,000 to the Capital Projects Fund for project funding. These transfers will not be repaid.
- \$20,226 transferred from the Motor Fuel Tax Fund to the Capital Project Funds for project funding. This 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.

9. COMMITMENTS

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

9. COMMITMENTS (Continued)

Northern Illinois Municipal Power Agency (Continued)

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 December 31, 2013, total utility plant assets (exclusive of construction work in progress) were \$460.1 million and accumulated depreciation was approximately \$18.8 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 \$517.9 million as of December 31, 2013.

10. 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.

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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	<u>81</u>
TOTAL	<u>242</u>
 Participating Employers	 <u>1</u>

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, 2013, retirees contributed \$252,361. 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
2011	\$ 185,255	\$ 175,533	94.8%	\$ 106,025
2012	183,555	175,533	95.6%	114,047
2013	282,048	246,839	87.5%	149,256

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation (Continued)

The net OPEB obligation (NOPEBO) as December 31, 2013 was calculated as follows:

Annual Required Contribution	\$ 281,288
Interest on Net OPEB Obligation	4,562
Adjustment to Annual Required Contribution (ARC)	<u>(3,802)</u>
Annual OPEB Cost	282,048
Contributions Made	<u>246,839</u>
Increase in Net OPEB Obligation	35,209
Net OPEB Obligation, Beginning of Year	<u>114,047</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 149,256</u>

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2012 (date of last actuarial valuation) 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.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation (Continued)

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 advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

11. 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.

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.

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

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 2013 was 13.59%.

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, 2012, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	26
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Current Employees	
Vested	30
Nonvested	10
	<hr/>
TOTAL	<hr/> <hr/> 66

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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.

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.

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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, 2013, the City's contribution was 35.91% of covered payroll.

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, 2012, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	10
Terminated Employees Entitled to Benefits but not yet Receiving Them	2
Current Employees	
Vested	15
Nonvested	8
	<hr/>
TOTAL	35
	<hr/>

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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.

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, 2013, the City's contribution was 34.32% of covered payroll.

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

11. 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	Guggenheim Hi-Asset Income Index Fund	\$ 2,313,694
Police Pension	PIMCO All Asset All Authority A Fund	1,620,404
Police Pension	iShares Russell 3000 Index Fund	1,541,244
Police Pension	Miller Convertible Bond A Fund	1,275,683
Firefighters' Pension	T Rowe Price Growth Stock Fund	908,154
Firefighters' Pension	Vanguard 500 Index Fund Signal Shares	866,419
Firefighters' Pension	Sun Life MFS Regatta Extra Variable Annuity	772,915

C. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2011	December 31, 2011	December 31, 2011
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	28 Years, Closed	28 Years, Closed

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

11. 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)	2011	\$ 849,278	\$ 1,232,546	\$ 680,645
	2012	961,064	1,136,238	598,821
	2013	1,014,794	1,150,663	592,673
Actual Contribution	2011	\$ 914,496	\$ 1,221,174	\$ 697,577
	2012	961,064	1,268,368	667,656
	2013	1,014,794	1,310,582	655,325
Percentage of APC Contributed	2011	107.7%	99.1%	102.5%
	2012	100.0%	111.6%	111.5%
	2013	100.0%	113.9%	110.6%
NPO (Asset)	2011	\$ -	\$ 351,135	\$ 35,737
	2012	-	210,110	(32,515)
	2013	-	50,191	(95,167)

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

The NPO at December 31, 2013 has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual Required Contribution	\$ 1,145,104	\$ 593,533
Interest on Net Pension Obligation	14,708	(2,276)
Adjustment to Annual Required Contribution	(9,149)	1,416
Annual Pension Cost	1,150,663	592,673
Contributions Made	1,310,582	655,325
Increase (Decrease) in Net Pension Obligation	(159,919)	(62,652)
Net Pension Obligation (Asset), Beginning of Year	210,110	(32,515)
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ 50,191	\$ (95,167)

D. Funded Status

The funded status of the plans based on actuarial valuations performed as of December 31, 2013 for IMRF and December 31, 2012 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)	\$ 22,846,008	\$ 40,088,935	\$ 17,140,469
Actuarial Value of Plan Assets	16,462,934	23,225,042	10,954,616
Unfunded Actuarial Accrued Liability (UAAL)	6,383,074	16,863,893	6,185,853
Funded Ratio (Actuarial Value of Plan Assets/AAL)	72.06%	57.93%	63.91%
Covered Payroll (Active Plan Members)	\$ 7,467,211	\$ 3,575,344	\$ 1,945,642
UAAL as a Percentage of Covered Payroll	85.48%	471.67%	317.93%

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.

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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 16,172,501	\$ 16,172,501	\$ 16,685,585
Intergovernmental	3,164,284	3,164,284	3,500,543
Licenses and Permits	251,150	251,150	230,775
Charges for Services	202,322	202,322	225,222
Fines and Forfeitures	182,099	182,099	249,773
Interest	15,000	15,000	26,912
Miscellaneous	2,127,600	2,134,600	2,272,837
	<hr/>	<hr/>	<hr/>
Total Revenues	22,114,956	22,121,956	23,191,647
EXPENDITURES			
General Government	3,811,238	3,852,319	3,600,853
Public Safety	13,107,132	13,113,724	12,711,277
Highways and Streets	3,360,022	3,360,022	3,302,998
	<hr/>	<hr/>	<hr/>
Total Expenditures	20,278,392	20,326,065	19,615,128
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<hr/>	<hr/>	<hr/>
	1,836,564	1,795,891	3,576,519
OTHER FINANCING SOURCES (USES)			
Transfers In	23,500	-	-
Transfers (Out)	(1,833,763)	(1,833,763)	(1,833,763)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(1,810,263)	(1,833,763)	(1,833,763)
NET CHANGE IN FUND BALANCE			
	<hr/>	<hr/>	<hr/>
	\$ 26,301	\$ (37,872)	1,742,756
FUND BALANCE, JANUARY 1			
			<hr/>
			12,371,797
FUND BALANCE, DECEMBER 31			
			<hr/>
			\$ 14,114,553

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2013

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.

a) Excess of Actual Expenditures/Expenses Over Budget in Individual Funds

The following fund had an excess of actual expenditures/expenses (exclusive of depreciation and amortization) over budget at the fund level for the fiscal year:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Excess</u>
Health Insurance	\$ 3,548,357	\$ 4,392,602	\$ 844,245

CITY OF BATAVIA, ILLINOIS

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

December 31, 2013

Funding Progress

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued 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)
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%
2013	16,462,934	22,846,008	72.06%	6,383,074	7,467,211	85.48%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2013	1,014,794	1,014,794	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, 2013

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	\$ 17,522,683	\$ 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%
2012	23,225,042	40,088,935	57.93%	16,863,893	3,575,344	471.67%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2013	1,310,582	1,145,104	114.45%

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

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

December 31, 2013

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	\$ 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%
2012	10,954,616	17,140,469	63.91%	6,185,853	1,945,642	317.93%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2013	655,325	593,533	110.41%

(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, 2013

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)
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%
2013	N/A	N/A	N/A	N/A	N/A	N/A

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2013	246,839	281,288	87.75%

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

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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property Taxes - General	\$ 6,254,397	\$ 6,254,397	\$ 6,248,029
Retailers' Occupation Tax	4,622,344	4,622,344	4,835,779
Home Rule Sales Tax	1,743,243	1,743,243	1,831,574
Utility Tax	3,552,517	3,552,517	3,770,203
Total Taxes	16,172,501	16,172,501	16,685,585
Intergovernmental			
Illinois State Income Tax	2,250,000	2,250,000	2,511,557
Illinois State Replacement Tax	165,000	165,000	193,679
Illinois State Maintenance Reimbursement	42,000	42,000	42,521
State and Federal Grants	8,000	8,000	10,000
Township Share	59,400	59,400	54,623
Countryside Fire Protection District	244,000	244,000	239,491
Local Use Tax	395,884	395,884	448,672
Total Intergovernmental	3,164,284	3,164,284	3,500,543
Licenses and Permits			
Licenses	57,150	57,150	60,500
Building Permits	194,000	194,000	170,275
Total Licenses and Permits	251,150	251,150	230,775
Charges for Services			
Engineering Plan Review	10,890	10,890	8,103
Engineering Inspection Fees	23,521	23,521	7,079
Survey Monumentation Fees	5,000	5,000	-
Planning Commission Fees	14,500	14,500	32,506
Grave Openings	25,000	25,000	41,367
Plumbing Inspections	29,411	29,411	24,208
Police Services	94,000	94,000	111,959
Total Charges for Services	202,322	202,322	225,222

(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, 2013

	Original Budget	Final Budget	Actual
REVENUES (Continued)			
Fines and Forfeitures			
Court Fines	\$ 140,000	\$ 140,000	\$ 196,818
Parking Fines	42,099	42,099	52,955
Total Fines and Forfeitures	<u>182,099</u>	<u>182,099</u>	<u>249,773</u>
Interest			
Investment Income	15,000	15,000	26,912
Miscellaneous			
Waste Transfer Fee	505,000	505,000	571,864
Cable TV Franchise Fee	398,000	398,000	419,469
Leaf and Brush Collection	270,100	270,100	270,827
Payment in Lieu of Taxes	750,000	750,000	765,071
Sale of Burial Lots	7,500	7,500	11,500
Care of Lots	-	7,000	9,450
Reimbursements	97,000	97,000	76,253
Other	100,000	100,000	148,403
Total Miscellaneous	<u>2,127,600</u>	<u>2,134,600</u>	<u>2,272,837</u>
TOTAL REVENUES	<u><u>\$ 22,114,956</u></u>	<u><u>\$ 22,121,956</u></u>	<u><u>\$ 23,191,647</u></u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
EXPENDITURES			
General Government			
Legislative and Administration	\$ 1,081,511	\$ 1,081,511	\$ 1,091,994
Human Resources	274,974	274,974	303,882
Community Development	944,637	944,637	901,558
Public Works Administration	219,400	219,400	217,281
Engineering	750,179	730,908	676,289
Building and Grounds	410,947	410,947	341,583
Finance and Accounting	575,075	575,075	557,217
Information Systems	730,529	730,529	703,302
Utility Billing	353,553	353,553	331,201
Economic Development	108,771	159,123	104,884
Less Administrative Expenses	(1,638,338)	(1,628,338)	(1,628,338)
Total General Government	3,811,238	3,852,319	3,600,853
Public Safety			
Police	8,072,954	8,072,546	7,889,147
Fire	5,004,995	5,004,995	4,797,473
E.S.D.A.	29,183	36,183	24,657
Total Public Safety	13,107,132	13,113,724	12,711,277
Highways and Streets	3,360,022	3,360,022	3,302,998
TOTAL EXPENDITURES	\$ 20,278,392	\$ 20,326,065	\$ 19,615,128

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

**SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
EXPENDITURES			
General Government			
Legislative and Administration			
Regular Wages	\$ 448,200	\$ 448,200	\$ 423,118
Group Insurance	42,430	42,430	43,411
IMRF - City Portion	50,066	50,066	45,806
Social Security	29,340	29,340	28,965
Pension Contributions	9,700	9,700	9,497
Memberships	16,000	16,000	13,511
Training and Seminars	1,000	1,000	2,545
Resource Materials	750	750	819
Travel	750	750	1,263
Postage and Shipping	3,000	3,000	676
Office Supplies	9,000	9,000	4,502
Printing	21,600	21,600	19,825
Advertising	500	500	1,000
Food	2,000	2,000	924
Telephone	1,825	1,825	1,737
Contract Labor	38,000	38,000	33,941
Legal Fees	118,000	118,000	156,142
BATV	159,200	159,200	166,049
Ride In Kane Program	95,000	95,000	109,246
General Liability Insurance	35,000	35,000	28,867
Workmen's Compensation Premium	150	150	150
Total Legislative and Administration	1,081,511	1,081,511	1,091,994
Human Resources			
Regular Wages	157,625	157,625	158,640
Group Insurance	8,820	8,820	9,141
IMRF - City Portion	21,421	21,421	20,915
Social Security	12,058	12,058	11,248
Memberships	700	700	879
Training and Seminars	10,500	10,500	7,204
Employee Recruitment	1,000	1,000	775
Postage and Shipping	200	200	102
Printing	1,000	1,000	1,371

(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, 2013

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
General Government (Continued)			
Human Resources (Continued)			
Recognition Award	\$ 12,500	\$ 12,500	\$ 10,391
Medical Exams	7,000	7,000	11,711
Contract Labor	10,000	10,000	9,262
Legal Fees	20,000	20,000	50,350
General Liability Insurance	12,000	12,000	11,743
Workmen's Compensation Premium	150	150	150
	<hr/>	<hr/>	<hr/>
Total Human Resources	274,974	274,974	303,882
<hr/>			
Community Development			
Regular Wages	609,849	609,849	601,452
Overtime	250	250	-
Part-Time Help	8,000	8,000	6,922
Group Insurance	119,001	119,001	108,386
IMRF - City Portion	82,912	82,912	77,402
Social Security	47,285	47,285	44,134
Memberships	2,115	2,115	2,613
Training and Seminars	3,300	3,300	1,999
Resource Materials	150	150	228
Postage and Shipping	1,500	1,500	784
Office Supplies	2,500	2,500	2,225
Printing	250	250	83
Gasoline	2,800	2,800	2,179
Advertising	2,200	2,200	2,740
Telephone	2,000	2,000	1,905
Clothing Allowance	600	600	484
Meals	250	250	-
Repairs and Maintenance - Vehicles	2,500	2,500	3,680
Plumbing Inspection	20,000	20,000	26,915
Contract Labor	32,500	32,500	12,763
General Liability Insurance	1,675	1,675	1,664
Workmen's Compensation Premium	3,000	3,000	3,000
	<hr/>	<hr/>	<hr/>
Total Community Development	944,637	944,637	901,558

(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, 2013

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
General Government (Continued)			
Public Works Administration			
Regular Wages	\$ 141,108	\$ 141,108	\$ 142,094
Group Insurance	22,095	22,095	22,360
IMRF - City Portion	19,177	19,177	17,399
Social Security	10,795	10,795	8,977
Memberships	650	650	724
Training and Seminars	2,000	2,000	1,648
Telephone	850	850	722
Contract Labor	22,000	22,000	22,639
General Liability Insurance	575	575	568
Workmen's Compensation Premium	150	150	150
	<hr/>	<hr/>	<hr/>
Total Public Works Administration	219,400	219,400	217,281
	<hr/>	<hr/>	<hr/>
Engineering			
Regular Wages	470,686	451,415	454,637
Overtime	2,000	2,000	813
Double Time	-	-	1,084
Group Insurance	75,865	75,865	77,604
IMRF - City Portion	64,238	64,238	58,140
Social Security	36,160	36,160	32,745
Memberships	1,200	1,200	1,728
Training and Seminars	7,600	7,600	3,150
Resource Materials	300	300	83
Postage and Shipping	200	200	118
Office Supplies	2,000	2,000	1,782
Gasoline	2,370	2,370	2,480
Advertising	600	600	113
Regulatory Fees	1,000	1,000	1,000
Telephone	2,200	2,200	2,547
Clothing Allowance	650	650	332
Recording Fees	400	400	1,466
Repairs and Maintenance - Vehicles	2,000	2,000	1,264
Contract Labor	7,500	7,500	4,662
Engineering Fees	10,000	10,000	25

(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, 2013

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
General Government (Continued)			
Engineering (Continued)			
Drainage Maintenance	\$ -	\$ 55,000	\$ 22,317
Other Equipment	3,535	3,535	3,535
Drainage Capital	55,000	-	-
General Liability Insurance	1,675	1,675	1,664
Workmen's Compensation Premium	3,000	3,000	3,000
Total Engineering	750,179	730,908	676,289
Building and Grounds			
Regular Wages	66,700	66,700	53,956
Overtime	1,600	1,600	3,618
Group Insurance	22,465	22,465	18,060
IMRF - City Portion	9,282	9,282	7,024
Social Security	5,225	5,225	3,954
Office Supplies	1,000	4,000	3,143
Gasoline	1,000	1,000	996
Telephone	26,500	26,500	21,493
Utilities	93,200	93,200	85,404
General Supplies	15,000	15,000	9,408
Repairs and Maintenance - Vehicles	2,000	2,000	140
Repairs and Maintenance - Buildings	160,200	157,200	127,954
Equipment Rental	6,000	2,000	2,580
Repairs and Maintenance - Other Equipment	200	4,200	3,294
General Liability Insurance	75	75	59
Workmen's Compensation Premium	500	500	500
Total Building and Grounds	410,947	410,947	341,583
Finance and Accounting			
Regular Wages	369,812	369,812	371,140
Overtime	-	-	41
Group Insurance	64,690	64,690	62,934
IMRF - City Portion	50,257	50,257	47,713
Social Security	28,291	28,291	26,305
Memberships	600	600	625
Training and Seminars	1,000	1,000	870
Resource Materials	300	300	252

(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, 2013

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
General Government (Continued)			
Finance and Accounting (Continued)			
Travel	\$ 450	\$ 450	\$ 108
Postage and Shipping	3,300	3,300	1,732
Office Supplies	6,500	6,500	3,991
Printing	2,250	2,250	1,566
Telephone	1,000	1,000	719
Auditing	45,900	45,900	38,205
General Liability Insurance	575	575	866
Workmen's Compensation Premium	150	150	150
	<hr/>	<hr/>	<hr/>
Total Finance and Accounting	575,075	575,075	557,217
<hr/>			
Information Systems			
Regular Wages	272,591	272,591	274,840
Overtime	-	-	1,860
Group Insurance	44,270	44,270	45,187
IMRF - City Portion	37,045	37,045	34,698
Social Security	20,853	20,853	19,734
Memberships	525	525	250
Training and Seminars	1,750	1,750	200
Resource Materials	1,100	1,100	174
Travel	150	150	382
Postage and Shipping	100	100	-
Office Supplies	500	500	163
Computer Software	27,400	27,400	16,628
Computer Supplies	2,500	2,500	4,874
Gasoline	300	300	256
Telephone	10,964	10,964	11,840
Clothing Allowance	50	50	-
Computer Maintenance	35,100	35,100	37,390
Contract Labor	18,300	18,300	10,475
Software Support	136,476	136,476	124,965
Computer	119,830	119,830	118,668
General Liability Insurance	575	575	568
Workmen's Compensation Premium	150	150	150
	<hr/>	<hr/>	<hr/>
Total Information Systems	730,529	730,529	703,302

(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, 2013

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
General Government (Continued)			
Utility Billings			
Regular Wages	\$ 162,924	\$ 162,924	\$ 164,125
Overtime	200	200	-
Group Insurance	43,756	43,756	31,149
IMRF - City Portion	22,169	22,169	21,169
Social Security	12,479	12,479	11,918
Training and Seminars	1,000	1,000	290
Postage and Shipping	52,000	52,000	50,486
Office Supplies	2,200	2,200	1,854
Computer Software	13,400	13,400	14,358
Collection Fees	2,500	2,500	3,212
Repairs and Maintenance - Office Equipment	5,000	5,000	2,888
Contract Labor	31,200	31,200	22,478
General Liability Insurance	575	575	568
Workmen's Compensation Premium	150	150	150
Bad Debt Expense	4,000	4,000	6,556
	<hr/>	<hr/>	<hr/>
Total Utility Billing	353,553	353,553	331,201
<hr/>			
Economic Development			
Regular Wages	62,497	62,497	37,479
IMRF - City Portion	8,493	8,493	5,166
Social Security	4,781	4,781	2,644
Memberships	2,000	2,000	1,395
Training and Seminars	1,500	1,500	3,208
Travel	250	250	-
Postage	250	250	-
Office Supplies	-	-	84
Advertisements	1,000	1,000	1,185
Printing	3,000	3,000	-
Contract Labor	25,000	75,352	53,723
	<hr/>	<hr/>	<hr/>
Total Economic Development	108,771	159,123	104,884
<hr/>			
Less Administrative Reimbursements	(1,638,338)	(1,628,338)	(1,628,338)
	<hr/>	<hr/>	<hr/>
Total General Government	3,811,238	3,852,319	3,600,853

(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, 2013

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
Public Safety			
Police Department			
Regular Wages	\$ 4,337,191	\$ 4,337,191	\$ 4,295,672
Overtime	241,300	241,300	213,875
Auxiliary Police, Full-Time	22,797	22,797	11,707
Part Time Help	44,396	44,396	37,920
Group Insurance	829,304	829,304	819,972
IMRF - City Portion	70,714	70,714	67,247
Social Security	102,376	102,376	95,142
Pension Contributions	1,310,582	1,310,582	1,310,582
Board of P & F Commission	4,500	4,500	2,462
Memberships	7,200	7,200	6,049
Training and Seminars	27,568	27,568	16,779
Resource Materials	1,760	1,760	1,115
Travel	1,200	1,200	230
Postage and Shipping	4,500	4,500	3,286
Office Supplies	14,650	13,650	11,844
Vehicle Supplies	7,500	7,500	4,521
Printing	12,650	12,650	6,533
Communication Supplies	7,700	7,700	8,078
Investigative Supplies	2,605	2,605	1,692
Gasoline	112,075	112,075	112,473
Patrol Supplies	10,374	10,374	6,421
Community Relations	1,000	1,000	761
Ammunition	13,221	13,881	11,429
Telephone	9,600	9,600	9,767
Clothing Allowance	51,600	51,532	47,368
Food	800	800	239
Repairs and Maintenance - Vehicle	59,560	59,560	27,254
Equipment Rental	750	750	-
Repairs and Maintenance - Other Equipment	13,170	13,170	9,506
Contract Labor	440,511	440,511	438,361
Narcotics and Enforcement	1,000	1,000	165
Other Equipment	2,000	2,000	-
Vehicles	6,800	6,800	6,129
General Liability Insurance	75,000	75,000	79,568
Workmen's Compensation Premium	225,000	225,000	225,000
Total Police Department	8,072,954	8,072,546	7,889,147

(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, 2013

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
Public Safety (Continued)			
Fire Department			
Regular Wages	\$ 2,129,376	\$ 2,129,376	\$ 2,120,040
Overtime	210,000	210,000	200,696
Part-Time Help	484,602	484,602	450,501
Group Insurance	512,785	512,785	480,461
IMRF - City Portion	8,044	8,044	6,955
Social Security	74,663	74,663	68,246
Pension Contributions	655,325	655,325	655,325
Memberships	5,500	5,500	5,074
EMS Training	2,700	2,700	2,267
Training and Seminars	19,000	19,000	18,875
Fire Prevention	1,200	1,200	1,202
Resource Materials	1,600	1,600	998
Postage and Shipping	1,100	1,100	602
Office Supplies	4,200	4,200	4,000
Vehicle Supplies	15,000	15,000	14,951
Printing	900	900	847
Communication Supplies	7,000	7,000	5,452
Gasoline	35,000	35,000	35,271
Telephone	8,700	8,700	5,865
Education Materials	4,600	4,600	2,252
Hazardous Materials	2,300	2,300	2,232
Clothing Allowance	31,000	31,000	22,333
Water Rescue Materials	9,900	9,900	10,474
Medical Supplies	6,000	6,000	6,298
Food	3,100	3,100	2,488
Utilities	44,000	44,000	48,675
General Supplies	8,100	8,100	7,925
Repairs and Maintenance - Vehicle	73,000	73,000	68,340
Repairs and Maintenance - Building	16,000	16,000	13,807
Repairs and Maintenance - Other Equipment	3,000	3,000	2,763
Contract Labor	485,300	485,300	394,479
S.C.B.A. Maintenance	6,000	-	-
Office Furniture and Equipment	2,000	2,000	1,058
Other Equipment	14,000	20,000	15,705

(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, 2013

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
Public Safety (Continued)			
Fire Department (Continued)			
General Liability Insurance	\$ 32,000	\$ 32,000	\$ 33,593
Workmen's Compensation Premium	85,000	85,000	85,000
Workmen's Compensation	3,000	3,000	2,423
Total Fire Department	5,004,995	5,004,995	4,797,473
E.S.D.A.			
Part-Time Help	-	6,500	6,539
Social Security	-	500	497
Meal Allowance	100	100	72
Memberships	458	458	-
Training and Seminars	200	200	633
Travel	400	400	-
Office Supplies	250	250	270
Gasoline	400	400	1,144
Patrol Supplies	200	200	197
Telephone	2,000	2,000	1,189
Utilities	1,275	1,275	1,698
Repairs and Maintenance - Vehicle	800	800	1,680
Equipment Rental	1,100	1,100	-
Repairs and Maintenance - Other Equipment	5,000	5,000	1,325
Other Equipment	17,000	17,000	9,413
Total E.S.D.A.	29,183	36,183	24,657
Total Public Safety	13,107,132	13,113,724	12,711,277
Highways and Streets			
Street and Sanitation			
Regular Wages	1,227,580	1,227,580	1,263,631
Overtime	178,000	178,000	168,905
Part-Time Help	35,000	35,000	19,873
Group Insurance	314,820	314,820	338,690
IMRF - City Portion	191,018	191,018	177,088
Social Security	110,204	110,204	101,317
Meal Allowance	2,200	2,200	1,063
Training and Seminars	4,000	4,000	3,792

(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, 2013

	Original Budget	Final Budget	Actual
EXPENDITURES (Continued)			
Highways and Streets (Continued)			
Street and Sanitation (Continued)			
Travel	\$ 100	\$ 100	\$ 186
Postage and Shipping	500	500	305
Office Supplies	2,700	2,700	1,580
Vehicle Supplies	55,000	55,000	75,698
Communication Supplies	500	500	639
Materials	80,000	80,000	77,555
Gasoline	70,000	70,000	86,939
Salt and De-Icers	175,000	175,000	164,500
Advertising	1,000	1,000	904
Telephone	7,000	7,000	4,719
Clothing Allowance	11,000	11,000	9,552
Food	500	500	699
Utilities	24,200	24,200	28,705
Safety Supplies	2,500	2,500	3,751
General Supplies	22,000	22,000	26,090
Landfill Fees	8,000	8,000	10,145
Ornamental Supplies	12,000	12,000	15,985
Repairs and Maintenance - Vehicle	22,000	22,000	20,196
Repairs and Maintenance - Building	42,000	42,000	19,410
Equipment Rental	2,000	2,000	2,567
Repairs and Maintenance - Other Equipment	13,000	13,000	14,727
Contract Labor	288,200	288,200	267,609
Contract Labor - Health Department	45,000	45,000	38,100
Contract Labor - Forestry Department	210,000	210,000	182,574
Other Equipment	18,000	18,000	13,197
General Liability Insurance	60,000	60,000	37,307
Workmen's Compensation Premium	125,000	125,000	125,000
Total Highways and Streets	3,360,022	3,360,022	3,302,998
TOTAL EXPENDITURES	\$ 20,278,392	\$ 20,326,065	\$ 19,615,128

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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.

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, 2013

	Special Revenue	Debt Service
	Motor Fuel Tax	Debt Service
ASSETS		
Cash and Investments	\$ 2,091,367	\$ 16,326
Cash with Paying Agent	-	713,719
Receivables		
Property Taxes	-	473,661
Other	143	-
Notes	-	-
Due from Other Governments	142,533	-
	<u>\$ 2,234,043</u>	<u>\$ 1,203,706</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 18,209	\$ -
Retainage Payable	84,880	-
Accrued Interest Payable	-	133,719
Due to Other Fund	-	-
Bonds Payable - Current	-	580,000
	<u>103,089</u>	<u>713,719</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Property Tax Revenue	-	473,661
	<u>-</u>	<u>473,661</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>473,661</u>
Total Liabilities and Deferred Inflows of Resources	<u>103,089</u>	<u>1,187,380</u>
FUND BALANCES		
Restricted		
Maintenance of Roadways	2,130,954	-
Economic Development	-	-
Debt Service	-	16,326
Assigned		
Capital Projects	-	-
	<u>2,130,954</u>	<u>16,326</u>
Total Fund Balances	<u>2,130,954</u>	<u>16,326</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 2,234,043</u></u>	<u><u>\$ 1,203,706</u></u>

Capital Projects	Capital Projects		Total Nonmajor Governmental Funds
	Tax Increment Financing #1	Tax Increment Financing #3	
\$ 2,944,401	\$ 1,429,755	\$ 2,487	\$ 6,484,336
-	-	-	713,719
-	738,950	-	1,212,611
17,000	9,498	-	26,641
1,104	274,840	-	275,944
69,876	178,792	-	391,201
<u>\$ 3,032,381</u>	<u>\$ 2,631,835</u>	<u>\$ 2,487</u>	<u>\$ 9,104,452</u>
\$ 16,208	\$ 1,436,007	\$ -	\$ 1,470,424
-	83,546	-	168,426
-	-	-	133,719
53,669	-	-	53,669
-	-	-	580,000
<u>69,877</u>	<u>1,519,553</u>	<u>-</u>	<u>2,406,238</u>
-	738,950	-	1,212,611
-	738,950	-	1,212,611
<u>69,877</u>	<u>2,258,503</u>	<u>-</u>	<u>3,618,849</u>
-	-	-	2,130,954
-	373,332	2,487	375,819
-	-	-	16,326
<u>2,962,504</u>	<u>-</u>	<u>-</u>	<u>2,962,504</u>
<u>2,962,504</u>	<u>373,332</u>	<u>2,487</u>	<u>5,485,603</u>
<u>\$ 3,032,381</u>	<u>\$ 2,631,835</u>	<u>\$ 2,487</u>	<u>\$ 9,104,452</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, 2013

	Special Revenue	Debt Service
	Motor Fuel Tax	Debt Service
REVENUES		
Taxes	\$ -	\$ 443,831
Intergovernmental	849,447	-
Charges for Services	-	-
Investment Income	621	24
Miscellaneous	-	-
Total Revenues	850,068	443,855
EXPENDITURES		
Current		
General Government	1,260,340	-
Capital Outlay	-	-
Debt Service		
Principal Retirement	-	1,100,000
Interest and Fiscal Charges	-	293,888
Total Expenditures	1,260,340	1,393,888
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(410,272)	(950,033)
OTHER FINANCING SOURCES (USES)		
Transfers In	500,000	928,763
Transfers (Out)	(20,226)	-
Total Other Financing Sources (Uses)	479,774	928,763
NET CHANGE IN FUND BALANCES	69,502	(21,270)
FUND BALANCES, JANUARY 1	2,061,452	37,596
FUND BALANCES, DECEMBER 31	\$ 2,130,954	\$ 16,326

Capital Projects	Capital Projects		Total Nonmajor Governmental Funds
	Tax Increment Financing #1	Tax Increment Financing #3	
\$ -	\$ 760,603	\$ 366,413	\$ 1,570,847
126,064	639,620	-	1,615,131
9,586	-	-	9,586
1,680	95	37	2,457
6,999	-	-	6,999
144,329	1,400,318	366,450	3,205,020
-	-	-	1,260,340
388,446	1,611,485	560,818	2,560,749
-	-	-	1,100,000
-	-	-	293,888
388,446	1,611,485	560,818	5,214,977
(244,117)	(211,167)	(194,368)	(2,009,957)
425,226	-	-	1,853,989
-	-	-	(20,226)
425,226	-	-	1,833,763
181,109	(211,167)	(194,368)	(176,194)
2,781,395	584,499	196,855	5,661,797
\$ 2,962,504	\$ 373,332	\$ 2,487	\$ 5,485,603

(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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
State Motor Fuel Tax	\$ 767,700	\$ 767,700	\$ 768,815
State Grants	308,346	308,346	80,632
Charges for Services	2,500	2,500	-
Investment Income	1,500	1,500	621
	<hr/>	<hr/>	<hr/>
Total Revenues	1,080,046	1,080,046	850,068
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
Highways and Streets			
Motor Fuel Tax Projects	1,752,786	1,752,786	1,260,340
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,752,786	1,752,786	1,260,340
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(672,740)	(672,740)	(410,272)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING (USES)			
Transfer In	500,000	500,000	500,000
Transfers (Out)	(41,399)	(60,335)	(20,226)
	<hr/>	<hr/>	<hr/>
Total Other Financing (Uses)	458,601	439,665	479,774
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	\$ (214,139)	\$ (233,075)	69,502
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JANUARY 1			2,061,452
			<hr/>
FUND BALANCE, DECEMBER 31			\$ 2,130,954
			<hr/>

(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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 439,944	\$ 439,944	\$ 443,831
Interest	-	-	24
Total Revenues	<u>439,944</u>	<u>439,944</u>	<u>443,855</u>
EXPENDITURES			
Debt Service			
Principal Retirement	1,100,000	1,100,000	1,100,000
Interest and Fiscal Charges	293,889	293,889	293,888
Total Expenditures	<u>1,393,889</u>	<u>1,393,889</u>	<u>1,393,888</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(953,945)</u>	<u>(953,945)</u>	<u>(950,033)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>928,763</u>	<u>928,763</u>	<u>928,763</u>
Total Other Financing Sources (Uses)	<u>928,763</u>	<u>928,763</u>	<u>928,763</u>
NET CHANGE IN FUND BALANCE	<u>\$ (25,182)</u>	<u>\$ (25,182)</u>	<u>(21,270)</u>
FUND BALANCE, JANUARY 1			<u>37,596</u>
FUND BALANCE, DECEMBER 31			<u><u>\$ 16,326</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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental	\$ 488,501	\$ 564,246	\$ 126,064
Charges for Services	16,000	16,000	9,586
Interest	800	800	1,680
Miscellaneous	3,000	3,000	6,999
Total Revenues	<u>508,301</u>	<u>584,046</u>	<u>144,329</u>
EXPENDITURES			
Capital Outlay	<u>1,233,900</u>	<u>1,350,782</u>	<u>388,446</u>
Total Expenditures	<u>1,233,900</u>	<u>1,350,782</u>	<u>388,446</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(725,599)</u>	<u>(766,736)</u>	<u>(244,117)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>446,399</u>	<u>465,335</u>	<u>425,226</u>
Total Other Financing Sources (Uses)	<u>446,399</u>	<u>465,335</u>	<u>425,226</u>
NET CHANGE IN FUND BALANCE	<u>\$ (279,200)</u>	<u>\$ (301,401)</u>	181,109
FUND BALANCE, JANUARY 1			<u>2,781,395</u>
FUND BALANCE, DECEMBER 31			<u>\$ 2,962,504</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND**

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
CAPITAL OUTLAY			
Engineering Fees - Deerpath Bridge Rehab	\$ 90,030	\$ 184,712	\$ 101,132
Infrastructure Construction - Miscellaneous	439,870	439,870	45,159
Drainage Projects	99,000	99,000	19,300
Vehicles	370,000	370,000	190,677
City Hall Improvements	235,000	257,200	32,178
TOTAL EXPENDITURES	\$ 1,233,900	\$ 1,350,782	\$ 388,446

(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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 810,000	\$ 810,000	\$ 760,603
Intergovernmental			
Grants	1,390,331	1,390,331	591,302
Other	27,150	27,150	48,318
Investment Income	500	500	95
	<hr/>	<hr/>	<hr/>
Total Revenues	2,227,981	2,227,981	1,400,318
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Capital Outlay			
Contractual Services	2,317,603	2,317,603	1,611,485
	<hr/>	<hr/>	<hr/>
Total Expenditures	2,317,603	2,317,603	1,611,485
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	\$ (89,622)	\$ (89,622)	(211,167)
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JANUARY 1			584,499
			<hr/>
FUND BALANCE, DECEMBER 31			\$ 373,332
			<hr/>

(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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 355,000	\$ 355,000	\$ 366,413
Interest Income	1,500	1,500	37
	<hr/>		
Total Revenues	356,500	356,500	366,450
	<hr/>		
EXPENDITURES			
Capital Outlay	640,000	640,000	560,818
	<hr/>		
Total Expenditures	640,000	640,000	560,818
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (283,500)</u>	<u>\$ (283,500)</u>	(194,368)
FUND BALANCE, JANUARY 1			<hr/> 196,855
FUND BALANCE, DECEMBER 31			<hr/> \$ 2,487

(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, 2013

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for Services	\$ 4,392,234	\$ 4,392,234	\$ 4,302,000
Total Operating Revenues	4,392,234	4,392,234	4,302,000
OPERATING EXPENSES			
Administration	641,940	641,940	643,292
Operations	2,455,611	2,395,611	2,148,568
Total Operating Expenses	3,097,551	3,037,551	2,791,860
OPERATING INCOME BEFORE DEPRECIATION	1,294,683	1,354,683	1,510,140
Depreciation	-	-	974,456
OPERATING INCOME	1,294,683	1,354,683	535,684
NON-OPERATING REVENUES (EXPENSES)			
Investment Income	13,500	13,500	9,549
Interest and Fiscal Charges	(249,258)	(249,258)	(295,409)
Total Non-Operating Revenues (Expenses)	(235,758)	(235,758)	(285,860)
CHANGE IN NET POSITION	\$ 1,058,925	\$ 1,118,925	249,824
NET POSITION, JANUARY 1			19,945,904
NET POSITION, DECEMBER 31			\$ 20,195,728

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
WATERWORKS FUND**

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
ADMINISTRATION			
General Expenses			
General Liability Insurance	\$ 38,000	\$ 38,000	\$ 35,229
Workers' Compensation Premium	25,000	25,000	25,000
Bad Debt Expense	8,000	8,000	12,123
General Support	446,561	446,561	446,561
Electric Support - Metering	124,379	124,379	124,379
TOTAL ADMINISTRATION	\$ 641,940	\$ 641,940	\$ 643,292
OPERATIONS			
Water Production			
Production Electricity	\$ 430,000	\$ 430,000	\$ 431,335
Telephone	7,000	7,000	7,387
Chemical Materials	137,500	137,500	112,326
Utilities	7,000	7,000	5,926
General Supplies	8,000	8,000	10,928
Repairs and Maintenance - Building	10,000	10,000	17,414
Repairs and Maintenance - Other Equipment	375,000	315,000	39,290
Contract Labor	72,500	72,500	48,326
Engineering Fees	35,000	35,000	7,681
Other Equipment	60,000	60,000	-
Total Water Production	1,142,000	1,082,000	680,613
Water Distribution			
Regular Wages	652,747	652,747	704,431
Overtime	91,100	91,100	96,824
Part-Time Help	9,000	9,000	2,616
Group Insurance	157,138	157,138	161,070
IMRF - City Portion	101,089	101,089	100,805
Social Security	57,593	57,593	58,396
Meal Allowance	200	200	146
Memberships	2,200	2,200	2,198
Training and Seminars	3,200	3,200	3,570
Resource Materials	700	700	467
Travel	1,200	1,200	1,312
Postage and Shipping	500	500	2,226
Office Supplies	1,800	1,800	1,689
Vehicle Supplies	6,200	6,200	6,639

(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, 2013

	Original Budget	Final Budget	Actual
OPERATIONS (Continued)			
Water Distribution (Continued)			
Materials	\$ 18,500	\$ 18,500	\$ 10,280
Fuel	16,300	16,300	17,716
Telephone	400	400	-
Clothing Allowance	5,400	5,400	5,688
Food	800	800	985
Utilities	8,800	8,800	10,047
General Supplies	11,500	11,500	14,302
Meters	150,000	150,000	69,476
Fire Hydrants	6,300	6,300	3,941
Piping and Fitting	35,500	35,500	50,263
Landfill Fees	3,200	3,200	5,604
Repairs and Maintenance - Vehicle	3,400	3,400	1,376
Repairs and Maintenance - Building	42,000	42,000	15,460
Repairs and Maintenance - Other Equipment	3,200	3,200	864
Contract Labor	67,000	67,000	44,524
Julie System	1,600	1,600	1,723
Other Equipment	8,535	8,535	3,979
Total Water Distribution	1,467,102	1,467,102	1,398,617
Water Improvements			
Contractual Services	359,981	359,981	563,506
Engineering Fees	30,699	30,699	62,377
Vehicles	40,000	40,000	27,626
Total Water Improvements	430,680	430,680	653,509
Less Non-Operating Items			
Capital Assets Capitalized	(584,171)	(584,171)	(584,171)
	(153,491)	(153,491)	69,338
TOTAL OPERATIONS	\$ 2,455,611	\$ 2,395,611	\$ 2,148,568

(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, 2013

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for Services	\$ 4,265,152	\$ 4,265,152	\$ 4,226,780
Total Operating Revenues	4,265,152	4,265,152	4,226,780
OPERATING EXPENSES			
Administration	647,531	647,531	646,981
Operations	2,180,340	2,255,340	2,152,222
Total Operating Expenses	2,827,871	2,902,871	2,799,203
OPERATING INCOME BEFORE DEPRECIATION	1,437,281	1,362,281	1,427,577
Depreciation	-	-	1,313,934
OPERATING INCOME	1,437,281	1,362,281	113,643
NON-OPERATING REVENUES (EXPENSES)			
Connection Fees	10,000	10,000	3,445
Interest Income	8,000	8,000	5,328
Interest and Fiscal Charges	(156,201)	(156,201)	(184,269)
Total Non-Operating Revenues (Expenses)	(138,201)	(138,201)	(175,496)
CHANGE IN NET POSITION	\$ 1,299,080	\$ 1,224,080	(61,853)
NET POSITION, JANUARY 1			22,812,744
NET POSITION, DECEMBER 31			\$ 22,750,891

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
SEWERAGE FUND**

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
ADMINISTRATION			
General Expenses			
General Liability Insurance	\$ 40,000	\$ 40,000	\$ 35,229
Workers' Compensation Premium	15,000	15,000	15,000
Bad Debt Expense	7,957	7,957	12,178
General Support	460,195	460,195	460,195
Electric Support - Metering	124,379	124,379	124,379
TOTAL ADMINISTRATION	\$ 647,531	\$ 647,531	\$ 646,981
OPERATIONS			
Water Waste Treatment			
Regular Wages	\$ 486,022	\$ 486,022	\$ 495,012
Overtime	71,023	71,023	75,456
Part-Time Help	21,948	21,948	21,416
Group Insurance	122,877	122,877	123,300
IMRF - City Portion	75,702	75,702	72,132
Social Security	44,293	44,293	42,649
Membership	250	250	113
Training	3,000	3,000	2,550
Resource Materials	300	300	252
Travel	1,000	1,000	368
Office Supplies	800	800	625
Lab Supplies	5,000	5,000	2,880
Gasoline	9,100	9,100	9,647
Regulatory Fees	15,500	15,500	15,500
Telephone	44,404	44,404	40,659
Clothing Allowance	3,000	3,000	3,107
Chemicals	33,000	33,000	29,419
Utilities	487,236	487,236	473,259
Safety Supplies	3,000	3,000	822
General Supplies	4,000	4,000	3,664
Landfill Fees	97,500	97,500	101,880
Repairs and Maintenance - Vehicle	2,500	2,500	2,522
Repairs and Maintenance - Building	3,500	3,500	3,267
Repairs and Maintenance - Other Equipment	125,000	125,000	108,875
Contract Labor	98,400	98,400	44,649
Total Waste Water Treatment	1,758,355	1,758,355	1,674,023

(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, 2013

	Original Budget	Final Budget	Actual
OPERATIONS (Continued)			
Sanitary Sewer Maintenance			
Regular Wages	\$ 114,250	\$ 114,250	\$ 81,332
Overtime	11,120	11,120	6,141
Group Insurance	24,680	24,680	17,333
IMRF - City Portion	17,038	17,038	10,626
Social Security	9,591	9,591	5,987
Training	500	500	-
Materials	5,300	5,300	889
Gasoline	5,200	5,200	3,279
Clothing Allowance	850	850	632
General Supplies	1,600	1,600	721
Meters	150,000	150,000	67,200
Repairs and Maintenance - Vehicle	2,000	2,000	2,166
Repairs and Maintenance - Other Equipment	4,250	4,250	2,586
Contract Labor	557,107	632,107	779,571
Engineering Fees	22,708	22,708	43,876
Julie System	1,600	1,600	1,723
Other Equipment	13,535	13,535	4,777
	<hr/>	<hr/>	<hr/>
Total Sanitary Sewer Maintenance	941,329	1,016,329	1,028,839
	<hr/>	<hr/>	<hr/>
Less Non-Operating Items			
Capital Assets Capitalized	(542,567)	(542,567)	(542,567)
	<hr/>	<hr/>	<hr/>
Electrical Improvements			
Contract Labor	860,000	860,000	861,233
Engineering Fees	200,000	200,000	186,471
Vehicles	19,000	19,000	-
	<hr/>	<hr/>	<hr/>
Total Electrical Improvements	1,079,000	1,079,000	1,047,704
	<hr/>	<hr/>	<hr/>
Less Non-Operating Items			
Capital Assets Capitalized	(1,055,777)	(1,055,777)	(1,055,777)
	<hr/>	<hr/>	<hr/>
TOTAL OPERATIONS	\$ 2,180,340	\$ 2,255,340	\$ 2,152,222
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

STATEMENT OF NET POSITION
ELECTRIC FUND

December 31, 2013

	Operations and Maintenance	Restricted Accounts			Total
		Bond and Interest	Bond Reserve	Depreciation Repair and Replacement	
CURRENT ASSETS					
Cash and Investments	\$ 12,502,074	\$ -	\$ -	\$ -	\$ 12,502,074
Cash with Paying Agent	1,166,603	-	-	-	1,166,603
Restricted Cash and Investments	3,719,529	144,017	1,705,719	2,000,000	7,569,265
Receivables					
Accounts	5,739,964	-	-	-	5,739,964
Accrued Interest	37,515	-	-	-	37,515
Prepays	144,973	-	-	-	144,973
Inventories	2,765,917	-	-	-	2,765,917
Total Current Assets	26,076,575	144,017	1,705,719	2,000,000	29,926,311
NONCURRENT ASSETS					
Capital Assets					
Nondepreciable	4,793,474	-	-	-	4,793,474
Depreciable	72,757,119	-	-	-	72,757,119
Accumulated Depreciation	(25,536,510)	-	-	-	(25,536,510)
Total Noncurrent Assets	52,014,083	-	-	-	52,014,083
Total Assets	78,090,658	144,017	1,705,719	2,000,000	81,940,394
CURRENT LIABILITIES					
Accounts Payable	6,275,118	-	-	-	6,275,118
Retainage payable	11,929	-	-	-	11,929
Accrued Payroll	116,280	-	-	-	116,280
Accrued Interest Payable	447,169	89,434	-	-	536,603
Deposits Payable	89,878	-	-	-	89,878
Unearned Revenue	25,000	-	-	-	25,000
Compensated Absences Payable	29,336	-	-	-	29,336
Revenue Bonds Payable	575,417	54,583	-	-	630,000
Total Current Liabilities	7,570,127	144,017	-	-	7,714,144
NONCURRENT LIABILITIES					
Compensated Absences Payable	117,345	-	-	-	117,345
Revenue Bonds Payable	24,435,000	-	-	-	24,435,000
Total Noncurrent Liabilities	24,552,345	-	-	-	24,552,345
Total Liabilities	32,122,472	144,017	-	-	32,266,489
NET POSITION					
Net Investment in Capital Assets	27,003,666	(54,583)	-	-	26,949,083
Restricted - Debt Service	3,719,529	-	1,705,719	2,000,000	7,425,248
Unrestricted	15,244,991	54,583	-	-	15,299,574
TOTAL NET POSITION	\$ 45,968,186	\$ -	\$ 1,705,719	\$ 2,000,000	\$ 49,673,905

(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, 2013

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for Services	\$ 45,464,956	\$ 45,464,956	\$ 45,107,223
Total Operating Revenues	45,464,956	45,464,956	45,107,223
OPERATING EXPENSES			
Administration	2,245,792	2,245,792	2,254,903
Operations	40,790,910	40,715,910	40,903,454
Total Operating Expenses	43,036,702	42,961,702	43,158,357
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	2,428,254	2,503,254	1,948,866
Depreciation	-	-	2,147,263
OPERATING INCOME (LOSS)	2,428,254	2,503,254	(198,397)
NON-OPERATING REVENUES (EXPENSES)			
Investment Income	55,000	55,000	44,347
Loss on Disposal of Capital Assets	-	-	(13,599)
Interest and Fiscal Charges	(1,073,606)	(1,073,606)	(1,073,205)
Total Non-Operating Revenues (Expenses)	(1,018,606)	(1,018,606)	(1,042,457)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	1,409,648	1,484,648	(1,240,854)
CONTRIBUTIONS			
Grants	75,000	75,000	-
Total Contributions	75,000	75,000	-
CHANGE IN NET POSITION	\$ 1,484,648	\$ 1,559,648	(1,240,854)
NET POSITION, JANUARY 1			50,914,759
NET POSITION, DECEMBER 31			\$ 49,673,905

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
ELECTRIC FUND

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
ADMINISTRATION			
Meter Reader/Tester			
Regular Wages	\$ 214,563	\$ 214,563	\$ 229,559
Overtime	5,600	5,600	9,251
Part-Time Help	91,950	91,950	89,665
Group Insurance	60,000	60,000	60,193
IMRF - City Portion	29,920	29,920	28,605
Social Security	23,877	23,877	23,428
Fuel for Vehicles	6,200	6,200	6,280
Telephone	1,100	1,100	867
Clothing Allowance	2,500	2,500	2,018
General Supplies	7,500	7,500	3,706
Repairs and Maintenance - Vehicles	1,000	1,000	128
	<hr/>	<hr/>	<hr/>
Total Meter Reader/Tester	444,210	444,210	453,700
	<hr/>	<hr/>	<hr/>
General Expenses			
General Liability Insurance	75,000	75,000	83,537
Workers' Compensation Premium	180,000	180,000	180,000
General Support	721,582	721,582	721,582
Payments in Lieu of Taxes	750,000	750,000	750,000
Bad Debt Expense	75,000	75,000	66,084
	<hr/>	<hr/>	<hr/>
Total General Expenses	1,801,582	1,801,582	1,801,203
	<hr/>	<hr/>	<hr/>
TOTAL ADMINISTRATION	\$ 2,245,792	\$ 2,245,792	\$ 2,254,903
	<hr/>	<hr/>	<hr/>
OPERATIONS			
Purchase Power			
Purchase Power	\$ 31,360,166	\$ 31,360,166	\$ 31,315,757
PJM Interconnection	1,800,000	1,800,000	2,492,612
Ancillary Power Costs	115,000	115,000	117,984
State Utility Tax	1,500,000	1,500,000	1,432,455
NIMPA PP ECA	-	-	3,080,205
	<hr/>	<hr/>	<hr/>
Total Purchase Power	34,775,166	34,775,166	38,439,013
	<hr/>	<hr/>	<hr/>
Electrical Distribution			
Regular Wages	1,641,170	1,641,170	1,533,132
Overtime	175,000	175,000	120,790
Part-Time Help	43,000	43,000	13,136
Group Insurance	245,858	245,858	255,350
IMRF - City Portion	246,818	246,818	215,905
Social Security	142,227	142,227	121,127
State Unemployment	4,700	4,700	-
Meal Allowance	100	100	-
Memberships	28,500	28,500	27,298
Training and Seminars	30,000	30,000	14,952
Resource Materials	500	500	270
Postage and Shipping	400	400	5,945

(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, 2013

	Original Budget	Final Budget	Actual
OPERATIONS (Continued)			
Electrical Distribution (Continued)			
Public Education	\$ -	\$ -	\$ -
Office Supplies	3,000	3,000	1,186
Vehicle Supplies	7,000	7,000	6,946
Communication Supplies	2,000	2,000	282
Materials	7,500	7,500	5,204
Gasoline	23,400	23,400	20,717
Advertising	500	500	420
Telephone	23,400	23,400	22,225
Clothing Allowance	16,000	16,000	11,776
Food	1,000	1,000	667
Utilities	38,000	38,000	38,657
Safety Supplies	5,000	5,000	6,334
Substation Maintenance	40,000	40,000	68,737
General Supplies	75,000	75,000	227,755
Landfill Fees	2,500	2,500	7,612
Tree Trimming	150,000	150,000	150,831
Repairs and Maintenance - Vehicle	18,000	18,000	2,259
Repairs and Maintenance - Building	42,000	42,000	17,975
Repairs and Maintenance - Other Equipment	20,000	20,000	67,927
Contract Labor	510,000	510,000	363,085
Contract Labor - Forestry	15,000	15,000	10,150
Julie System	1,500	1,500	1,723
Other Equipment	43,535	43,535	20,882
Total Electrical Distribution	3,602,608	3,602,608	3,361,255
Less Non-Operating Items			
Capital Assets Capitalized	(950,820)	(950,820)	(950,820)
Electrical Improvements			
General Supplies	1,524,000	1,524,000	530,087
Electric Meters	45,000	45,000	20,725
Wire and Cable	309,000	309,000	82,177
Electric Poles	100,000	100,000	3,533
Contract Labor	2,409,000	2,334,000	1,147,001
Vehicles	260,000	260,000	54,006
Transformers	1,138,000	1,138,000	637,521
Total Electrical Improvements	5,785,000	5,710,000	2,475,050
Less Non-Operating Items			
Capital Assets Capitalized	(2,421,044)	(2,421,044)	(2,421,044)
TOTAL OPERATIONS	\$ 40,790,910	\$ 40,715,910	\$ 40,903,454

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

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

December 31, 2013

	Operations and Maintenance	Bond and Interest	Bond Reserve	Depreciation Repair and Replacement	Total
INCREASES					
Interfund Transfers In	\$ 334,232	\$ 1,728,154	\$ -	\$ -	\$ 2,062,386
DECREASES					
Bond Principal	-	630,000	-	-	630,000
Bond Interest	-	1,073,205	-	-	1,073,205
Total Decreases	-	1,703,205	-	-	1,703,205
NET INCREASE	334,232	24,949	-	-	359,181
NET POSITION					
January 1	3,385,297	-	1,705,719	2,000,000	7,091,016
December 31	\$ 3,719,529	\$ 24,949	\$ 1,705,719	\$ 2,000,000	\$ 7,450,197

(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, 2013

	Health Insurance	Workers' Compensation Insurance	Total
CURRENT ASSETS			
Cash and Investments	\$ 1,968,902	\$ 1,845,663	\$ 3,814,565
Receivables			
Accounts	2,181	-	2,181
Accrued Interest	1,804	603	2,407
Prepaid Expenses	-	54,729	54,729
Total Current Assets	<u>1,972,887</u>	<u>1,900,995</u>	<u>3,873,882</u>
Total Assets	<u>1,972,887</u>	<u>1,900,995</u>	<u>3,873,882</u>
CURRENT LIABILITIES			
Accounts Payable	-	655	655
Claims Payable	634,894	38,849	673,743
Total Current Liabilities	<u>634,894</u>	<u>39,504</u>	<u>674,398</u>
LONG TERM LIABILITIES			
Claims Reserve	-	503,586	503,586
Total Liabilities	<u>634,894</u>	<u>543,090</u>	<u>1,177,984</u>
NET POSITION			
Unrestricted	<u>1,337,993</u>	<u>1,357,905</u>	<u>2,695,898</u>
TOTAL NET POSITION	<u>\$ 1,337,993</u>	<u>\$ 1,357,905</u>	<u>\$ 2,695,898</u>

(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, 2013

	Health Insurance	Workers' Compensation Insurance	Total Internal Service
OPERATING REVENUES			
Charges for Services			
Contributions	\$ 3,622,116	\$ 662,562	\$ 4,284,678
Total Operating Revenues	<u>3,622,116</u>	<u>662,562</u>	<u>4,284,678</u>
OPERATING EXPENSES			
Administration			
Contractual Services	88,242	12,000	100,242
Insurance			
Premiums	332,583	-	332,583
Claims	3,813,569	462,965	4,276,534
Contractual Services	158,208	-	158,208
Total Operating Expenses	<u>4,392,602</u>	<u>474,965</u>	<u>4,867,567</u>
OPERATING INCOME	<u>(770,486)</u>	<u>187,597</u>	<u>(582,889)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment Income	3,452	983	4,435
Total Non-Operating Revenues (Expenses)	<u>3,452</u>	<u>983</u>	<u>4,435</u>
CHANGE IN NET POSITION	<u>(767,034)</u>	<u>188,580</u>	<u>(578,454)</u>
NET POSITION, JANUARY 1	<u>2,105,027</u>	<u>1,169,325</u>	<u>3,274,352</u>
NET POSITION, DECEMBER 30	<u><u>\$ 1,337,993</u></u>	<u><u>\$ 1,357,905</u></u>	<u><u>\$ 2,695,898</u></u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

For the Year Ended December 31, 2013

	Health Insurance	Workers' Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Interfund Services Transactions	\$ 2,733,454	\$ 662,562	\$ 3,396,016
Receipts from Others	888,662	-	888,662
Payments to Suppliers	(3,995,245)	(355,828)	(4,351,073)
Net Cash from Operating Activities	(373,129)	306,734	(66,395)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
None	-	-	-
Net Cash from Noncapital Financing Activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	(498,744)	(250,000)	(748,744)
Interest Received on Investments	3,036	380	3,416
Net Cash from Investing Activities	(495,708)	(249,620)	(745,328)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(868,837)	57,114	(811,723)
CASH AND CASH EQUIVALENTS, JANUARY 1	1,838,995	1,538,549	3,377,544
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 970,158	\$ 1,595,663	\$ 2,565,821
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (770,486)	\$ 187,597	\$ (582,889)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Operating Activities			
Changes in Assets and Liabilities			
Accounts Receivable	(1,767)	-	(1,767)
Prepaid Expenses	-	5,965	5,965
Accounts Payable	(3)	(859)	(862)
Claims Payable	399,127	29,337	428,464
Claims Reserve	-	84,694	84,694
NET CASH FROM OPERATING ACTIVITIES	\$ (373,129)	\$ 306,734	\$ (66,395)
CASH AND INVESTMENTS			
Cash and Cash Equivalents	\$ 970,158	\$ 1,595,663	\$ 2,565,821
Investments	998,744	250,000	1,248,744
TOTAL CASH AND INVESTMENTS	\$ 1,968,902	\$ 1,845,663	\$ 3,814,565

(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, 2013

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for Services			
Employer Contributions	\$ 2,710,854	\$ 2,710,854	\$ 2,674,599
Employee Contributions	554,745	554,745	565,027
Non-Employee Insurance Contributions	238,000	238,000	252,361
Flex Contributions	120,000	120,000	130,129
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	3,623,599	3,623,599	3,622,116
	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES			
Administration			
Contractual Services	102,250	102,250	88,242
Miscellaneous	500	500	-
Insurance			
Premiums	380,857	380,857	332,583
Claims	2,966,250	2,966,250	3,838,131
Insurance Reimbursements	(50,000)	(50,000)	(24,562)
Contractual Services	148,500	148,500	158,208
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	3,548,357	3,548,357	4,392,602
	<hr/>	<hr/>	<hr/>
OPERATING INCOME (LOSS)	75,242	75,242	(770,486)
NON-OPERATING REVENUES (EXPENSES)			
Investment Income	4,000	4,000	3,452
	<hr/>	<hr/>	<hr/>
CHANGE IN NET POSITION	<u>\$ 79,242</u>	<u>\$ 79,242</u>	(767,034)
NET POSITION, JANUARY 1			<u>2,105,027</u>
NET POSITION, DECEMBER 31			<u><u>\$ 1,337,993</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, 2013

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Administration			
Contractual Services	\$ 102,250	\$ 102,250	\$ 88,242
Miscellaneous	500	500	-
Insurance			
Premiums	380,857	380,857	332,583
Claims	2,966,250	2,966,250	3,838,131
Insurance Reimbursements	(50,000)	(50,000)	(24,562)
Contractual Services	148,500	148,500	158,208
TOTAL OPERATING EXPENSES	\$ 3,548,357	\$ 3,548,357	\$ 4,392,602

(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, 2013

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for Services	\$ 687,400	\$ 687,400	\$ 662,562
Total Operating Revenues	<u>687,400</u>	<u>687,400</u>	<u>662,562</u>
OPERATING EXPENSES			
Administration	13,000	13,000	12,000
Insurance Claims	<u>587,000</u>	<u>587,000</u>	<u>462,965</u>
Total Operating Expenses	<u>600,000</u>	<u>600,000</u>	<u>474,965</u>
OPERATING INCOME	87,400	87,400	187,597
NON-OPERATING REVENUES (EXPENSES)			
Investment Income	<u>500</u>	<u>500</u>	<u>983</u>
CHANGE IN NET POSITION	<u>\$ 87,900</u>	<u>\$ 87,900</u>	188,580
NET POSITION, JANUARY 1			<u>1,169,325</u>
NET POSITION, DECEMBER 31			<u>\$ 1,357,905</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, 2013

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Administration			
Contractual Services	\$ 13,000	\$ 13,000	\$ 12,000
Insurance			
Stop Loss Premium	67,000	67,000	69,720
Claims	520,000	520,000	393,245
TOTAL OPERATING EXPENSES	\$ 600,000	\$ 600,000	\$ 474,965

(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, 2013

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ASSETS			
Cash and Cash Equivalents	\$ 10,179	\$ 2,552	\$ 12,731
Investments, at Fair Value			
Money Market Mutual Funds	849,715	54,505	904,220
U.S. Government and Agency Securities	4,499,011	4,230,555	8,729,566
Municipal Bonds	-	697,941	697,941
Insurance Company Contracts	-	3,032,991	3,032,991
Corporate Bonds and Notes	4,321,684	-	4,321,684
Domestic Corporate Equities	1,786,482	-	1,786,482
Equity Mutual Funds	13,501,546	4,663,010	18,164,556
Receivables			
Accrued Interest	48,263	24,976	73,239
Prepaid Expenses	-	775	775
Total Assets	25,016,880	12,707,305	37,724,185
LIABILITIES			
Accounts Payable	3,760	2,817	6,577
Total Liabilities	3,760	2,817	6,577
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$ 25,013,120	\$ 12,704,488	\$ 37,717,608

(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, 2013

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ADDITIONS			
Contributions			
Employer Contributions	\$ 1,310,582	\$ 655,325	\$ 1,965,907
Employee Contributions	348,811	189,531	538,342
Total Contributions	<u>1,659,393</u>	<u>844,856</u>	<u>2,504,249</u>
Investment Income			
Net Appreciation in Fair Value of Investments	969,519	1,241,905	2,211,424
Interest	783,147	209,933	993,080
Total Investment Income	1,752,666	1,451,838	3,204,504
Less Investment Expense	<u>(169,173)</u>	<u>(25,819)</u>	<u>(194,992)</u>
Net Investment Income	<u>1,583,493</u>	<u>1,426,019</u>	<u>3,009,512</u>
Total Additions	<u>3,242,886</u>	<u>2,270,875</u>	<u>5,513,761</u>
DEDUCTIONS			
Administration	48,017	34,108	82,125
Pension Benefits	1,406,793	486,894	1,893,687
Total Deductions	<u>1,454,810</u>	<u>521,002</u>	<u>1,975,812</u>
CHANGE IN NET POSITION	1,788,076	1,749,873	3,537,949
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
January 1	<u>23,225,044</u>	<u>10,954,615</u>	<u>34,179,659</u>
December 31	<u>\$ 25,013,120</u>	<u>\$ 12,704,488</u>	<u>\$ 37,717,608</u>

(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, 2013

	Balances				Balances
	January 1	Additions	Deletions		December 31
All Funds					
ASSETS					
Cash and Investments	\$ 74,137	\$ 155,914	\$ 127,137		\$ 102,914
TOTAL ASSETS	\$ 74,137	\$ 155,914	\$ 127,137		\$ 102,914
LIABILITIES					
Deposits Payable	\$ 74,137	\$ 115,914	\$ 87,137		\$ 102,914
Due to Others	-	40,000	40,000		-
TOTAL LIABILITIES	\$ 74,137	\$ 155,914	\$ 127,137		\$ 102,914
Special Service Area Fund					
ASSETS					
Cash and Investments	\$ -	\$ 40,000	\$ 40,000		\$ -
TOTAL ASSETS	\$ -	\$ 40,000	\$ 40,000		\$ -
LIABILITIES					
Due to Others	\$ -	\$ 40,000	\$ 40,000		\$ -
TOTAL LIABILITIES	\$ -	\$ 40,000	\$ 40,000		\$ -
Escrow Deposit Fund					
ASSETS					
Cash and Investments	\$ 74,137	\$ 115,914	\$ 87,137		\$ 102,914
TOTAL ASSETS	\$ 74,137	\$ 115,914	\$ 87,137		\$ 102,914
LIABILITIES					
Deposits Payable	\$ 74,137	\$ 115,914	\$ 87,137		\$ 102,914
TOTAL LIABILITIES	\$ 74,137	\$ 115,914	\$ 87,137		\$ 102,914

(See independent auditor's report.)

SUPPLEMENTAL SCHEDULES

CITY OF BATAVIA, ILLINOIS

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

December 31, 2013

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			June 15	Interest Due on		
	Principal	Interest	Totals		Amount	December 15	Amount
2014	\$ 310,000	\$ 10,850	\$ 320,850	2014	\$ 5,425	2014	\$ 5,425
	<u>\$ 310,000</u>	<u>\$ 10,850</u>	<u>\$ 320,850</u>		<u>\$ 5,425</u>		<u>\$ 5,425</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

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

December 31, 2013

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
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		
	<u>\$ 1,505,000</u>	<u>\$ 219,031</u>	<u>\$ 1,724,031</u>		<u>\$ 118,876</u>		<u>\$ 100,155</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

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

December 31, 2013

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
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		
	<u>\$ 7,140,000</u>	<u>\$ 1,583,325</u>	<u>\$ 8,723,325</u>		<u>\$ 845,150</u>		<u>\$ 738,175</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

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

December 31, 2013

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
2014	\$ 425,000	\$ 18,064	\$ 443,064	2015	\$ 9,032	2015	\$ 9,032
	<u>\$ 425,000</u>	<u>\$ 18,064</u>	<u>\$ 443,064</u>		<u>\$ 9,032</u>		<u>\$ 9,032</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, 2013

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
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>\$ 691,479</u>	<u>\$ 81,184</u>	<u>\$ 772,663</u>		<u>\$ 40,592</u>		<u>\$ 40,592</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 WATER SERIES OF 2004**

December 31, 2013

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
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	206,248	3,873	210,121
	<u>\$ 2,009,879</u>	<u>\$ 301,462</u>	<u>\$ 2,311,341</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

**LONG-TERM DEBT REQUIREMENTS
IEPA WATER SERIES OF 2005**

December 31, 2013

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
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>\$ 312,545</u>	<u>\$ 46,879</u>	<u>\$ 359,424</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

**LONG-TERM DEBT REQUIREMENTS
IEPA WATER SERIES OF 2006**

December 31, 2013

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
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>\$ 2,110,162</u>	<u>\$ 374,489</u>	<u>\$ 2,484,651</u>

(See independent auditor's report.)

CITY OF BATAVIA, ILLINOIS

**LONG-TERM DEBT REQUIREMENTS
IEPA WATER SERIES OF 2006**

December 31, 2013

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
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>\$ 1,093,487</u>	<u>\$ 194,060</u>	<u>\$ 1,287,547</u>

(See independent auditor's report.)

CITY OF BATAVIA ILLINOIS

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

December 31, 2013

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
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>\$ 25,065,000</u>	<u>\$ 15,812,586</u>	<u>\$ 40,877,586</u>		<u>\$ 7,906,299</u>		<u>\$ 7,906,287</u>

(See independent auditor's report.)

CITY OF BATAVIA ILLINOIS

**LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REFUNDING BOND SERIES OF 2013**

December 31, 2013

Date of Issue	May 8, 2013
Date of Maturity	November 1, 2024
Authorized Issue	\$9,120,000
Denomination of Notes	\$5,000
Interest Rates	2.0% to 2.15%
Interest Dates	May 1 and November 1
Principal Maturity Date	November 1
Payable at	U.S. Bank National Association

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			May 1	Interest Due on		
	Principal	Interest	Totals		Amount	November 1	Amount
2014	\$ 975,000	\$ 188,647	\$ 1,163,647	2014	\$ 94,324	2014	\$ 94,323
2015	990,000	169,148	1,159,148	2015	84,574	2015	84,574
2016	1,010,000	149,347	1,159,347	2016	74,674	2016	74,673
2017	1,030,000	129,147	1,159,147	2017	64,574	2017	64,573
2018	1,050,000	108,548	1,158,548	2018	54,274	2018	54,274
2019	1,070,000	87,547	1,157,547	2019	43,774	2019	43,773
2020	1,050,000	66,147	1,116,147	2020	33,074	2020	33,073
2021	355,000	45,148	400,148	2021	22,574	2021	22,574
2022	365,000	38,048	403,048	2022	19,024	2022	19,024
2023	370,000	30,200	400,200	2023	15,100	2023	15,100
2024	385,000	15,400	400,400	2024	7,700	2024	7,700
	<u>\$ 8,650,000</u>	<u>\$ 1,027,327</u>	<u>\$ 9,677,327</u>		<u>\$ 513,666</u>		<u>\$ 513,661</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>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	122-131
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	132-135
Debt Capacity 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.	136-140
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	141-142
Operating Information 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.	143-147

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	2004	2005	2006	2007
GOVERNMENTAL ACTIVITIES				
Net Investment in Capital Assets	\$ 53,435,734	\$ 54,007,767	\$ 56,436,503	\$ 58,043,517
Restricted	1,706,428	2,655,489	2,725,514	4,144,776
Unrestricted	7,533,840	8,057,531	10,891,346	12,519,599
TOTAL GOVERNMENTAL ACTIVITIES	\$ 62,676,002	\$ 64,720,787	\$ 70,053,363	\$ 74,707,892
BUSINESS-TYPE ACTIVITIES				
Net Investment in Capital Assets	\$ 55,901,461	\$ 55,546,192	\$ 52,291,412	\$ 57,578,542
Restricted	560,000	560,000	6,965,719	6,965,719
Unrestricted	15,857,580	17,924,403	17,858,940	16,722,298
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 72,319,041	\$ 74,030,595	\$ 77,116,071	\$ 81,266,559
PRIMARY GOVERNMENT				
Net Investment in Capital Assets	\$ 109,337,195	\$ 109,553,959	\$ 108,727,915	\$ 115,622,059
Restricted	2,266,428	3,215,489	9,691,233	11,110,495
Unrestricted	23,391,420	25,981,934	28,750,286	29,241,897
TOTAL PRIMARY GOVERNMENT	\$ 134,995,043	\$ 138,751,382	\$ 147,169,434	\$ 155,974,451

Data Source

Audited Financial Statements

2008	2009	2010	2011	2012	2013
\$ 59,368,474	\$ 59,211,061	\$ 61,702,711	\$ 71,424,001	\$ 72,676,714	\$ 75,247,631
3,898,823	4,849,006	6,450,380	4,368,391	3,172,867	2,523,099
11,929,557	12,411,040	13,273,254	15,556,352	17,671,347	19,376,473
<hr/>					
\$ 75,196,854	\$ 76,471,107	\$ 81,426,345	\$ 91,348,744	\$ 93,520,928	\$ 97,147,203
<hr/>					
\$ 58,492,879	\$ 59,128,513	\$ 61,371,996	\$ 61,475,226	\$ 61,674,302	\$ 63,949,289
6,965,719	6,965,719	6,965,719	7,605,719	7,719,951	7,425,248
17,353,828	16,820,949	19,039,131	21,151,336	24,279,154	21,245,987
<hr/>					
\$ 82,812,426	\$ 82,915,181	\$ 87,376,846	\$ 90,232,281	\$ 93,673,407	\$ 92,620,524
<hr/>					
\$ 117,861,353	\$ 118,339,574	\$ 123,074,707	\$ 132,899,227	\$ 134,351,016	\$ 139,196,920
10,864,542	11,814,725	13,416,099	11,974,110	10,892,818	9,948,347
29,283,385	29,231,989	32,312,385	36,707,688	41,950,501	40,622,460
<hr/>					
\$ 158,009,280	\$ 159,386,288	\$ 168,803,191	\$ 181,581,025	\$ 187,194,335	\$ 189,767,727
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CITY OF BATAVIA, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

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

	2008	2009	2010	2011	2012	2013
\$	8,146,104	\$ 5,962,374	\$ 6,266,691	\$ 6,374,558	\$ 5,162,153	\$ 5,184,666
	12,121,625	12,301,852	12,665,417	12,510,380	12,785,535	13,409,101
	6,260,339	5,734,078	5,181,816	6,282,067	5,858,599	3,932,500
	645,989	616,057	527,177	486,149	519,467	299,376
	27,174,057	24,614,361	24,641,101	25,653,154	24,325,754	22,825,643
	4,396,820	4,138,840	3,832,685	4,110,503	3,970,037	4,061,725
	4,208,916	4,138,139	3,807,081	3,926,312	4,013,735	4,297,406
	34,045,301	38,272,324	37,511,960	35,934,858	41,070,933	46,392,424
	42,651,037	46,549,303	45,151,726	43,971,673	49,054,705	54,751,555
\$	69,825,094	\$ 71,163,664	\$ 69,792,827	\$ 69,624,827	\$ 73,380,459	\$ 77,577,198
\$	3,764,086	\$ 3,854,860	\$ 3,964,876	\$ 3,126,338	\$ 2,128,277	\$ 2,121,391
	171,223	226,208	252,426	203,415	298,380	366,525
	-	-	-	-	288,836	275,620
	234,567	241,750	240,000	244,000	329,668	349,272
	1,008,624	686,975	3,623,695	10,317,551	1,508,042	1,667,743
	5,178,500	5,009,793	8,080,997	13,891,304	4,553,203	4,780,551
	4,087,625	4,064,180	4,222,211	4,230,203	4,564,944	4,302,000
	3,691,018	3,753,931	3,792,108	3,812,444	3,978,774	4,226,780
	35,665,614	37,487,439	39,639,489	38,665,547	43,893,073	45,107,223
	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	53,636,003
\$	48,780,648	\$ 51,375,334	\$ 57,576,496	\$ 60,609,923	\$ 56,989,994	\$ 58,416,554
\$	(21,995,557)	\$ (19,604,568)	\$ (16,560,104)	\$ (11,761,850)	\$ (19,772,551)	\$ (18,045,092)
	951,111	(183,762)	4,343,773	2,746,946	3,382,086	(1,115,552)
\$	(21,044,446)	\$ (19,788,330)	\$ (12,216,331)	\$ (9,014,904)	\$ (16,390,465)	\$ (19,160,644)

CITY OF BATAVIA, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

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

Data Source

Audited Financial Statements

	2008	2009	2010	2011	2012	2013
\$	6,767,017	\$ 7,116,278	\$ 7,221,619	\$ 7,330,398	\$ 7,870,416	\$ 7,818,876
	7,087,893	6,035,687	6,223,857	6,441,947	6,735,334	7,116,025
	3,300,786	3,134,179	3,157,059	3,096,521	3,633,856	3,770,203
	-	-	-	-	-	-
	2,759,628	2,363,790	2,307,602	2,408,189	2,309,103	2,511,557
	215,708	186,191	196,214	174,711	174,966	193,679
	89,736	164,237	213,396	123,602	-	-
	427,370	127,908	59,145	35,239	21,874	29,369
	1,815,544	1,729,656	2,115,848	2,073,642	244,123	231,658
	20,837	20,895	20,662	-	-	-
	22,484,519	20,878,821	21,515,402	21,684,249	20,989,672	21,671,367
	615,593	307,412	138,554	108,489	76,569	59,224
	-	-	-	-	7,337	3,445
	(20,837)	(20,895)	(20,662)	-	-	-
	594,756	286,517	117,892	108,489	83,906	62,669
\$	23,079,275	\$ 21,165,338	\$ 21,633,294	\$ 21,792,738	\$ 21,073,578	\$ 21,734,036
\$	488,962	\$ 1,274,253	\$ 4,955,298	\$ 9,922,399	\$ 1,217,121	\$ 3,626,275
	1,545,867	102,755	4,461,665	2,855,435	3,465,992	(1,052,883)
\$	2,034,829	\$ 1,377,008	\$ 9,416,963	\$ 12,777,834	\$ 4,683,113	\$ 2,573,392

CITY OF BATAVIA, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

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

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

Data Source

Audited Financial Statements

2008	2009	2010	2011	2012	2013
\$ 1,838,047	\$ 2,120,755	\$ 2,678,753	\$ -	\$ -	\$ -
12,103,289	12,643,938	13,643,762	-	-	-
-	-	-	178,617	173,639	195,863
-	-	-	2,216,178	292,465	-
-	-	-	258,458	-	-
-	-	-	14,559,083	11,905,693	13,918,690
\$ 13,941,336	\$ 14,764,693	\$ 16,322,515	\$ 17,212,336	\$ 12,371,797	\$ 14,114,553
\$ 856,905	\$ 1,299,247	\$ 1,766,856	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,446,175	1,654,563	2,188,377	-	-	-
-	-	-	1,896,032	2,880,402	2,523,099
-	-	-	2,184,199	2,781,395	2,962,504
\$ 2,303,080	\$ 2,953,810	\$ 3,955,233	\$ 4,080,231	\$ 5,661,797	\$ 5,485,603

CITY OF BATAVIA, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

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

¹ 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.

Data Source

Audited Financial Statements

	2008	2009	2010	2011	2012 ¹	2013
\$	17,155,696	\$ 16,286,144	\$ 16,602,505	\$ 16,868,866	\$ 17,829,676	\$ 18,256,432
	4,308,263	3,642,943	3,832,473	3,796,579	4,731,707	5,115,674
	263,420	196,493	445,039	246,606	234,069	230,775
	3,500,666	3,658,367	3,519,837	2,879,732	325,638	234,808
	171,223	226,208	252,426	203,415	186,264	249,773
	427,370	127,908	59,145	35,239	21,874	29,369
	1,815,544	1,729,656	2,115,818	2,073,642	2,213,647	2,279,836
	27,642,182	25,867,719	26,827,243	26,104,079	25,542,875	26,396,667
	8,036,700	5,853,071	6,162,236	5,483,040	4,998,429	4,861,193
	11,949,809	12,112,891	12,423,114	12,334,555	12,753,114	12,711,277
	4,621,617	4,073,379	3,614,205	4,292,210	3,048,391	3,302,998
	2,169,844	645,666	403,472	1,527,510	4,499,112	2,560,749
	1,036,350	659,875	1,157,225	965,000	1,035,000	1,100,000
	647,507	573,480	528,408	486,945	520,361	293,888
	28,461,827	23,918,362	24,288,660	25,089,260	26,854,407	24,830,105
	(819,645)	1,949,357	2,538,583	1,014,819	(1,311,532)	1,566,562
	-	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	1,853,989
	(2,884,933)	(2,319,685)	(2,341,856)	(2,109,938)	(3,498,631)	(1,853,989)
	20,837	(475,270)	20,662	-	167,693	-
\$	(798,808)	\$ 1,474,087	\$ 2,559,245	\$ 1,014,819	\$ (1,143,839)	\$ 1,566,562
	6.33%	5.59%	7.85%	9.78%	6.67%	6.70%

CITY OF BATAVIA, ILLINOIS

EQUALIZED ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Fiscal Year	Residential Property	Farm Property	Commercial Property	Industrial Property	Total	Railroad	Total Assessed Value	Total Actual Value	Total Direct Tax Rate
2003	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
2004	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
2005	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
2006	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
2007	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
2008	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
2009	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
2010	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
2011	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
2012	2013	686,768,933	273,176	114,323,380	155,237,111	956,602,600	185,049	956,787,649	2,870,362,947	0.6959

Data Source

Office of the County Assessor

CITY OF BATAVIA, ILLINOIS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Levy Years

LEVY YEAR	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
FISCAL YEAR	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
DIRECT CITY RATE										
Corporate	0.1990	0.1913	0.2147	0.2052	0.1947	0.1780	0.1785	0.1890	0.2433	0.2402
Bond and Interest	0.0398	0.0359	0.0525	0.0488	0.0457	0.0448	0.0444	0.0460	0.0490	0.0464
Police Pension	0.0891	0.0858	0.0845	0.0842	0.0859	0.0849	0.1093	0.1156	0.1272	0.1370
Fire Pension	0.0528	0.0480	0.0467	0.0429	0.0480	0.0558	0.0634	0.0662	0.0669	0.0685
IMRF	0.0388	0.0361	0.0326	0.0324	0.0299	0.0290	0.0293	0.0308	0.0326	0.0366
Fire Protection	0.0966	0.0942	0.0871	0.0838	0.0808	0.0875	0.0821	0.0699	0.0818	0.0836
Police Protection	0.0629	0.0617	0.0567	0.0547	0.0507	0.0532	0.0524	0.0749	0.0712	0.0836
Street and Bridge	0.0446	-	-	0.0031	0.0059	0.0159	-	-	-	-
Ambulance	-	-	-	-	-	-	-	-	-	-
City of Batavia	0.6236	0.5530	0.5748	0.5551	0.5416	0.5491	0.5594	0.5924	0.6720	0.6959
OVERLAPPING RATES										
Kane County	0.3578	0.3467	0.3367	0.3451	0.3321	0.3336	0.3398	0.3730	0.3990	0.4335
Kane County Forest Preserve District	0.1270	0.1432	0.1904	0.1747	0.1974	0.1932	0.1997	0.2201	0.2609	0.2710
Batavia Township	0.0873	0.0840	0.0808	0.0792	0.0770	0.0772	0.0720	0.0827	0.0886	0.0961
Batavia Township Road District	0.0438	0.0421	0.0405	0.0397	0.0386	0.0387	0.0392	0.0418	0.0447	0.0473
Batavia Park District	0.4458	0.4506	0.4226	0.4410	0.4389	0.4425	0.4521	0.4529	0.4875	0.5091
Batavia Library District	0.2533	0.2826	0.2850	0.2868	0.2611	0.2833	0.2881	0.3069	0.3289	0.3530
Batavia Library 1998 Bond District	0.0480	0.0427	0.0406	0.0390	0.0349	0.0124	0.0125	0.0089	0.0137	0.0026
Batavia Library 1999 Bond District	0.0396	0.0372	0.0330	0.0297	0.0487	0.0487	0.0498	0.0421	0.0459	0.0488
School District #101	4.3072	4.6508	4.7369	4.6989	4.6989	4.6986	4.6986	4.9033	5.7833	6.0860
Community College District #516	0.4134	0.4099	0.3933	0.3984	0.3950	0.3995	0.4043	0.4069	0.4709	0.5312
TOTAL DIRECT AND OVERLAPPING TAX RATE										
	6.7468	7.0428	7.1346	7.0876	7.0642	7.0768	7.1155	7.4310	8.5954	9.0745

*Rates are per \$100 of Assessed Value

Data Source

Office of the County Clerk

CITY OF BATAVIA, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

December 31, 2013

Taxpayers	2013 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2004 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
ALDI, Inc.	\$ 13,280,914	1	1.39%	\$ 7,780,921	2	1.01%
Kir Batavia 051 LLC	8,816,326	2	0.92%	8,992,353	1	1.17%
Partylite Worldwide Inc.	6,096,124	3	0.64%	6,482,822	4	0.84%
Libety Illinois LP	5,519,248	4	0.58%	6,915,299	3	0.90%
Vista Investments Inc.	5,318,613	5	0.56%	4,810,183	5	0.63%
The Holmstead	4,932,068	6	0.52%	3,174,958	8	0.41%
Kirk Road LLC	4,886,817	7	0.51%	4,256,375	6	0.55%
Wal-Mart Real Estate	4,733,842	8	0.49%			
Space Center Tysons Inc	3,990,436	9	0.42%			
Menard Inc.	3,867,979	10	0.40%			
VWR Scientific				4,128,833	7	0.54%
Dayton Hudson				3,166,670	9	0.41%
Millard Warehouse				3,026,399	10	0.39%
TOTAL	\$ 61,442,367		6.43%	\$ 52,734,813		6.85%

Data Source

Office of the County Clerk

CITY OF BATAVIA, ILLINOIS

PROPERTY TAX RATES, LEVIES AND COLLECTIONS

Last Ten Levy Years

Levy Year	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	2004	\$ 4,793,995	\$ 4,771,251	99.53%	N/A	\$ 4,771,251	99.53%
2004	2005	4,668,970	4,649,284	99.58%	N/A	4,649,284	99.58%
2005	2006	5,286,412	5,279,945	99.88%	N/A	5,279,945	99.88%
2006	2007	5,561,777	5,551,195	99.81%	N/A	5,551,195	99.81%
2007	2008	5,777,695	5,761,912	99.73%	N/A	5,761,912	99.73%
2008	2009	5,945,945	5,894,998	99.14%	N/A	5,894,998	99.14%
2009	2010	6,104,982	6,101,667	99.95%	N/A	6,101,667	99.95%
2010	2011	6,243,388	6,223,847	99.69%	N/A	6,223,847	99.69%
2011	2012	6,702,671	6,659,124	99.35%	N/A	6,659,124	99.35%
2012	2013	6,653,715	6,650,453	99.95%	N/A	6,650,453	99.95%

N/A - Currently Not Available

Data Source

Office of the County Clerk

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	Installment Contracts	General Obligation Bonds	Alternative Revenue Bonds	Revenue Bonds			
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	4,500,100	11,890,000	50,000	1,269,900	-	52,230,425	69,940,425	10.08%	2,800
2007	4,103,450	10,845,000	-	971,550	-	50,958,778	66,878,778	9.64%	2,678
2008	3,692,100	10,220,000	-	657,900	-	49,414,003	63,984,003	9.22%	2,562
2009	3,252,225	9,550,000	-	332,775	-	47,393,907	60,528,907	8.62%	2,396
2010	2,795,000	8,850,000	-	-	-	45,313,315	56,958,315	5.61%	2,187
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
2013	9,339,631	425,000	-	8,960,946	691,479	30,591,072	50,008,128	4.93%	1,920

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)
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	5,770,000	863,351	4,906,649	0.534%	196
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
2013	9,339,631	16,326	9,323,305	0.975%	358

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, 2013

Governmental Unit	Debt Outstanding	Percentage of Debt Applicable to the City¹	City's Share of Debt
City of Batavia	\$ 9,764,631	100.00%	\$ 9,764,631
Overlapping Debt			
School District #101	94,240,000	79.60%	75,015,040
School District #304	151,000,000	7.65%	11,551,500
Community College District #516	79,910,020	10.97%	8,766,129
Kane County	75,825,000	7.38%	5,595,885
Kane County Forest Preserve District	212,277,739	7.38%	15,666,097
Batavia Park District	4,595,000	78.76%	3,619,022
Batavia Public Library District	3,800,000	83.45%	3,171,100
Geneva Park District	21,988,000	14.19%	3,120,097
Subtotal of Overlapping Debt	<u>643,635,759</u>		<u>126,504,870</u>
Total Direct and Overlapping Debt	<u>\$ 653,400,390</u>		<u>\$ 136,269,501</u>

¹ 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, 2013

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

Waterworks Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2013	4,302,000	(2,791,860)	1,510,140	689,470	260,658	1.59

Sewerage Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2013	4,226,780	(2,799,203)	1,427,577	727,294	134,536	1.66

Electric Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2013*	46,114,133	(43,158,357)	2,955,776	605,000	1,073,205	1.76

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

* Utility service charges include revenues from the Rate Stabilization Fund for the purposes of calculating debt service coverage as authorized in Ordinance 06-47 and Resolution 09-95-R.

CITY OF BATAVIA, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
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	38,565	9.00%
2011	26,045	1,014,556,930	38,565	8.40%
2012	26,045	1,014,556,930	38,565	7.70%
2013	26,045	1,014,556,930	38,565	7.70%

Data Source

U.S. Census Bureau

CITY OF BATAVIA, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2013			2004		
	Rank	Employees	% of Total City Employment	Rank	Employees	% of Total City Employment
Fermi National Accelerator Laborator	1	1,800	13.40%	1	2,150	13.90%
Suncast Corporation	2	1,000	7.45%	3	450	2.91%
Unit School District #101	3	670	4.99%	5	400	2.59%
Agco Corporation	4	500	3.72%	4	425	2.75%
Power Packaging	5	300	2.23%			
Aldi, Inc.	6	200	1.49%	6	200	1.29%
Waste Management	7	200	1.49%	8	200	1.29%
Eagle Concrete	8	200	1.49%	10	175	1.13%
Carlisle Food Service Products, Inc.	9	190	1.41%			
DS Containers	10	175	1.30%	7	200	1.29%
Siemens-Furnas Controls				2	500	3.23%
Infilco Degremont				9	180	1.16%
		<u>5,235</u>	<u>38.97%</u>		<u>4,880</u>	<u>31.54%</u>

Data Source

U.S. Census Bureau

CITY OF BATAVIA, ILLINOIS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES

Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Administration	9	10	12	13	13	13	12	11	7	7
Finance	10	10	10	10	9	8	7	7	10	10
Building and Zoning	13	13	15	15	15	13	12	12	12	12
Public Safety										
Police										
Officers	45	45	45	45	45	43	40	40	40	40
Civilians	6	6	7	7	7	6	5	8	8	8
Fire										
Firefighters and Officers	23	23	24	24	24	24	22	22	23	23
Civilians	1	1	1	1	1	1	1	1	1	1
Highways and Streets	23	23	23	23	23	21	20	19	18	18
Waterworks	9	10	10	10	10	10	10	10	10	10
Sewerage	8	8	8	8	8	7	7	6	6	6
Electric	19	22	22	23	23	21	22	20	18	18
TOTAL	166	171	177	179	178	167	158	156	153	153

Data Source

Various City Departments

CITY OF BATAVIA, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008
GENERAL GOVERNMENT					
Tobacco Licenses	21	25	25	24	27
Liquor Licenses	34	38	43	40	39
PUBLIC SAFETY					
Police					
Part I Crimes	668	624	638	687	701
Part II Crimes*	1,919	1,779	2,005	1,608	2,018
Parking Violations	2,458	2,955	2,467	2,143	1,928
Traffic Violations	3,530	4,016	4,718	3,473	2,162
Fire					
Emergency Responses	3,039	2,935	3,146	3,242	3,378
Fires Extinguished	129	147	112	115	125
Inspections	572	553	595	605	800
HIGHWAYS AND STREETS					
Parkway Trees Planted	445	424	433	243	189
Leaves Collected (Cubic Yards)	7,974	8,595	7,594	8,115	9,557
Street Resurfacing (Miles)	4	5	5	5	5
WATERWORKS					
Number of Metered Accounts	8,979	9,067	9,177	9,228	9,244
Number of Hydrants Flushed/Inspecte	1,540	1,560	1,580	1,600	1,615
New Connections	186	118	110	51	3
Water Average Daily Consumption (Millions of Gallons)	2,993	3,221	2,989	3,010	3,000
SEWERAGE					
Number of Metered Accounts	8,767	8,899	9,001	9,201	9,218
Average Daily Sewage Treatment (Millions of Gallons)	3,269	2,967	3,703	3,335	3,900
ELECTRIC					
Number of Metered Accounts	9,345	9,385	9,456	9,458	10,801
MW Hours Sold	380,630	40,951	417,738	427,247	416,339

Data Source

Various City Departments

2009	2010	2011	2012	2013
27	27	24	26	26
38	39	38	40	40
708	557	475	518	374
2,359	1,349	1,471	1,670	1,731
3,583	2,476	1,822	1,941	3,011
4,327	3,934	2,596	2,859	2,932
3,139	3,289	3,264	3,458	3,539
80	82	116	95	83
946	1,233	1,013	986	925
182	138	135	212	212
9,898	7,684	8,495	7,585	8,562
5	2	3	3	3
9,235	9,241	9,254	9,275	9,290
1,625	1,625	1,600	1,950	1,975
6	6	7	10	14
3,000	2,950	2,799	2,710	2,500
9,149	9,168	9,137	9,092	9,104
3,700	3,748	3,690	1,125	1,290
10,764	10,761	10,813	10,844	10,866
400,319	428,299	462,899	493,478	451,181

CITY OF BATAVIA, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008
PUBLIC SAFETY					
Police					
Stations	1	1	1	1	1
Area Patrols	1	1	1	1	1
Patrol Units	14	14	13	13	13
Fire					
Fire Stations	2	2	2	2	2
Fire Engines	6	6	6	6	6
PUBLIC WORKS					
Urban Street Miles	103	105	106	106	106
Rural Street Miles	7	7	7	7	7
Total Street Miles	110	112	113	113	113
WATERWORKS					
Water Mains (Miles)	112	113	116	116	116
Fire Hydrants	1,550	1,600	1,600	1,600	1,600
SEWERAGE					
Sanitary Sewers (Miles)	120	122	124	126	126
Storm Sewers (Miles)	105	107	108	108	108
ELECTRIC					
Over Head (Percentage)	42.0%	43.0%	43.0%	45.0%	45.0%
Substations	6	5	5	5	5

Data Source

Various City Departments

2009	2010	2011	2012	2013
1	1	1	1	1
1	1	1	1	1
14	13	13	13	13
2	2	2	2	2
6	6	6	6	6
106	106	107	107	107
7	7	7	7	7
113	113	114	114	114
116	116	160	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



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Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

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, 2013. 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, 2013, 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
June 6, 2014