New Issue

Investment Rating:
Moody's Investors Service ... Aa1

Final Official Statement

*Subject to compliance by the City with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "**TAX EXEMPTION**" herein for a more complete discussion.*

$22,570,000
CITY OF BATAVIA
Kane and DuPage Counties, Illinois
General Obligation Refunding Bonds, Series 2015

Dated Date of Delivery **Book-Entry** **Due As Detailed Below**

The $22,570,000 General Obligation Refunding Bonds, Series 2015 (the "Bonds") are being issued by the City of Batavia, Kane and DuPage Counties, Illinois (the "City"). Interest is payable semiannually on January 1 and July 1 of each year, commencing July 1, 2016. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on January 1 in the following years and amounts.

AMOUNTS, MATURITIES, INTEREST RATES, YIELDS AND CUSIP NUMBERS

Principal Amount	Due Jan. 1	Interest Rate	Yield	CUSIP(1) Number	Principal Amount	Due Jan. 1	Interest Rate	Yield	CUSIP(1) Number
$ 780,000	2017	3.000%	0.700%	070372 MV6	$1,120,000	2029	3.000%	3.100%	070372 NH6
805,000	2018	3.000%	1.100%	070372 MW4	1,155,000	2030	3.125%	3.200%	070372 NJ2
830,000	2019	3.000%	1.350%	070372 MX2	1,185,000	2031	3.125%	3.250%	070372 NK9
855,000	2020	3.000%	1.550%	070372 MY0	1,225,000	2032	3.250%	3.300%	070372 NL7
885,000	2021	3.000%	1.750%	070372 MZ7	1,265,000	2033	3.250%	3.350%	070372 NM5
910,000	2022	3.000%	2.000%	070372 NA1	1,310,000	2034	3.250%	3.400%	070372 NN3
940,000	2023	3.000%	2.150%	070372 NB9	1,345,000	2035	3.375%	3.450%	070372 NP8
965,000	2024	3.000%	2.300%	070372 NC7	1,395,000	2036	3.375%	3.500%	070372 NQ6
995,000	2025	3.000%	2.450%	070372 ND5	1,440,000	2037	3.500%	3.550%	070372 NR4
1,025,000	2026*	3.000%	2.650%	070372 NE3					

			CUSIP(1) Number
$2,140,000	3.000%	Term Bond Due January 1, 2028; Yield 3.000%	070372 NG8

For further details see **"MANDATORY REDEMPTION"** herein.

This maturity has been priced to call.

OPTIONAL REDEMPTION

Bonds due January 1, 2017-2025, inclusive, are not subject to optional redemption. Bonds due January 1, 2026-2037, inclusive, are callable in whole or in part on any date on or after January 1, 2025, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See **"OPTIONAL REDEMPTION"** herein.

PURPOSE, LEGALITY AND SECURITY

Bond proceeds will be used to advance refund the City's outstanding Electric Revenue Bonds, Series 2006, and to pay the cost of issuance on the Bonds. See **"PLAN OF FINANCING"** herein.

In the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, the Bonds are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property of the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, will constitute valid and legally binding obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable property therein without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

The City **does not intend** to designate the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Final Official Statement is dated December 7, 2015, and has been prepared under the authority of the City. An electronic copy of this Final Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Competitive Final Official Statement Sales Calendar". Additional copies may be obtained from Ms. Peggy Colby, 100 North Island Avenue, Batavia, IL 60510-196, or from the Municipal Advisors to the City:

Speer Financial, Inc.
INDEPENDENT MUNICIPAL ADVISORS • ESTABLISHED 1954
ONE NORTH LASALLE STREET, SUITE 4100 • CHICAGO, ILLINOIS 60602
Telephone: (312) 346-3700; Facsimile: (312) 346-8833
www.speerfinancial.com

(1) CUSIP numbers appearing in this Final Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw Hill Financial Inc. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth on the cover of this Final Official Statement.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATES THEREOF.

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

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BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Final Official Statement, which is provided for the convenience of potential investors and which should be reviewed in its entirety by potential investors.

Issuer:	City of Batavia, Kane and DuPage Counties, Illinois.
Issue:	$22,570,000 General Obligation Refunding Bonds, Series 2015.
Dated Date:	Date of delivery, expected to be on or about December 29, 2015.
Interest Due:	Each January 1 and July 1, commencing July 1, 2016.
Principal Due:	Each January 1, commencing January 1, 2017, through January 1, 2026 and 2028 through 2037, as detailed on the front page of this Final Official Statement.
Optional Redemption:	Bonds maturing on or after January 1, 2026, are callable at the option of the City on any date on or after January 1, 2025, at a price of par plus accrued interest. See **"OPTIONAL REDEMPTION"** herein.
Mandatory Redemption:	The Bonds are subject to mandatory redemption. See **"MANDATORY REDEMPTION"** herein.
Authorization:	The City is a home rule unit under the Illinois Constitution and as such has no debt limitation and is not required to seek referendum approval to issue the Bonds.
Security:	The Bonds are valid and legally binding obligations of the City payable both as to principal and interest from ad valorem taxes levied against all taxable property therein without limitation as to rate or amount.
Credit Rating:	The Bonds have been rated "Aa1" by Moody's Investors Service.
Purpose:	The Bonds are being issued to advance refund the City's outstanding Electric Revenue Bonds, Series 2006. See **"PLAN OF FINANCE"** herein.
Tax Exemption:	Chapman and Cutler LLP, Chicago, Illinois, will provide an opinion as to the tax exemption of the interest on the Bonds as discussed under **"TAX EXEMPTION"** in this Final Official Statement. Interest on the Bonds is not exempt from present State of Illinois income taxes.
No Bank Qualification:	The Bonds **are not** "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Registrar/Paying Agent/ Escrow Agent:	The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois.
Verification Agent:	Stanley P. Stone & Associates, Inc., Financing Consultants, New York, New York .
Delivery:	The Bonds are expected to be delivered on or about December 29, 2015.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Bonds. See **APPENDIX B** herein.
Denomination:	$5,000 or integral multiples thereof.
Municipal Advisor:	Speer Financial, Inc., Chicago, Illinois.

CITY OF BATAVIA
Kane and DuPage Counties, Illinois

Jeffrey D. Schielke
Mayor

Aldermen

Lucy Thelin Atac	Dan Chanzit	Paula Mueller
Kevin Botterman	Carl Fischer	Michael F. O'Brien
David Brown	Kyle Hohmann	Susan Stark
Martin Callahan	Drew McFadden	Michael Russotto
Nicholas Cerone		Alan Wolff

Officials

William R. McGrath
City Administrator

Heidi Wetzel
City Clerk

Kevin G. Drendel, Esq.
City Attorney

Peggy Colby
Finance Director

Gerald R. Miller
Treasurer

AUTHORIZATION, PURPOSE AND SECURITY

The General Obligation Refunding Bonds, Series 2015 (the "Bonds"), are being issued pursuant to the home-rule powers of the City of Batavia, Kane and DuPage Counties, Illinois (the "City"), under Section 6, Article VII of the 1970 Constitution of the State of Illinois. The Bonds are issuable pursuant to a bond ordinance adopted by the City Council of the City on the 7th day of December, 2015 (the "Bond Ordinance"). Bond proceeds will be used to advance refund the City's outstanding Electric Revenue Bonds, Series 2006, and to pay the cost of issuance of the Bonds. The Bonds constitute valid and legally binding full faith and credit general obligations of the City, and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount. The Bond Ordinance provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the City in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds. The Bond Ordinance will be filed with the County Clerk of Kane and DuPage Counties, Illinois, and will serve as authorization to said County Clerk to extend and collect the property taxes as set forth in the Bond Ordinance.

THE CITY

Settled in the early 1830's, the City is located 35 miles due west of downtown Chicago along the banks of the Fox River. The City was incorporated as a village in 1856 and as a city in 1891. Population at the 2010 Census was 26,045. The current land area of the City is 9.64 square miles. The City operates under an aldermanic form of government with 14 aldermen, two from each ward, elected for overlapping four-year terms. The Mayor is elected on an at-large basis. The City is nicknamed 'The Windmill City', as a result of its industrial role at the turn of the century as the windmill manufacturing capital of the world. Many antique and replicated windmills may be seen throughout the City.

In November 2007, *Business Week* named Batavia as one of the "50 best places to raise kids". Batavia was ranked as 21st nationally on the list of communities from across the country. The magazine ranked communities by reviewing a variety of factors and the top picks were said to offer the right mix of safety, community, and education.

City Services

The City employs a total of 156 full time employees with a full range of city services. Forty full-time sworn officers staff the police department. The fire department consists of 23 full-time firefighters augmented by 40 paid-on-call firefighters. The City has earned a “class three” fire insurance rating due to the quality of the fire department and its water supply and distribution system. The City has an east side and west side fire station to ensure prompt response times. Additionally, the City recently completed the reconstruction of the two stations, which will provide for the community for many years to come.

Utilities owned by the City include a water supply, treatment and distribution system, a sewage collection and treatment system, and an electric transmission and distribution system with a majority of its power supplied through a bilateral contract with the Northern Illinois Power Agency that has fractional ownership in a mine mouth coal plant located in southern Illinois. Other sources of power include smaller bilateral contracts and short term market purchases.

Community Services

The Batavia Park District (the “Park District”) serves an area of approximately 17 square miles primarily in eastern Kane County encompassing about 350 acres of park land. Over 1,000 recreation programs are offered annually and include league sports, special events, swimming, dance, exercise, art, cultural, children and senior citizen programs. The Park District recreational facilities include outdoor tennis courts, ball fields, basketball courts, jogging trails, neighborhood and community parks, an outdoor ice skating rink, an outdoor skate park, and numerous playing fields. Major facilities include Quarry Park, which first opened in the 1920’s as an outdoor swimming quarry and now provides a sand bottom swimming area with concrete sides and a diving area. The Eastside Community Center houses preschool and leisure education classes and serves as the Park District’s administrative headquarters. A joint venture with the Batavia Historical Society is the Depot Museum, which is a restored 1855 railroad depot that houses displays of Batavia history. The Fox River Trail is an extensive bicycle trail, which follows the Fox River and winds through the City.

The Batavia Public Library District (the “Library”), located in downtown Batavia, is an independent unit of government, governed by a seven-member board of directors, elected at large. The library dedicated in January 2002, is a 54,000 square foot building. Serving approximately 18,000 registered patrons, the Library houses over 160,000 items including books, audio books, compact disks, magazines, videos and DVD’s. In addition, the Library offers residents the use of computers with Internet access, copiers, adult and youth programming, meeting room space for community groups, quiet reading areas and outdoor seating.

The 87-acre campus of Delnor Community Health System, constructed in 1991 in nearby Geneva, is a state of the art hospital with a Level II trauma center, cancer care center, maternity center health & wellness, mammography, and 24-hour emergency room. It has approximately 160 beds and employs more than 1,500 health care professionals. The hospital’s medical staff is composed of more than 300 general physicians and specialists. Delnor was recently designated a "Magnet" hospital by the American Nurses Association for meeting stringent standards for nursing practices and providing quality patient care.

The Fifth Third Ballpark, located in Geneva, was constructed in 1991. The ballpark is home to the Kane County Cougars, a minor league baseball team that is affiliated with the Arizona Diamondbacks. The Cougars' season runs from April through September with about 70 home games. The price of tickets ranges from approximately $8.00 to $15.00. The stadium seats 7,400 and also has lawn seating available. Between inning entertainment and frequent fireworks shows make this a popular family outing. Thirty full-time employees work year round for the Cougars with total employment of 500 over the summer.

Education

The Batavia Community Unit School District 101 (the "District") was formed in 1911. The District provides educational programs for grades pre-kindergarten through 12 and operates six elementary schools, one middle school and one high school. The current enrollment of the District is about 6,200 students.

Enrollment has grown in the last several years, and as a result a $61 million expansion to the high school was started in 2008 to offer additional class rooms and amenities for co-curricular activities. The District employs a total of approximately 650 full and part-time personnel including 358 full-time teachers. Public School District Number 304 covers a small portion of the City. The City also includes a Montessori School and two private schools offering education grades K-8.

One of the strengths of the City is found in the community commitment to its institutions and its quality of life. The District is ranked as one of the most educationally advanced systems in the State of Illinois. Additionally, the District is supported by parents in the community through the formation of the Batavia Foundation for Educational Excellence, which provides enrichment programs to students of the District.

Economic Development

The City has experienced expansive economic growth over the last two decades. The rise in development began on Randall Road, which is now a major retail corridor and travel route between neighboring communities. When a Jewel Food store and a Target store first came to the City, Randall Road was at the edge of the City and was surrounded by mostly undeveloped land. Since that time, Randall Road has become the shopping destination for Batavians and surrounding communities, with shopping developing to both the north and south. 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 expanded to a full grocery in 2013 and recently renovated the Sam's Club. Multiple restaurants contribute to the area. Art Van Furniture and Buy Buy Baby are newer stores in the area. Other niche stores include clothing and furniture reuse shops. Also, the Aldi Grocery store relocated to an updated facility. Aldi headquarters is in Batavia and they recently completed expansion of their headquarters by constructing a six-story office building on the City's east side.

An Italian fine dining restaurant opened in 2014 in the City's downtown along the woonerf on River Street. The woonerf is one of the few in the United States that is based on a Dutch concept that gives equal priority to all modes of transportation. City Council continues to put a concentrated effort on revitalizing the downtown. With two active TIF districts, redevelopment has begun in numerous forms through façade improvement grants and downtown improvement grants and redevelopment agreements encouraging private/public partnerships and investment. The City is nearing completion of its third major streetscape project in the downtown. A combination of TIF, grant, and utility funds provided for the replacement of infrastructure along River, Wilson and Houston Streets. The projects included brick pavers, new lighting, planters and street furniture.

Other redevelopment opportunities include the former Baptist Church site in the downtown and the adjoining block. The City owns much of this block and is working on presenting options for development uses for this site. Outside of the downtown, demolition and abatement has been completed for the Siemens-Furnas Controls (formerly Furnas Electric Company) site, priming this 18-acre property for redevelopment. Other residential opportunities for development are on both the east and west side of the City and most significantly, the 400 plus acre Mooseheart site annexed a few years ago.

The City's main industrial park is home to numerous manufacturers. . Suncast Corporation has recently chosen to keep its national headquarters in Batavia and to expand in Batavia, and Partylite Worldwide, Inc. has consolidated its international locations into one location at the Batavia site in the industrial park. There are approximately 80 acres that remain available in the industrial park. The industrial park has had many new businesses locate there in the last few years, in part due to the ideal location for transportation of rail and highway systems.

In addition, the City supports community festivals and events such as the Batavia Triathlon and Art in Your Eye Fine Arts Festival.

Transportation

The City has become a desirable community for families because of the schools and ease of work commute. The major highway serving the City is the East-West Tollway which runs about 2.5 miles to the south and is a four to six lane controlled access highway. Fabyan Parkway connects Roosevelt Road, an east-west route that originates in Chicago, with the City and Route 31. Route 31 runs north and south on the west side of the Fox River and is an important connector of the East-West Tollway with the Northwest Tollway near Elgin. Passenger train service to Chicago is available approximately one-half mile north off of Route 31. Rail freight service is available on both the Chicago and Northwestern and the Burlington Northern Railroads and is approximately one hour from downtown Chicago. Partially as a result of these transportation links, the mix of industries within the City has, in recent years, tended toward non-manufacturing activities such as warehousing and distribution.

SOCIOECONOMIC INFORMATION

Employment

Following are lists of large employers located in the City and in the surrounding area.

Major City Employers*(1)*

Name	Product/Service	Approximate Employment
Fermi Research Alliance	High Energy Physics Research Laboratory	1,700
Suncast Corporation	Plastic Lawn and Garden Products	800
Aldi, Inc.	Grocery Warehouse and Corporate Office	500
AGCO Corporation, Parts Division	Farm Equipment Parts Distributor	365
Power Packaging, Inc.	Contract Packaging and Assembling	300
HOBI International, Inc.	Electronic Parts and Equipment	225
VWR International, Inc.	Scientific Supplies and Equipment Distribution	221
PartyLite Worldwide, LLC	Candle Manufacturer	165
Flinn Scientific, Inc.	Laboratory Chemicals for Educational Purposes	150
DS Containers, Inc.	Metal Cans	140
Batavia Container, Inc.	Corrugated and Solid Fiber Boxes	135
Dinex by Carlisle	Plastic Products	120
DuKane Contract Services, Inc.	Building Maintenance Services	110

Note: (1) Source: 2015 Illinois Manufacturers Directory, 2015 Illinois Services Directory and a selective telephone survey.

Major Area Employers*(1)*

Location	Name	Product/Service	Approximate Employment
Elgin	Elgin Unit School District Number 46	Public School District	5,000
Naperville	Edward Hospital	General Hospital	4,500
Naperville	Alcatel-Lucent	Telecommunications Research and Development	3,000
Naperville	School District Number 203	Public School District	2,400
Aurora	Caterpillar Inc.	Loaders and Tractors	2,300
Naperville	Nicor Gas	Gas Utility Company	2,264
Elgin	Sherman Hospital	General Hospital	2,200
Aurora	Rush-Copley Medical Center	Hospital and Medical Center	2,000
Naperville	School District Number 204	Public School District	2,000
Geneva	Delnor Hospital	General Hospital	1,650
Naperville	BP	Chemical and Petrochemical Research and Testing Laboratory	1,600
Aurora	Presence Mercy Medical Center	Medical and Psychiatric Hospital	1,300
Elgin	Presence St. Joseph Hospital	General Hospital	1,300
Aurora	Dreyer Medical Clinic	Medical Services	1,200
Elgin	John B. Sanfilippo & Son, Inc.	Snack Foods Corporate Headquarters	1,200
Naperville	Nalco Company	Chemicals and Allied Products Corporate Headquarters	1,200

Note: (1) Source: 2015 Illinois Manufacturers Directory, 2015 Illinois Services Directory and a selective telephone survey.

The following tables show employment by industry and by occupation for the City, Kane County (the "County") and the State of Illinois (the "State") as reported by the U.S. Census Bureau 2009-2013 American Community Survey 5-year estimated values.

Employment By Industry*(1)*

	The City		The County		The State	
Classification	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing and Hunting, and Mining	78	0.6%	1,454	0.6%	63,113	1.1%
Construction	663	5.1%	14,892	6.0%	310,368	5.2%
Manufacturing	1,569	12.2%	41,178	16.6%	756,029	12.6%
Wholesale Trade	608	4.7%	10,638	4.3%	184,209	3.1%
Retail Trade	1,333	10.4%	29,432	11.9%	655,654	10.9%
Transportation and Warehousing, and Utilities	630	4.9%	11,910	4.8%	348,569	5.8%
Information	384	3.0%	5,542	2.2%	126,311	2.1%
Finance and Insurance, and Real Estate and Rental and Leasing	771	6.0%	17,203	7.0%	447,732	7.5%
Professional, Scientific, and Management, and Administrative and Waste Management Services	2,013	15.6%	32,407	13.1%	666,163	11.1%
Educational Services and Health Care and Social Assistance	2,986	23.2%	46,562	18.8%	1,379,821	23.0%
Arts, Entertainment and Recreation and Accommodation and Food Services	1,104	8.6%	19,460	7.9%	538,646	9.0%
Other Services, Except Public Administration	482	3.7%	9,808	4.0%	286,928	4.8%
Public Administration	258	2.0%	7,033	2.8%	234,777	3.9%
Total	12,879	100.0%	247,519	100.0%	5,998,320	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2009 to 2013.

Employment By Occupation*(1)*

	The City		The County		The State	
Classification	Number	Percent	Number	Percent	Number	Percent
Management, Business, Science and Arts	6,650	51.6%	82,991	33.5%	2,183,077	36.4%
Service	1,428	11.1%	39,062	15.8%	1,036,503	17.3%
Sales and Office	3,138	24.4%	66,191	26.7%	1,509,578	25.2%
Natural Resources, Construction, and Maintenance	651	5.1%	19,187	7.8%	444,958	7.4%
Production, Transportation, and Material Moving	1,012	7.9%	40,088	16.2%	824,204	13.7%
Total	12,879	100.0%	247,519	100.0%	5,998,320	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2009 to 2013.

Annual Average Unemployment Rates*(1)*

Calendar Year	The City	The County	The State
2006	3.2%	4.2%	4.6%
2007	3.7%	4.8%	5.0%
2008	5.0%	6.2%	6.4%
2009	8.5%	10.2%	10.0%
2010	8.4%	10.3%	10.3%
2011	8.4%	9.9%	8.9%
2012	7.8%	8.9%	9.0%
2013	7.4%	8.7%	9.1%
2014	6.1%	7.0%	7.1%
2015(2)	4.6%	4.9%	5.1%

Notes: (1) Source: Illinois Department of Employment Security.
(2) As of September 2015.

Building Permits

City Building Permits*(1)*

(Excludes the Value of Land)

Calendar	Single-Family		Multi-Family		Miscellaneous	Total
Year	Units	Value	Number	Value	Value	Value
2005	103	$55,180,364	$0	$0	$20,883,678	$76,064,042
2006	51	37,282,627	0	0	40,419,209	77,701,836
2007	25	36,900,047	0	0	24,762,960	61,663,007
2008	12	8,159,288	0	0	16,848,350	25,007,638
2009	3	4,405,600	0	0	12,668,879	17,074,479
2010	6	2,389,000	0	0	53,755,721	56,144,721
2011	7	1,857,950	0	0	30,589,743	32,447,693
2012	11	3,821,100	0	0	28,217,126	32,038,226
2013	7	2,231,300	0	0	21,616,949	23,848,249
2014	15	4,637,300	0	0	27,726,871	32,364,171

Note: (1) Source: The City.

Housing

The U.S. Census Bureau 5-year estimated values reported that the median value of the City's owner-occupied homes was $278,000. This compares to $223,100 for the County and $182,300 for the State. The following table represents the five year average market value of specified owner-occupied units for the City, the County and the State at the time of the 2009-2013 American Community Survey.

Specified Owner-Occupied Units*(1)*

	The City		The County		The State	
Value	Number	Percent	Number	Percent	Number	Percent
Under $50,000	136	1.9%	3,342	2.6%	235,268	7.3%
$50,000 to $99,999	68	0.9%	8,798	6.9%	493,044	15.3%
$100,000 to $149,999	217	3.0%	16,896	13.2%	504,066	15.7%
$150,000 to $199,999	996	13.6%	25,750	20.1%	538,003	16.7%
$200,000 to $299,999	2,916	39.9%	37,124	28.9%	692,499	21.5%
$300,000 to $499,999	2,396	32.8%	28,258	22.0%	513,968	16.0%
$500,000 to $999,999	500	6.8%	7,309	5.7%	196,905	6.1%
$1,000,000 or more	86	1.2%	900	0.7%	46,285	1.4%
Total	7,315	100.0%	128,377	100.0%	3,220,038	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2009 to 2013.

Mortgage Status*(1)*

	The City		The County		The State	
Value	Number	Percent	Number	Percent	Number	Percent
Housing Units with a Mortgage	6,151	84.1%	98,771	76.9%	2,190,976	68.0%
Housing Units without a Mortgage	1,164	15.9%	29,606	23.1%	1,029,062	32.0%
Total	7,315	100.0%	128,377	100.0%	3,220,038	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2009 to 2013.

Income

Per Capita Personal Income for the Highest Income Counties in the State*(1)*

Rank		2009-2013
1	**DuPage County**	**$38,570**
2	Lake County	38,018
3	McHenry County	32,341
4	Monroe County	31,758
5	Kendall County	31,276
6	Piatt County	31,190
7	Woodford County	30,926
8	McLean County	30,460
9	Will County	30,377
10	Cook County	30,183
11	**Kane County**	**30,082**

Note: (1) Source: U.S. Bureau of the Census. 2009-2013 American Community 5-Year Estimates.

The following shows a ranking of median family income for the Chicago metropolitan area from the 2009-2013 American Community Survey.

Ranking of Median Family Income*(1)*

County	Family Income	Rank
DuPage County	**$95,208**	**1**
Lake County	92,116	2
Kendall County	91,368	3
McHenry County	87,760	4
Will County	86,747	5
Kane County	**80,085**	**8**
Cook County	66,187	24

Note: (1) Source: U.S. Bureau of the Census 2009-2013 American Community Survey 5-Year Estimates.

The U.S. Census Bureau 5-year estimated values reported that the City had a median family income of $108,548. This compares to $80,085 for the County and $70,344 for the State. The following table represents the distribution of family incomes for the City, the County and the State at the time of the 2009-2013 American Community Survey.

Family Income*(1)*

	The City		The County		The State	
Income	Number	Percent	Number	Percent	Number	Percent
Under $10,000	280	4.0%	3,743	2.9%	137,093	4.4%
$10,000 to $14,999	131	1.9%	2,085	1.6%	84,866	2.7%
$15,000 to $24,999	239	3.4%	7,297	5.7%	225,548	7.2%
$25,000 to $34,999	263	3.8%	9,121	7.2%	257,251	8.2%
$35,000 to $49,999	414	6.0%	14,256	11.2%	381,248	12.2%
$50,000 to $74,999	744	10.7%	23,101	18.1%	583,037	18.6%
$75,000 to $99,999	1,026	14.8%	19,004	14.9%	470,717	15.0%
$100,000 to $149,999	1,733	25.0%	26,399	20.7%	553,739	17.7%
$150,000 to $199,999	1,126	16.2%	11,943	9.4%	222,115	7.1%
$200,000 or more	975	14.1%	10,540	8.3%	220,748	7.0%
Total	6,931	100.0%	127,489	100.0%	3,136,362	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2009 to 2013.

The U.S. Census Bureau 5-year estimated values reported that the City had a median household income of $91,394. This compares to $69,530 for the County and $56,797 for the State. The following table represents the distribution of household incomes for the City, the County and the State at the time of the 2009-2013 American Community Survey.

Household Income*(1)*

	The City		The County		The State	
Income	Number	Percent	Number	Percent	Number	Percent
Under $10,000	486	5.1%	6,902	4.1%	337,875	7.1%
$10,000 to $14,999	369	3.9%	4,978	2.9%	219,468	4.6%
$15,000 to $24,999	679	7.2%	13,171	7.7%	484,449	10.2%
$25,000 to $34,999	522	5.5%	14,854	8.7%	462,771	9.7%
$35,000 to $49,999	663	7.0%	20,287	11.9%	618,005	12.9%
$50,000 to $74,999	1,149	12.2%	31,112	18.3%	856,630	17.9%
$75,000 to $99,999	1,344	14.2%	23,652	13.9%	615,943	12.9%
$100,000 to $149,999	2,011	21.3%	30,699	18.0%	667,146	14.0%
$150,000 to $199,999	1,159	12.3%	12,939	7.6%	255,728	5.4%
$200,000 or more	1,055	11.2%	11,764	6.9%	254,708	5.3%
Total	9,437	100.0%	170,358	100.0%	4,772,723	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2009 to 2013.

Retail Activity

Following is a summary of the City's sales tax receipts as collected and disbursed by the State of Illinois.

Retailers' Occupation, Service Occupation and Use Tax*(1)*

Calendar Year	State Sales Tax Distributions(2)	Annual Percent Change + (-)
2005	$5,195,982	4.51%(3)
2006	5,597,430	7.73%
2007	5,555,639	(0.75%)
2008	5,159,608	(7.13%)
2009	4,422,689	(14.28%)
2010	4,516,847	2.13%
2011	4,668,900	3.37%
2012	4,587,338	(1.75%)
2013	4,835,779	5.42%
2014	5,105,655	5.58%
Growth form 2005 to 2014		(1.74%)

Notes: (1) Source: The City.
(2) Tax distributions are based on records of the Illinois Department of Revenue relating to the 1% municipal portion of the Retailers' Occupation, Service Occupation and Use Tax, collected on behalf of the City, less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs which are not taxed by the State.
(3) 2005 percent change based on 2004 sales tax receipts of $4,971,878.

PLAN OF FINANCING

Bond proceeds will be used to fund an escrow to advance refund the City's outstanding Electric Revenue Bonds, Series 2006, as listed below (the "Refunded Bonds"):

Electric Revenue Bonds, Series 2006

Refunded Maturities	Outstanding Amount	Amount Refunded	Redemption Price	Redemption Date
01/01/2016	$ 680,000	$ 680,000	N/A	N/A
01/01/2017	710,000	710,000	N/A	N/A
01/01/2018	735,000	735,000	100%	01/01/2017
01/01/2019	765,000	765,000	100%	01/01/2017
01/01/2020	795,000	795,000	100%	01/01/2017
01/01/2021	830,000	830,000	100%	01/01/2017
01/01/2022	865,000	865,000	100%	01/01/2017
01/01/2023	900,000	900,000	100%	01/01/2017
01/01/2024	935,000	935,000	100%	01/01/2017
01/01/2025	975,000	975,000	100%	01/01/2017
01/01/2026	1,020,000	1,020,000	100%	01/01/2017
01/01/2027	1,060,000	1,060,000	100%	01/01/2017
01/01/2028	1,105,000	1,105,000	100%	01/01/2017
01/01/2029	1,155,000	1,155,000	100%	01/01/2017
01/01/2030	1,205,000	1,205,000	100%	01/01/2017
01/01/2031	1,255,000	1,255,000	100%	01/01/2017
01/01/2032	1,310,000	1,310,000	100%	01/01/2017
01/01/2033	1,370,000	1,370,000	100%	01/01/2017
01/01/2034	1,430,000	1,430,000	100%	01/01/2017
01/01/2035	1,490,000	1,490,000	100%	01/01/2017
01/01/2036	1,560,000	1,560,000	100%	01/01/2017
01/01/2037	1,630,000	1,630,000	100%	01/01/2017
Total	$23,780,000	$23,780,000		

Bond proceeds will be used to purchase direct full faith and credit obligations of the United States of America (the "Government Securities"), the principal of which together with interest to be earned thereon will be sufficient (i) to pay when due the interest on the Refunded Bonds as stated above, and (ii) to pay principal of and call premium, if any, on the Refunded Bonds on their redemption date. The remaining bond proceeds will be used to pay the costs of issuing the Bonds.

The Government Securities will be held in an escrow account created pursuant to an escrow agreement (the "Escrow Agreement") dated as of the date of closing, expected to on or about December 29, 2015, between the City and The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois, as Escrow Agent (the "Escrow Agent").

The mathematical calculations: (a) of the adequacy of the deposit made pursuant to the Escrow Agreement to provide for the payment of certain interest, principal and call premiums on the Refunded Bonds, and (b) supporting the opinion of Bond Counsel that the interest of the Bonds is excludable from gross income of the owners thereof for federal income tax purposes will be verified by Stanley P. Stone & Associates, Inc., Financing Consultants, New York, New York at the time of delivery of the Bonds. All moneys and Government Securities deposited for the payment of Refunded Bonds, including interest thereon, are required to be applied solely and irrevocably to the payment of the Refunded Bonds.

DEBT INFORMATION

After issuance of the Bonds and the refunding of the Refunded Bonds, the City will have $37,145,000 of general obligation bonds outstanding. The City has outstanding $4,721,517 principal amount of IEPA water and sewer revenue bonds. These Bonds are refunding the City's Electric Revenue Bonds, Series 2006, and the electric system is the expected repayment source for the Bonds.

General Obligation Outstanding Debt Summary - By Issue

Issue	Amount
Series 2012	$ 1,275,000
Series 2012A	6,615,000
Series 2013	6,685,000
The Bonds	22,570,000
Total Outstanding Debt	$37,145,000

General Obligation Bonded Debt *(1)*

(Principal Only)

Calendar Year	Series 2012 General Obligation Ref.	Series 2012A General Obligation Ref.	Series 2013 General Obligation Ref.	The Bonds	Total Outstanding Debt	Cumulative Principal Retired Amount	Cumulative Principal Retired Percent
2016	$ 120,000	$ 500,000	$1,010,000	$ 0	$ 1,630,000	$ 1,630,000	4.39%
2017	120,000	525,000	1,030,000	780,000	2,455,000	4,085,000	11.00%
2018	120,000	540,000	1,050,000	805,000	2,515,000	6,600,000	17.77%
2019	125,000	560,000	1,070,000	830,000	2,585,000	9,185,000	24.73%
2020	125,000	575,000	1,050,000	855,000	2,605,000	11,790,000	31.74%
2021	130,000	600,000	355,000	885,000	1,970,000	13,760,000	37.04%
2022	130,000	620,000	365,000	910,000	2,025,000	15,785,000	42.50%
2023	135,000	640,000	370,000	940,000	2,085,000	17,870,000	48.11%
2024	135,000	660,000	385,000	965,000	2,145,000	20,015,000	53.88%
2025	135,000	690,000	0	995,000	1,820,000	21,835,000	58.78%
2026	0	705,000	0	1,025,000	1,730,000	23,565,000	63.44%
2027	0	0	0	1,055,000	1,055,000	24,620,000	66.28%
2028	0	0	0	1,085,000	1,085,000	25,705,000	69.20%
2029	0	0	0	1,120,000	1,120,000	26,825,000	72.22%
2030	0	0	0	1,155,000	1,155,000	27,980,000	75.33%
2031	0	0	0	1,185,000	1,185,000	29,165,000	78.52%
2032	0	0	0	1,225,000	1,225,000	30,390,000	81.81%
2033	0	0	0	1,265,000	1,265,000	31,655,000	85.22%
2034	0	0	0	1,310,000	1,310,000	32,965,000	88.75%
2035	0	0	0	1,345,000	1,345,000	34,310,000	92.37%
2036	0	0	0	1,395,000	1,395,000	35,705,000	96.12%
2037	0	0	0	1,440,000	1,440,000	37,145,000	100.00%
Total	$1,275,000	$6,615,000	$6,685,000	$22,570,000	$37,145,000		

Note: (1) Source: the City.

Detailed Overlapping Bonded Debt*(1)*
(As of May 12, 2015)

	Outstanding Debt	Applicable to the City Percent(2)	Applicable to the City Amount
Schools:			
Community Unit School District Number 101	$ 80,995,000	71.90%	$58,235,405
Community Unit School District Number 304	134,474,316	7.55%	10,152,811
Community College District No. 516	71,440,000	11.32%	8,087,008
Total Schools			$76,475,224
Other:			
Kane County	$ 49,995,000	7.73%	$ 3,864,614
Kane County Forest Preserve District	168,865,866	7.73%	13,053,331
Batavia Park District	2,295,000	77.52%	1,779,084
Batavia Library District	2,710,000	82.39%	2,232,769
Geneva Park District	15,960,000	13.60%	2,170,560
Total Other			$23,100,358
Total Schools and Other Overlapping Bonded Debt			$99,575,582

Notes: (1) Source: Kane County Clerk.
(2) Percentages are based on 2014 EAV, the most current available.

Statement of Bonded Indebtedness*(1)*

	Amount Applicable	Ratio To Equalized Assessed	Ratio To Estimated Actual	Per Capita (2010 Census 26,045)
Village EAV of Taxable Property, 2014	$ 889,954,712	100.00%	33.33%	$ 34,169.89
Estimated Actual Value, 2014	$2,669,864,136	300.00%	100.00%	$102,509.66
Total Direct Bonded Debt(2)	$ 37,145,000	4.17%	1.39%	$ 1,426.19
Overlapping Bonded Debt:(3)				
Schools	$ 76,475,224	8.59%	2.86%	$ 2,936.27
Other	23,100,358	2.60%	0.87%	886.94
Total Overlapping Bonded Debt	$ 99,575,582	11.19%	3.73%	$ 3,823.21
Total Direct and Overlapping Bonded Debt(2)	$ 136,720,582	15.36%	5.12%	$ 5,249.40

Notes: (1) Source: Kane County Clerk.
(2) Includes the Bonds.
(3) As of May 12, 2015.

PROPERTY ASSESSMENT AND TAX INFORMATION

For the 2014 levy year, the City's EAV was comprised of 71% residential, 17% industrial, 12% commercial, and less than 1% farm and railroad property valuations.

City Equalized Assessed Valuation*(1)(2)*

	Levy Years				
Property Class	2010	2011	2012	2013	2014
Residential	$ 764,707,767	$724,630,079	$686,768,933	$655,169,599	$633,966,131
Farm	269,482	270,540	273,176	272,305	280,794
Commercial	124,426,791	116,998,784	114,323,380	109,105,685	107,292,603
Industrial	164,235,277	155,294,204	155,237,111	149,018,897	148,210,464
Railroad	145,143	172,817	185,049	201,888	204,720
Total	$1,053,784,460	$997,366,424	$956,787,649	$913,768,374	$889,954,712
Percent Change +(-)	(3.42%)(3)	(5.35%)	(4.07%)	(4.50%)	(2.61%)

Notes: (1) Source: Kane County Clerk.
(2) A small portion of the City is located in DuPage County, although all of the City's EAV is located in Kane County.
(3) The 2010 percent change is based on a 2009 EAV of $1,091,136,051.

Representative Tax Rates*(1)*
(Per $100 EAV)

	Levy Years				
	2010	2011	2012	2013	2014
City Rates:					
General Corporate	$0.1890	$0.2433	$0.2402	$0.2426	$0.2334
Bond and Interest(2)	0.0460	0.0490	0.0464	0.0518	0.0171
Police Pension	0.1156	0.1272	0.1370	0.1486	0.1630
Fire Pension	0.0662	0.0669	0.0685	0.0754	0.0855
IMRF	0.0308	0.0326	0.0366	0.0383	0.0365
Fire Protection	0.0699	0.0818	0.0836	0.0876	0.0899
Police Protection	0.0749	0.0712	0.0836	0.0876	0.0899
Total City Rates	$0.5925	$0.6720	$0.6959	$0.7319	$0.7153
Kane County	0.3730	0.3990	0.4336	0.4623	0.4684
Kane County Forest Preserve District	0.2201	0.2609	0.2710	0.3039	0.3126
Batavia Township	0.0828	0.0886	0.0961	0.1003	0.1024
Batavia Township Road District	0.0418	0.0447	0.0473	0.0494	0.0513
Batavia Park District	0.4529	0.4875	0.5092	0.5528	0.5765
Batavia Library District	0.3069	0.3289	0.3530	0.3762	0.3927
Batavia Library 1998 Bond District	0.0089	0.0137	0.0026	0.0754	0.0769
Batavia Library 1999 Bond District	0.0421	0.0459	0.0488	0.0000	0.0000
Unit School District Number 101	4.9034	5.7833	6.0860	6.3725	6.5706
Community College District Number 516	0.4070	0.4710	0.5312	0.5807	0.5954
Total Rates(3)	$7.4312	$8.5956	$9.0745	$9.6052	$9.8621

Notes: (1) Source: Kane County Clerk.
(2) Partially abated from user fees and other revenue.
(3) Representative tax rates for other government units are from Batavia Township tax code 05, which represents 61% of the City's 2014 EAV.

City Tax Extensions and Collections*(1)*
(Includes Road and Bridge Levy)

Levy Year	Coll. Year	Taxes Extended(2)	Current Collections Amount(3)	Current Collections Percent	Total Collections Amount(4)	Total Collections Percent
2009	2010	$6,104,983	$6,133,998	100.47%	$6,134,333	100.48%
2010	2011	6,243,388	6,258,330	100.24%	6,260,662	100.28%
2011	2012	6,694,905	6,693,532	99.98%	6,695,716	100.01%
2012	2013	6,686,766	6,683,560	99.95%	6,685,454	99.98%
2013	2014	6,710,465	6,708,152	99.97%	6,709,381	99.98%
2014	2015	6,366,149	---------In Collection-------		---------In Collection-------	

Notes: (1) Source: Kane County Treasurer.
(2) Tax extensions have been adjusted for abatements.
(3) Current collections include taxes paid under protest.
(4) Total collections include penalties, back taxes, etc.

Major City Taxpayers*(1)*

Taxpayer Name	Business/Service	2014 EAV(2)
Aldi, Inc.	Food Store Chain	$12,656,305
Kir Batavia 051, LLC	Real Property	8,559,745
Partylite Worldwide, Inc	Candles	6,217,437
Wal-Mart Real Estate Business Trust	Discount Store	5,677,339
Liberty Property LP	Industrial Properties	5,434,930
Kirk Road LLC	Real Property	5,297,778
Vista Investments, Inc.	Real Property	5,279,276
Rreef America REIT	Real Property	4,331,798
Holmstad, Inc.	Retirement Community	3,783,409
MB Fabyan Randall Plaza Batavia LLC	Shopping Center	3,755,699
Total		$60,993,716
Ten Largest Taxpayers as Percent of City's 2014 EAV ($889,954,712)		6.85%

Notes: (1) Source: Kane County Clerk.
(2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2014 EAV is the most current available.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Tax Levy and Collection Procedures

Local assessment officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Illinois Department of Revenue (the "Department") assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local assessment officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

Exemptions

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes ("Residential Property") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of $6,000 for tax year 2012 and thereafter.

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the 2 years following a catastrophic event. The exemption is limited to $45,000 through December 31, 2003, and $75,000 per year beginning January 1, 2004 and thereafter, to the extent the assessed value is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2013, the maximum exemption is $5,000.

A Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners, who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is $35,000 for years prior to 1999, $40,000 for assessment years 1999 through 2003, $45,000 for assessment years 2004 and 2005, $50,000 from assessment years 2006 and 2007 and for assessments year 2008 and after, the maximum income limitation is $55,000. In general, the Senior Citizens Assessment Freeze Homestead Exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. For those counties with a population of less than 3,000,000, the Senior Citizens Assessment Freeze Homestead Exemption is as follows: through assessment year 2005 and for assessment year 2007 and later, the exempt amount is the difference between (i) the current EAV of their residence and (ii) the base amount, which is the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the Exemption (plus the EAV of improvements since such year). For assessment year 2006, the amount of the Senior Citizens Assessment Freeze Homestead Exemption phases out as the amount of household income increases. The amount of the Senior Citizens Assessment Freeze Homestead Exemption is calculated by using the same formula as above, and then multiplying the resulting value by a ratio that varies according to household income.

The Natural Disaster Homestead Exemption (the "Natural Disaster Exemption") applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the equalized assessed value of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Another exemption available to disabled veterans operates annually to exempt up to $100,000 of the assessed valuation of property owned and used exclusively by such veterans or their spouses for residential purposes. Also, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals. However, individuals claiming exemption under the Disabled Persons' Homestead Exemption or the Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

Furthermore, beginning with assessment year 2007, the Disabled Persons' Homestead Exemption provides an annual homestead exemption in the amount of $2,000 for property that is owned and occupied by certain persons with a disability. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

In addition, the Disabled Veterans Standard Homestead Exemption provides disabled veterans an annual homestead exemption starting with assessment year 2007 and thereafter. The amount of the exemption is as follows: (1) for veterans with a service-connected disability of at least (i) 75% for exemptions granted in taxable years 2007 through 2009 and (ii) 70% for exemptions granted in taxable year 2010 and each taxable year thereafter, as certified by the United States Department of Veterans Affairs, the annual exemption is $5,000; and (2) for veterans with a service-connected disability of at least 50%, but less than (i) 75% for exemptions granted in taxable years 2007 through 2009 and (ii) 70% for exemptions granted in taxable year 2010 and each taxable year thereafter, as certified by the United States Department of Veterans Affairs, the annual exemption is $2,500. Furthermore, the veteran's surviving spouse is entitled to the benefit of the exemption, provided that the spouse has legal or beneficial title of the homestead, resides permanently on the homestead and does not remarry. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Persons' Homestead Exemption cannot claim the aforementioned exemption.

Beginning with assessment year 2007, the Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a homestead exemption of $5,000, which is applicable in all counties. In order to apply for the Returning Veterans' Homestead Exemption, the individual must pay real estate taxes on the property, own the property or have either a legal or an equitable interest in the property, "or a leasehold interest of land on which a single family residence is located, which is occupied as a principle residence of a veteran returning from an armed conflict involving the armed forces of the United States who has an ownership interest therein, legal, equitable or as a lessee, and on which the veteran is liable for the payment of property taxes." Those individuals eligible for the Returning Veterans' Homestead Exemption may claim the Returning Veterans' Homestead Exemption, in addition to other homestead exemptions, unless otherwise noted.

Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law (the "Limitation Law") limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. In general, the Limitation Law restricts the amount of such increases to the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Currently, the Limitation Law applies only to and is a limitation upon all non-home rule taxing bodies in Cook County, the five collar counties (DuPage, Kane, Lake, McHenry and Will) and several downstate counties.

Home rule units, including the City, are exempt from the limitations contained in the Limitation Law. If the Limitation Law were to apply in the future to the City, the limitations set forth therein will not apply to any taxes levied by the City to pay the principal of and interest on the Bonds.

Illinois legislators have introduced several proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies (including home rule units) in the State (the "Property Tax Freeze Proposal"). Specifically, Senate Bill 318 passed the Illinois Senate on August 4, 2015. This legislation includes, among other items, a State-wide property tax freeze for levy years 2016 and 2017 for taxing districts located in counties other than Cook County and levy years 2017 and 2018 for taxing districts located in Cook County. If the Property Tax Freeze Proposal or similar legislation were to become law, such reform may have a impact on the finances of the City and the ability of the City to issue non-referendum bonds. The City cannot predict whether, or in what form, any change to the Limitation Law, including the Property Tax Freeze Proposal, may be enacted into law, nor can the City predict the effect of any such change on the City's finances.

Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

FINANCIAL INFORMATION

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

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The City's share of State-assessed income taxes, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

(1) The Budget Officer submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget included proposed expenditures and the means of financing them.
(2) Budget hearings are conducted.
(3) The budget is legally enacted through passage of a resolution.
(4) The budget may be amended by the City Council.
(5) Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

No Consent or Updated Information Requested of the Auditor

The tables and excerpts (collectively, the "Excerpted Financial Information") contained in this **"FINANCIAL INFORMATION"** section and in **APPENDIX A** are from the audited financial statements of the City, including the audited financial statements for the fiscal year ended December 31, 2014 (the "2014 Audit"). The 2014 Audit has been approved by formal action of the City Council. The City has not requested the Auditor to update information contained in the Excerpted Financial Information; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information in this Final Official Statement. Other than as expressly set forth in this Final Official Statement, the financial information contained in the Excerpted Financial Information has not been updated since the date of the 2014 Audit. The inclusion of the Excerpted Financial Information in this Final Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2014 Audit. Questions or inquiries relating to financial information of the City since the date of the 2014 Audit should be directed to the City.

Summary Information

The following information has been obtained from audited figures of the City but do not purport to be complete financial reports, copies of which are available upon request. See **APPENDIX A**.

Statement of Net Position
Governmental Activities

	Audited as of December 31				
	2010	2011	2012	2013	2014
ASSETS:					
Current Assets:					
Cash and Investments	$ 19,013,518	$ 20,667,009	$ 19,030,687	$ 21,759,532	$ 23,919,311
Cash with Paying Agent	0	0	665,774	713,719	723,138
Receivables, Net of Allowances:					
Property Taxes	6,220,171	6,674,849	7,392,857	7,398,680	7,100,191
Other Taxes	2,467,003	2,386,688	3,110,070	3,096,797	3,642,696
Accounts	393,764	260,708	360,736	433,637	462,080
Accrued Interest	5,791	3,854	7,872	19,915	30,188
Other	0	0	26,084	31,449	121,794
Notes	0	0	372,932	324,953	368,110
Due From Other Governments	255,569	402,862	577,593	401,201	542,604
Net Pension Asset	0	0	32,515	95,167	122,560
Inventories and Prepaid Expenses	180,533	178,617	183,131	201,583	702,510
Total Current Assets	$ 28,536,349	$ 30,574,587	$ 31,760,251	$ 34,476,633	$ 37,735,182
Capital Assets:					
Cost	$ 98,213,871	$108,444,359	$ 0	$ 0	$ 0
Accumulated Depreciation	(24,866,160)	(26,340,358)	0	0	0
Not Depreciated	0	0	22,672,015	23,535,161	22,540,553
Depreciated (Net)	0	0	60,439,699	61,011,583	59,047,576
Total Noncurrent Assets	$ 73,347,711	$ 82,104,001	$ 83,111,714	$ 84,546,744	$ 81,588,129
Deferred Outflows of Resources:					
Unamortized Loss on Refunding	$ 0	$ 0	$ 501,746	$ 465,518	$ 429,289
Total Deferred Outflows of Resources	$ 0	$ 0	$ 501,746	$ 465,518	$ 429,289
Total Assets	$101,884,060	$112,678,588	$115,373,711	$119,488,895	$119,752,600
LIABILITIES:					
Current Liabilities:					
Accounts Payable	$ 292,268	$ 791,073	$ 732,837	$ 1,737,851	$ 1,726,440
Accrued Payroll	576,929	657,835	627,695	717,559	748,510
Claims Payable	753,581	777,240	664,171	1,177,329	1,262,277
Deposits Payable	173,364	163,446	0	0	0
Accrued Interest Payable	230,011	218,355	132,157	134,170	123,138
Retainage Payable	0	0	199,330	168,426	64,288
Deferred Revenue	6,235,521	6,676,348	7,392,857	7,398,680	7,100,191
Other Payables	0	0	137,126	171,848	214,667
Current Portion Long-Term Debt	965,000	1,174,530	1,243,411	1,064,350	796,709
Total Current Liabilities	$ 9,226,674	$ 10,458,827	$ 11,129,584	$ 12,570,213	$ 12,036,220
Noncurrent Liabilities:					
Net Pension Obligation Payable	$ 454,738	$ 386,872	$ 0	$ 0	$ 0
Net Other Postemployment Benefit Payable	96,303	106,025	0	0	0
Compensated Absences Payable	0	698,120	0	0	0
Alternate Revenue Bonds Payable	8,250,000	7,630,000	0	0	0
General Obligation Bonds Payable	2,430,000	2,050,000	0	0	0
Long Term Liabilities	0	0	10,723,199	9,771,479	9,320,213
Total Noncurrent Liabilities	$ 11,231,041	$ 10,871,017	$ 10,723,199	$ 9,771,479	$ 9,320,213
Total Liabilities	$ 20,457,715	$ 21,329,844	$ 21,852,783	$ 22,341,692	$ 21,356,433
NET POSITION:					
Invested in Capital Assets-Net of Related Debt	$ 61,702,711	$ 71,424,001	$ 72,676,714	$ 75,247,631	$ 73,172,595
Restricted-Special Revenues	2,498,220	258,458	0	0	0
Restricted-Tax Increment Financing/Debt Service	1,640,397	4,109,933	37,596	16,326	0
Restricted-Economic Development	2,188,377	2,216,178	1,073,819	375,819	1,183,333
Restricted-Maintenance of Roadways	0	0	2,061,452	2,130,954	710,574
Restricted-Perpetual Care Cemetery	123,386	119,155	0	0	0
Restricted-Debt Service	0	0	0	0	7,793
Unrestricted	13,273,254	13,221,019	17,671,347	19,376,473	23,321,872
Total Net Position	$ 81,426,345	$ 91,348,744	$ 93,520,928	$ 97,147,203	$ 98,396,167

Statement of Activities
Governmental Activities

	Audited Fiscal Year Ending December 31				
	2010	2011	2012	2013	2014
NET EXPENSES/REVENUES:					
General Government	$ (2,301,815)	$ (3,248,220)	$ (3,033,876)	$ (3,063,275)	$ (6,403,586)
Public Safety	(12,172,991)	(12,062,965)	(12,007,487)	(12,693,304)	(12,915,384)
Highways and Streets	(1,558,121)	4,035,484	(4,211,721)	(1,989,137)	(3,347,047)
Interest on Long-Term Debt	(527,177)	(486,149)	(519,467)	(299,376)	(263,095)
Total Net Expenses/Revenues	$(16,560,104)	$(11,761,850)	$(19,772,551)	$(18,045,092)	$(22,929,112
GENERAL REVENUES:					
Property Taxes	$ 7,221,619	$ 7,330,398	$ 7,870,416	$ 7,818,876	$ 7,732,780
Sales Taxes	6,223,857	6,441,947	6,735,334	7,116,025	8,460,087
Utility Taxes	3,157,029	3,096,521	3,633,856	3,770,203	3,960,334
Income Taxes	2,307,602	2,408,189	2,309,103	2,511,557	2,466,515
Replacement Taxes	196,214	174,711	174,966	193,679	200,254
Other Intergovernmental	213,396	123,602	0	0	0
Interest Income	59,145	35,239	21,874	29,369	40,652
Miscellaneous	2,115,818	2,073,642	244,123	231,658	645,950
Internal Activity-Transfers	20,662	0	0	0	0
Total General Revenues	$21,515,342	$21,684,249	$20,989,672	$21,671,367	$23,506,572
Change in Net Position	$ 4,955,238	$ 9,922,399	$ 1,217,121	$ 3,626,275	$ 577,460
Net Position, Beginning	$76,471,107	$81,426,345	$92,303,807(1)	$93,520,928	$97,818,707(1)
Net Position, Ending	$81,426,345	$91,348,744	$93,520,928	$97,147,203	$98,396,167

Note: (1) Restated.

General Fund
Balance Sheet

	Audited As of December 31				
	2010	2011	2012	2013	2014
ASSETS:					
Cash and Investments	$14,794,267	$16,092,283	$ 9,601,680	$11,460,631	$12,958,381
Receivables (Net):					
Property Taxes	5,735,367	6,185,950	6,186,429	6,186,069	6,185,623
Other Taxes	2,863,200	2,650,502	3,110,070	3,096,797	3,642,696
Accounts	0	0	360,736	433,637	462,080
Accrued Interest	0	0	6,484	17,508	21,092
Other	0	0	2,627	2,627	4,014
Notes	0	0	51,202	49,009	22,423
Prepaid Expense	152,854	155,523	90,917	101,200	159,062
Inventory	27,679	23,094	31,520	45,654	32,923
Due From Other Funds	0	2,764	37,091	53,669	49,537
Due From Other Governments	254,409	400,098	0	10,000	0
Total Assets	$23,827,776	$25,510,214	$19,478,756	$21,456,801	$23,537,831
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	$ 250,670	$ 205,104	$ 155,709	$ 266,772	$ 322,469
Accrued Payroll	576,929	657,835	627,695	717,559	748,510
Claims Payable	753,581	777,240	0	0	0
Deferred Revenue	5,750,717	6,187,449	6,186,429	6,186,069	6,185,623
Due to Other Funds	0	306,804	0	0	0
Other Payables	0	0	137,126	171,848	214,667
Deposit Payable	173,364	163,446	0	0	0
Total Liabilities	$ 7,505,261	$ 8,297,878	$ 7,106,959	$ 7,342,248	$ 7,471,269
Fund Balances:					
Reserved	$ 2,678,753	$ 2,653,253	$ 0	$ 0	$ 0
Unreserved	13,643,762	14,559,083	0	0	0
Nonspendable	0	0	173,639	195,863	214,408
Restricted	0	0	292,465	0	0
Unassigned	0	0	11,905,693	13,918,690	15,852,154
Total Fund Balances	$16,322,515	$17,212,336	$12,371,797	$14,114,553	$16,066,562
Total Liabilities and Fund Balances	$23,827,776	$25,510,214	$19,478,756	$21,456,801	$23,537,831

General Fund
Revenues and Expenditures

	Audited Fiscal Year Ending December 31				
	2010	2011	2012	2013	2014
REVENUES:					
Taxes	$15,038,576	$15,319,570	$16,173,959	$16,685,585	$18,153,111
Licenses and Permits	445,039	246,606	234,069	230,775	307,924
Intergovernmental	3,787,823	3,759,896	3,248,216	3,500,543	3,539,808
Charges for Services	3,487,515	2,854,678	288,988	225,222	354,622
Fines and Forfeits	252,426	203,415	186,264	249,773	218,276
Interest	48,708	30,165	17,491	26,912	36,047
Miscellaneous	2,108,666	2,064,665	2,175,501	2,272,837	2,007,124
Total Revenues	$25,168,753	$24,478,995	$22,324,488	$23,191,647	$24,616,912
EXPENDITURES:					
General Government	$ 6,152,236	$ 5,473,040	$ 3,443,358	$ 3,600,853	$ 5,522,336
Public Safety	12,423,114	12,334,555	12,753,114	12,711,277	12,927,030
Highways and Streets	3,614,205	4,292,210	3,048,391	3,302,998	3,631,969
Debt Service:					
Principal Retirement	125,000	0	0	0	
Interest and Finance Charges	7,870	0	0	0	0
Total Expenditures	$22,322,425	$22,099,805	$19,244,863	$19,615,128	$22,081,335
Excess (Deficiency) of Revenues Before Other Financing Sources (Uses)	$ 2,846,328	$ 2,379,190	$ 3,079,625	$ 3,576,519	$ 2,535,577
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	$ 0	$ 0	$ 115,807	$ 0	$ 12,257
Operating Transfers Out	(1,288,506)	(1,489,369)	(3,382,824)	(1,833,763)	(1,268,150)
Proceeds on Sale of Assets	0	0	0	0	672,325
Total Other	$(1,288,506)	$(1,489,369)	$ (3,267,017)	$ (1,833,763)	$ (583,568)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	$ 1,557,822	$ 889,821	$ (187,392)	$ 1,742,756	$ 1,952,009
Fund Balances:					
Beginning Fund Balance	$14,764,693	$16,322,515	$12,559,189(1)	$12,371,797	$14,114,553
Ending Fund Balance	$16,322,515	$17,212,336	$12,371,797	$14,114,553	$16,066,562

Note: (1) Restated.

General Fund
2015 Budget Information

	2015 Budget	Preliminary as of 10/31/2015
REVENUES:		
Intergovernmental	$ 3,514,521	$ 3,832,344
Municipal Taxes/Fees	4,997,262	4,980,186
Property Taxes	6,253,019	6,251,642
Sales Taxes	8,746,991	8,929,480
Fees and Services	765,487	828,851
Fines and Forfeitures	235,000	216,400
Other Revenues	257,000	321,000
Total Revenues	$24,769,280	$25,359,903
EXPENDITURES:		
Legislative/Administration	$ 1,217,378	$ 1,080,257
Human Resources	391,399	297,313
Community Development	987,481	979,904
Public Works	228,818	236,448
Engineering	703,342	596,390
Building and Grounds	399,630	351,671
Finance and Accounting	590,337	592,306
Information Systems	772,545	838,711
Utility Billing	362,772	359,306
Economic Development	1,391,467	1,654,734
Police Department	8,495,800	8,326,187
Fire Department	5,158,326	5,032,874
E.S.D.A.	54,271	53,329
Street and Sanitation	3,872,156	3,620,291
Utility Share General Fund	(1,186,182)	(886,182)
Interfund Allocations	1,328,450	1,328,450
Total Expenditures	$24,767,990	$24,461,989
Surplus/(Deficit)	$ 1,290	$ 897,914

EMPLOYEE RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS OBLIGATIONS

See **APPENDIX D** herein for a discussion of the City's employee retirement and other postemployment benefits obligations.

REGISTRATION, TRANSFER AND EXCHANGE

See also **APPENDIX B** for information on registration, transfer and exchange of book-entry bonds. The Bonds will be initially issued as book-entry bonds.

The City shall cause books (the "Bond Register") for the registration and for the transfer of the Bonds to be kept at the principal office maintained for the purpose by the Bond Registrar in Chicago, Illinois. The City will authorize to be prepared, and the Bond Registrar shall keep custody of, multiple bond blanks executed by the City for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Ordinance. Upon surrender for transfer or exchange of any Bond at the principal office maintained for the purpose by the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner's attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously paid.

The Bond Registrar shall not be required to transfer or exchange any Bond following the close of business on the 15th day of the month next preceding any interest payment date on such Bond (known as the record date), nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a bond surrendered for redemption.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts within the City's knowledge and upon mathematical computation of the yield on the Bonds and the yield on certain investments by Stanley P. Stone, Stanley P. Stone & Associates, Inc., Financial Consultants, New York, New York. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the *"Code"*), includes provisions for an alternative minimum tax (*"AMT"*) for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income (*"AMTI"*), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the *"Issue Price"*) for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the *"OID Bonds"*) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the City complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Department under State income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the *"Revised Issue Price"*), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the *"Service"*) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB") pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934. No person, other than the City, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under **"THE UNDERTAKING."**

A failure by the City to comply with the Undertaking will not constitute a default under the Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See **"THE UNDERTAKING - Consequences of Failure of the City to Provide Information."** The City must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the City and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the City.

Annual Financial Information Disclosure

The City covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below) to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information within 210 days after the last day of the City's fiscal year (currently December 31), beginning with the fiscal year ending December 31, 2015. If Audited Financial Statements are not available when the Annual Financial Information is filed, the City will file unaudited financial statements. The City will submit Audited Financial Statements to the MSRB's Electronic Municipal Market Access ("EMMA") system within 30 days after availability to the City. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

"Annual Financial Information" means

1. The table under the heading of "**Retailers' Occupation, Service Occupation and Use Tax"** within this Final Official Statement;
2. All of the tables under the heading "**PROPERTY ASSESSMENT AND TAX INFORMATION"** within this Final Official Statement;
3. All of the tables under the heading "**DEBT INFORMATION"** within this Final Official Statement; and
4. All of the tables under the heading **"FINANCIAL INFORMATION" (Excluding Budget and Interim Financial Information)** within this Final Official Statement.

"Audited Financial Statements" means financial statements of the City as audited annually by independent certified public accountants. Audited Financial Statements are expected to continue to be prepared according to Generally Accepted Accounting Principles as applicable to governmental units (i.e., as subject to the pronouncements of the Governmental Accounting Standards Board and subject to any express requirements of State law).

Reportable Events Disclosure

The City covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. The "Events" are:

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the City *
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Consequences of Failure of the City to Provide Information

The City shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the City to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the City to comply with the Undertaking shall be an action to compel performance.

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the City by resolution or ordinance authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) (i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including, without limitation, pursuant to a "no-action" letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the City, or type of business conducted; or

(ii) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the City (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority approves or requires Annual Financial Information or notices of a Reportable Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the City shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

Termination of Undertaking

The Undertaking shall be terminated if the City shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance. The City shall give notice to the MSRB in a timely manner if this paragraph is applicable.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information [or Audited Financial Statements] or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking. If the City chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by the Undertaking, the City shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

Dissemination of Information; Dissemination Agent

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through its EMMA system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

OPTIONAL REDEMPTION

Bonds due January 1, 2017-2025, inclusive, are not subject to optional redemption. Bonds due January 1, 2026-2037, inclusive, are callable in whole or in part on any date on or after January 1, 2025, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot.

The Bond Registrar will give notice of redemption, identifying the Bonds (or portions thereof) to be redeemed, by mailing a copy of the redemption notice by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond (or portion thereof) to be redeemed at the address shown on the registration books maintained by the Bond Registrar. Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed are received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption will be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the City will not redeem such Bonds, and the Bond Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the City will deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Ordinance, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Bond Registrar at the redemption price.

MANDATORY REDEMPTION

The Bonds maturing on January 1, 2028, are subject to mandatory redemption, in part by lot, on January 1, 2027, consisting of a sinking fund payment at a redemption price equal to the principal amount as set forth below:

Year	Principal Amount
2027	$1,055,000

The final principal amount of the Bonds maturing on January 1, 2028, is $1,085,000.

All of the Bonds subject to mandatory sinking fund redemption shall be redeemed at a redemption price equal to the principal amount thereof to be redeemed. The Bond Registrar is authorized and directed to mail notice of mandatory sinking fund redemption of the Bonds in the manner provided in the Bond Ordinance.

Whenever the Bonds subject to mandatory sinking fund redemption are redeemed at the option of the City, the principal amount thereof so redeemed shall be credited against the unsatisfied balance of further sinking fund installments or final maturity amount established with respect to such Bonds, in such amount and against such installments or final maturity amount as shall be determined by the City in the proceedings authorizing such optional redemption or, in the absence of such determination, shall be credited against the unsatisfied balance of the applicable sinking fund installments next ensuing, and with respect to which notice of redemption has not yet been given.

The Registrar will give notice of redemption, identifying the Bonds (or portions thereof) to be redeemed, by mailing a copy of the redemption notice by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond (or portion thereof) to be redeemed at the address shown on the registration books maintained by the Registrar. Failure to give such notice by mail to any registered owner of the Bonds (or portion thereof) or any defect therein shall not affect the validity of any proceedings for the redemption of other Bonds (or portions thereof). All Bonds (or portions thereof) so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

NOTICE OF REDEMPTION

Notice of the redemption of Bonds shall be mailed not less than 30 days nor more than 60 days prior to the date fixed for such redemption to the registered owners of Bonds to be redeemed at their last addresses appearing on said registration books. The Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner) then from and after the redemption date interest on such Bonds or portions thereof shall cease to accrue and become payable.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Ordinance, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Bond Registrar at the redemption price.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof. There is no litigation now pending, or to the knowledge of the City, threatened against the City that is expected to materially impact the financial condition of the City.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, Chicago, Illinois, as Bond Counsel (the "Bond Counsel"), who has been retained by, and acts as, Bond Counsel to the City. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Final Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Final Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP, Chicago, Illinois has, at the request of the City, reviewed only those portions of this Final Official Statement involving the description of the Bonds, the security for the Bonds (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith), the description of the federal tax exemption of the interest on the Bonds and the "bank-qualified" status of the Bonds, if any. This review was undertaken solely at the request and for the benefit of the City and did not include any obligation to establish or confirm factual matters set forth herein.

FINAL OFFICIAL STATEMENT AUTHORIZATION

This Final Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the City, and all expressions of opinion, whether or not so stated, are intended only as such.

INVESTMENT RATING

The Bonds have been rated “Aa1” by Moody's Investors Service. The City has supplied certain information and material concerning the Bonds and the City to the rating service shown on the cover page, including certain information and materials which may not have been included in this Final Official Statement, as part of its application for an investment rating on the Bonds. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. An explanation of the significance of the investment rating may be obtained from the rating agency: Moody’s Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone 212-553-1658. The City will provide appropriate periodic credit information to the rating service to maintain a rating on the Bonds.

DEFEASANCE

The Bonds are subject to legal defeasance by the irrevocable deposit of full faith and credit obligations of the United States of America, obligations the timely payment of which are guaranteed by the United States Treasury, or certificates of participation in a trust comprised solely of full faith and credit obligations of the United States of America (collectively, the “Government Obligations”) with a bank or trust company acting as escrow agent. Any such deposit must be of sufficient amount that the receipts from the Government Obligations plus any cash on deposit will be sufficient to pay debt service on the Bonds when due or as called for redemption.

UNDERWRITING

The Bonds were offered for sale by the City at a public, competitive sale on December 7, 2015. The best bid submitted at the sale was submitted by Robert W. Baird & Co., Inc., Milwaukee, Wisconsin (the “Underwriter”). The City awarded the contract for sale of the Bonds to the Underwriter at a price of $22,379,784.62. The Underwriter has represented to the City that the Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the addendum to this Final Official Statement.

MUNICIPAL ADVISOR

The City has engaged Speer Financial, Inc. as municipal advisor (the "Municipal Advisor") in connection with the issuance and sale of the Bonds. The Municipal Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in the Final Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not a firm of certified public accountants and does not serve in that capacity or provide accounting services in connection with the Bonds. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Final Official Statement, nor is the Municipal Advisor obligated by the City's continuing disclosure undertaking.

CERTIFICATION

We have examined this Final Official Statement dated December 7, 2015, for the $22,570,000 General Obligation Refunding Bonds, Series 2015, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge and belief information in the Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ **PEGGY COLBY**
Finance Director
CITY OF BATAVIA
Kane and DuPage Counties, Illinois

/s/ **JEFFREY D. SCHIELKE**
Mayor
CITY OF BATAVIA
Kane and DuPage Counties, Illinois

APPENDIX A

CITY OF BATAVIA, KANE AND DUPAGE COUNTIES, ILLINOIS
EXCERPTS OF FISCAL YEAR 2014 AUDITED FINANCIAL STATEMENTS

CITY OF BATAVIA, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	$ 23,919,311	$ 18,726,814	$ 42,646,125
Cash with Paying Agent	723,138	1,179,003	1,902,141
Restricted Cash and Investments	-	7,794,748	7,794,748
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	7,100,191	-	7,100,191
Other Taxes	3,642,696	-	3,642,696
Accounts	462,080	7,510,777	7,972,857
Accrued Interest	30,188	47,044	77,232
Other	121,794	-	121,794
Notes	368,110	-	368,110
Prepaid Expenses	669,587	176,147	845,734
Inventories	32,923	2,664,988	2,697,911
Due from Other Governments	542,604	-	542,604
Net Pension Asset	122,560	-	122,560
Capital Assets			
Not Depreciated	22,540,553	1,770,464	24,311,017
Depreciated (Net of Accumulated Depreciation)	59,047,576	100,355,677	159,403,253
Total Assets	119,323,311	140,225,662	259,548,973
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized Loss on Refunding	429,289	-	429,289
Total Deferred Outflows of Resources	429,289	-	429,289
Total Assets and Deferred Outflows of Resources	119,752,600	140,225,662	259,978,262

CITY OF BATAVIA, ILLINOIS

STATEMENT OF NET POSITION (Continued)

December 31, 2014

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	$ 1,726,440	$ 6,503,227	$ 8,229,667
Retainage Payable	64,288	18,458	82,746
Accrued Payroll	748,510	237,765	986,275
Accrued Interest Payable	123,138	552,195	675,333
Other Payables	214,667	-	214,667
Deposits Payable	-	114,526	114,526
Other Unearned Revenue	-	25,000	25,000
Claims Payable	1,262,277	-	1,262,277
Long-Term Liabilities			
Due Within One Year	796,709	2,232,536	3,029,245
Due in More than One Year	9,320,213	36,327,952	45,648,165
Total Liabilities	14,256,242	46,011,659	60,267,901
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	7,100,191	-	7,100,191
Total Deferred Inflows of Resources	7,100,191	-	7,100,191
Total Liabilities and Deferred Inflows of Resources	21,356,433	46,011,659	67,368,092
NET POSITION			
Net Investment in Capital Assets	73,172,595	64,009,361	137,181,956
Restricted for			
Maintenance of Roadways	710,574	-	710,574
Economic Development	1,183,333	-	1,183,333
Debt Service	7,793	7,650,747	7,658,540
Unrestricted	23,321,872	22,553,895	45,875,767
TOTAL NET POSITION	$ 98,396,167	$ 94,214,003	$ 192,610,170

CITY OF BATAVIA, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

		Program Revenues			Net (Expense) Revenue and Change in Net Position		
					Primary Government		
FUNCTIONS/PROGRAMS	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
PRIMARY GOVERNMENT							
Governmental Activities							
General Government	$ 8,068,549	$ 1,651,963	$ -	$ 13,000	$ (6,403,586)	$ -	$ (6,403,586)
Public Safety	13,633,511	354,324	363,803	-	(12,915,384)	-	(12,915,384)
Highways and Streets	6,255,580	335,538	886,472	1,686,523	(3,347,047)	-	(3,347,047)
Interest	263,095	-	-	-	(263,095)	-	(263,095)
Total Governmental Activities	28,220,735	2,341,825	1,250,275	1,699,523	(22,929,112)	-	(22,929,112)
Business-Type Activities							
Water	4,184,893	4,333,725	-	-	-	148,832	148,832
Sewerage	4,076,509	4,489,953	51,849	-	-	465,293	465,293
Electric	49,015,476	49,872,268	-	39,977	-	896,769	896,769
Total Business-Type Activities	57,276,878	58,695,946	51,849	39,977	-	1,510,894	1,510,894
TOTAL PRIMARY GOVERNMENT	$ 85,497,613	$ 61,037,771	$ 1,302,124	$ 1,739,500	(22,929,112)	1,510,894	(21,418,218)

	Governmental Activities	Business-Type Activities	Total
General Revenues			
Taxes			
Property	7,732,780	-	7,732,780
Sales and Use	8,460,087	-	8,460,087
Utility	3,960,334	-	3,960,334
Intergovernmental			
Income Tax	2,466,515	-	2,466,515
Replacement Tax	200,254	-	200,254
Investment Income	40,652	82,585	123,237
Miscellaneous	645,950	-	645,950
Total	23,506,572	82,585	23,589,157
CHANGE IN NET POSITION	577,460	1,593,479	2,170,939
NET POSITION, JANUARY 1	97,147,203	92,620,524	189,767,727
Prior Period Adjustment	671,504	-	671,504
NET POSITION, JANUARY 1, AS RESTATED	97,818,707	92,620,524	190,439,231
NET POSITION, DECEMBER 31	$ 98,396,167	$ 94,214,003	$ 192,610,170

CITY OF BATAVIA, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Investments	$ 12,958,381	$ 6,911,697	$ 19,870,078
Cash with Paying Agent	-	723,138	723,138
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	6,185,623	914,568	7,100,191
Other Taxes	3,642,696	-	3,642,696
Accounts	462,080	-	462,080
Accrued Interest	21,092	4,103	25,195
Other	4,014	20,409	24,423
Notes	22,423	345,687	368,110
Prepaid Items	159,062	450,053	609,115
Inventory	32,923	-	32,923
Due from Other Governments	-	542,604	542,604
Due from Other Funds	49,537	500,000	549,537
TOTAL ASSETS	$ 23,537,831	$ 10,412,259	$ 33,950,090

	General	Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 322,469	$ 1,403,509	$ 1,725,978
Retainage Payable	-	64,288	64,288
Accrued Payroll	748,510	-	748,510
Accrued Interest Payable	-	123,138	123,138
Other Payables	214,667	-	214,667
Due to Other Funds	-	549,537	549,537
Bonds Payable - Current	-	600,000	600,000
Total Liabilities	1,285,646	2,740,472	4,026,118
DEFERRED INFLOWS OF RESOURCES			
Unavailable Property Taxes	6,185,623	914,568	7,100,191
Total Deferred Inflows of Resources	6,185,623	914,568	7,100,191
Total Liabilities and Deferred Inflows of Resources	7,471,269	3,655,040	11,126,309
FUND BALANCES			
Nonspendable			
Prepaid Items	159,062	-	159,062
Inventory	32,923	-	32,923
Long-Term Receivables	22,423	-	22,423
Restricted			
Maintenance of Roadways	-	710,574	710,574
Economic Development	-	1,183,333	1,183,333
Debt Service	-	7,793	7,793
Assigned			
Capital Projects	-	4,855,519	4,855,519
Unassigned	15,852,154	-	15,852,154
Total Fund Balances	16,066,562	6,757,219	22,823,781
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 23,537,831	$ 10,412,259	$ 33,950,090

CITY OF BATAVIA, ILLINOIS

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

December 31, 2014

FUND BALANCES OF GOVERNMENTAL FUNDS	$ 22,823,781
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	81,588,129
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	429,289
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	
Compensated absences payable	(983,544)
Bonds payable	(7,890,000)
Net pension obligation	(1,452)
Other postemployment benefit payable	(287,103)
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	(354,823)
The net assets of the internal service fund are included in the governmental activities in the statement of net position	2,949,330
The net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	122,560
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 98,396,167

CITY OF BATAVIA, ILLINOIS

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

For the Year Ended December 31, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	$ 18,153,111	$ 1,491,261	$ 19,644,372
Intergovernmental	3,539,808	2,351,532	5,891,340
Licenses and Permits	307,924	-	307,924
Charges for Services	354,622	142,355	496,977
Fines and Forfeitures	218,276	-	218,276
Investment Income	36,047	4,605	40,652
Miscellaneous	2,007,124	-	2,007,124
Total Revenues	24,616,912	3,989,753	28,606,665
EXPENDITURES			
Current			
General Government	5,522,336	1,449,269	6,971,605
Public Safety	12,927,030	-	12,927,030
Highways and Streets	3,631,969	-	3,631,969
Capital Outlay	-	1,357,636	1,357,636
Debt Service			
Principal Retirement	-	910,000	910,000
Interest and Fiscal Charges	-	257,125	257,125
Total Expenditures	22,081,335	3,974,030	26,055,365
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,535,577	15,723	2,551,300
OTHER FINANCING SOURCES (USES)			
Transfers In	12,257	3,442,346	3,454,603
Transfers (Out)	(1,268,150)	(2,186,453)	(3,454,603)
Proceeds on Sale of Assets	672,325	-	672,325
Total Other Financing Sources (Uses)	(583,568)	1,255,893	672,325
NET CHANGE IN FUND BALANCES	1,952,009	1,271,616	3,223,625
FUND BALANCES, JANUARY 1	14,114,553	5,485,603	19,600,156
FUND BALANCES, DECEMBER 31	$ 16,066,562	$ 6,757,219	$ 22,823,781

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, 2014

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	3,223,625
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		657,250
Contributions of capital assets are reported as capital contributions in the statement of activities		191,530
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		910,000
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		(2,301,411)
Loss on disposal of capital assets		(1,505,984)
Accrued interest		451
Compensated absences		(111,793)
Amortization of bond premium		29,808
Amortization of loss on refunding		(36,229)
Net pension obligation		48,739
Other postemployment benefit		(137,847)
The change in net position of internal service funds is reported with governmental activities		(418,072)
The change in net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds		27,393
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	577,460

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CITY OF BATAVIA, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2014

	Business-Type Activities				Governmental Activities
	Waterworks	Sewerage	Electric	Total	Internal Service Funds
CURRENT ASSETS					
Cash and Investments	$ 3,629,126	$ 2,140,749	$ 12,956,939	$ 18,726,814	$ 4,049,233
Cash with Paying Agent	-	-	1,179,003	1,179,003	-
Restricted Cash and Investments	-	-	7,794,748	7,794,748	-
Receivables - Net of Allowances					
Accounts	539,208	613,126	6,358,443	7,510,777	97,371
Accrued Interest	7,260	1,375	38,409	47,044	4,993
Prepaid Expenses	21,537	21,537	133,073	176,147	60,472
Inventories	-	-	2,664,988	2,664,988	-
Total Current Assets	4,197,131	2,776,787	31,125,603	38,099,521	4,212,069
CAPITAL ASSETS					
Nondepreciable	944,756	572,814	252,894	1,770,464	-
Depreciable	37,223,109	44,997,957	78,298,438	160,519,504	-
Accumulated Depreciation	(12,883,960)	(19,953,411)	(27,326,456)	(60,163,827)	-
Net Capital Assets	25,283,905	25,617,360	51,224,876	102,126,141	-
Total Assets	29,481,036	28,394,147	82,350,479	140,225,662	4,212,069
CURRENT LIABILITIES					
Accounts Payable	90,189	90,143	6,322,895	6,503,227	462
Retainage Payable	2,265	6,693	9,500	18,458	-
Accrued Payroll	62,724	46,490	128,551	237,765	-
Accrued Interest Payable	14,175	14,017	524,003	552,195	-
Deposits Payable	12,885	12,895	88,746	114,526	-
Unearned Revenue	-	-	25,000	25,000	-
Compensated Absences Payable	37,199	16,692	34,851	88,742	-
Claims Payable	-	-	-	-	821,503
General Obligation Bonds Payable	315,000	675,000	-	990,000	-
Alternate Revenue Bonds Payable	-	91,518	-	91,518	-
Revenue Bonds Payable	-	-	655,000	655,000	-
IEPA Loans Payable	407,276	-	-	407,276	-
Total Current Liabilities	941,713	953,448	7,788,546	9,683,707	821,965

CITY OF BATAVIA, ILLINOIS

STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS

December 31, 2014

	Business-Type Activities				Governmental Activities
	Waterworks	Sewerage	Electric	Total	Internal Service Funds
LONG-TERM LIABILITIES					
Compensated Absences Payable	$ 148,795	$ 66,768	$ 139,403	$ 354,966	$ -
Claims Reserve	-	-	-	-	440,774
General Obligation Bonds Payable	3,315,715	3,644,995	-	6,960,710	-
Alternate Revenue Bonds Payable	-	510,762	-	510,762	-
Revenue Bonds Payable	-	-	23,780,000	23,780,000	-
IEPA Loans Payable	4,721,514	-	-	4,721,514	-
Total Long-Term Liabilities	8,186,024	4,222,525	23,919,403	36,327,952	440,774
Total Liabilities	9,127,737	5,175,973	31,707,949	46,011,659	1,262,739
NET POSITION					
Net Investment in Capital Assets	16,524,400	20,695,085	26,789,876	64,009,361	-
Restricted - Debt Service	-	-	7,650,747	7,650,747	-
Unrestricted	3,828,899	2,523,089	16,201,907	22,553,895	2,949,330
TOTAL NET POSITION	$ 20,353,299	$ 23,218,174	$ 50,642,530	$ 94,214,003	$ 2,949,330

CITY OF BATAVIA, ILLINOIS

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

For the Year Ended December 31, 2014

	Business-Type Activities				Governmental Activities
	Water	Sewerage	Electric	Total	Internal Service Funds
OPERATING REVENUES					
Charges for Services	$ 4,333,725	$ 4,489,953	$ 49,872,268	$ 58,695,946	$ 4,249,948
Total Operating Revenues	4,333,725	4,489,953	49,872,268	58,695,946	4,249,948
OPERATING EXPENSES					
Administration	636,255	629,325	479,951	1,745,531	104,760
Operations	2,342,703	2,017,323	44,744,205	49,104,231	4,569,255
Depreciation	989,718	1,336,541	2,510,722	4,836,981	-
Total Operating Expenses	3,968,676	3,983,189	47,734,878	55,686,743	4,674,015
OPERATING INCOME (LOSS)	365,049	506,764	2,137,390	3,009,203	(424,067)
NON-OPERATING REVENUES (EXPENSES)					
Connection Fees	-	51,849	-	51,849	-
Investment Income	8,739	1,990	71,856	82,585	5,995
Disposal of Capital Assets	(6,390)	-	(232,593)	(238,983)	-
Interest and Fiscal Charges	(209,827)	(93,320)	(1,048,005)	(1,351,152)	-
Total Non-Operating Revenues (Expenses)	(207,478)	(39,481)	(1,208,742)	(1,455,701)	5,995
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	157,571	467,283	928,648	1,553,502	(418,072)
CONTRIBUTIONS	-	-	39,977	39,977	-
CHANGE IN NET POSITION	157,571	467,283	968,625	1,593,479	(418,072)
NET POSITION, JANUARY 1	20,195,728	22,750,891	49,673,905	92,620,524	2,695,898
Prior Period Adjustment	-	-	-	-	671,504
NET POSITION, JANUARY 1, AS RESTATED	20,195,728	22,750,891	49,673,905	92,620,524	3,367,402
NET POSITION, DECEMBER 30	$ 20,353,299	$ 23,218,174	$ 50,642,530	$ 94,214,003	$ 2,949,330

CITY OF BATAVIA, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	Business-Type Activities				Governmental Activities
	Waterworks	Sewerage	Electric	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	$ 4,280,779	$ 4,427,883	$ 49,292,634	$ 58,001,296	$ -
Receipts from Interfund Services Transactions	-	-	-	-	3,361,286
Receipts from Others	-	-	-	-	888,662
Receipts from Miscellaneous	-	51,849	-	51,849	-
Payments to Suppliers	(1,167,676)	(1,231,902)	(42,207,368)	(44,606,946)	(4,690,193)
Payments to Employees	(1,146,798)	(933,329)	(2,585,902)	(4,666,029)	-
Payments to Other Funds	(628,481)	(620,481)	(230,436)	(1,479,398)	-
Net Cash from Operating Activities	1,337,824	1,694,020	4,268,928	7,300,772	(440,245)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
None	-	-	-	-	-
Net Cash from Noncapital Financing Activities	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Assets Purchased	(730,458)	(419,850)	(1,956,537)	(3,106,845)	-
Principal Payments on Long-Term Debt	(707,283)	(754,198)	(630,000)	(2,091,481)	-
Interest Payments on Long-Term Debt	(226,931)	(114,702)	(1,073,005)	(1,414,638)	-
Net Cash from Capital and Related Financing Activities	(1,664,672)	(1,288,750)	(3,659,542)	(6,612,964)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Investments	4,311	-	(225,483)	(221,172)	249,375
Sale of Investments	-	-	-	-	-
Interest Received on Investments	7,631	1,349	70,962	79,942	3,409
Net Cash from Investing Activities	11,942	1,349	(154,521)	(141,230)	252,784
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(314,906)	406,619	454,865	546,578	(187,461)
CASH AND CASH EQUIVALENTS, JANUARY 1	1,949,717	1,234,130	5,557,116	8,740,963	3,237,325
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 1,634,811	$ 1,640,749	$ 6,011,981	$ 9,287,541	$ 3,049,864

CITY OF BATAVIA, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	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)	$ 365,049	$ 506,764	$ 2,137,390	$ 3,009,203	$ (424,067)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities					
Depreciation	989,718	1,336,541	2,510,722	4,836,981	-
Receipts from Miscellaneous	-	51,849	-	51,849	-
Changes in Assets and Liabilities					
Accounts Receivable	(51,428)	(62,190)	(578,502)	(692,120)	(95,190)
Prepaid Expenses	224	224	11,900	12,348	(5,743)
Inventories	-	-	100,929	100,929	-
Accounts Payable	19,415	(151,732)	47,777	(84,540)	(193)
Accrued Payroll	6,397	6,113	12,271	24,781	-
Deposits Payable	(1,518)	120	(1,132)	(2,530)	-
Claims Payable	-	-	-	-	147,760
Claims Reserve	-	-	-	-	(62,812)
Compensated Absences	9,967	6,331	27,573	43,871	-
NET CASH FROM OPERATING ACTIVITIES	$ 1,337,824	$ 1,694,020	$ 4,268,928	$ 7,300,772	$ (440,245)
CASH AND INVESTMENTS					
Cash and Cash Equivalents	$ 1,634,811	$ 1,640,749	$ 6,011,981	$ 9,287,541	$ 3,049,864
Investments	1,994,315	500,000	6,944,958	9,439,273	999,369
Restricted Cash and Investments	-	-	7,794,748	7,794,748	-
TOTAL CASH AND INVESTMENTS	$ 3,629,126	$ 2,140,749	$ 20,751,687	$ 26,521,562	$ 4,049,233

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CITY OF BATAVIA, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

December 31, 2014

	Pension Trust	Agency
ASSETS		
Cash and Short-Term Investments	$ 10,000	$ 90,591
Investments, at Fair Value		
Money Market Mutual Funds	1,277,077	-
U.S. Government and Agency Securities	8,759,571	-
Municipal Bonds	772,055	-
Insurance Company Contracts	3,005,197	-
Corporate Bonds	3,904,710	-
Domestic Corporate Equities	3,273,898	-
Equity Mutual Funds	19,215,923	-
Receivables		
Accrued Interest	81,723	-
Prepaid Expenses	1,034	-
Total Assets	40,301,188	90,591
LIABILITIES		
Accounts Payable	10,823	-
Deposits Payable	-	90,591
Due to Others	-	-
Total Liabilities	10,823	90,591
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	$ 40,290,365	$ -

CITY OF BATAVIA, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

For the Year Ended December 31, 2014

ADDITIONS	
Contributions	
Employer Contributions	$ 2,046,807
Employee Contributions	608,410
Total Contributions	2,655,217
Investment Income	
Net Appreciation in Fair Value of Investments	932,191
Interest	1,360,502
Total Investment Income	2,292,693
Less Investment Expense	(209,380)
Net Investment Income	2,083,313
Total Additions	4,738,530
DEDUCTIONS	
Pension Benefits	2,054,368
Administration	111,405
Total Deductions	2,165,773
NET INCREASE	2,572,757
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	
January 1	37,717,608
December 31	$ 40,290,365

CITY OF BATAVIA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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 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. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due, unless due the first day of the following year.

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 deferred/unavailable/unearned revenue on its financial statements. Deferred/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. Deferred/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 deferred/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 non-negotiable certificates of deposit which are recorded at cost. Fair value has been based on quoted market prices at December 31 for debt and equity securities and contract values for insurance contracts. Investments in Illinois Funds, a money market pool created by the Illinois State Legislature under the control of the Illinois State Treasurer, is reported at $1 per share value, which equals the City's fair value of the pool.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Interfund Receivables/Payables

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

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

G. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The cost of governmental funds inventories are recorded as expenditures using the consumption 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:

	Years
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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance/Net Position (Continued)

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.

N. Interfund Transactions

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

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

O. Deferred Outflows/Inflows of Resources

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Use of Estimates

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

2. CASH AND INVESTMENTS

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

Permitted Deposits and Investments - The City's investment policy authorizes the City to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government 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, corporate bonds, 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.

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, 2014:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. Agency Securities	$ 5,963,336	$ -	$ 5,963,336	$ -	$ -
Negotiable CD's	3,995,355	2,747,546	1,247,809	-	-
TOTAL	$ 9,958,691	$ 2,747,546	$ 7,211,145	$ -	$ -

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 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.

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 Police and Firefighters' Pension Funds' deposits 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, 2014:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
Corporate Bonds	$ 3,904,710	$ 96,639	$ 812,911	$ 2,149,779	$ 845,381
U.S. Treasuries	2,189,915	-	1,326,970	491,990	370,955
U.S. Agencies	2,076,916	431,989	49,872	-	1,595,055
TOTAL	$ 8,171,541	$ 528,628	$ 2,189,753	$ 2,641,769	$ 2,811,391

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.

2. CASH AND INVESTMENTS (Continued)

Police Pension Fund Investments (Continued)

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 high grade corporate bonds. The U.S. agencies are rated AA+ by Standard and Poor's. The Fund's corporate bonds are rated between Aa1 and Ba2 by Moody's.

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

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

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

Firefighters' Pension Fund Investments

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of December 31, 2014:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
Municipal Bonds	$ 772,055	$ -	$ 278,856	$ 425,639	$ 67,560
U.S. Treasuries	942,215	121,200	510,406	310,609	-
U.S. Agencies	3,550,525	101,033	1,600,183	1,849,309	-
TOTAL	$ 5,264,795	$ 222,233	$ 2,389,445	$ 2,585,557	$ 67,560

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

2. CASH AND INVESTMENTS (Continued)

Firefighters' Pension Fund Investments (Continued)

In accordance with its investment policy, the Firefighters' 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 securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The U.S. agencies are rated AA+ by Standard and Poor's. The Fund's municipal bonds are also exposed to credit risk and are rated between Aaa and A3 by Moody's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the 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.

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 2014 levy year attach as an enforceable lien on January 1, 2014, 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, 2015 and August 1, 2015, and are payable in two installments, on or about June 1, 2015 and September 1, 2015. The County collects such taxes and remits them periodically.

3. RECEIVABLES (Continued)

A. Property Taxes (Continued)

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 2014 tax levy has been recorded as deferred/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 Tax Increment Financing (TIF) loans are funded by monies restricted in the Tax Increment Financing #1 Fund.

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.	$ 3,470	$ -	$ 3,470	$ -
Performance Chiropractic - $25,000 CDAP loan dated September 2012, due monthly with interest at 3.25% through September 2012.	14,189	-	8,420	5,769
R Kid's Closet - $12,500 CDAP loan dated April 2012, due monthly with interest at 3.25% through April 2015.	5,357	-	4,268	1,089
Vasilion Architects, Inc. - $20,000 CDAP loan dated May 2011, due monthly with interest at 3.25% through May 2014.	2,320	-	2,320	-
C-Storm Electronics - $25,000 CDAP loan dated October 2013, due monthly with interest at 3.25% through October 2016.	23,673	-	8,108	15,565
Total General Fund	49,009	-	26,586	22,423

3. RECEIVABLES (Continued)

B. Notes Receivable (Continued)

Fund/Loan	Balances January 1	Issuances	Repayments	Balances December 31
Tax Increment Financing #1 Fund				
Pal Joeys - $75,000 TIF loan dated August 2012, due monthly with interest at 3.5% through August 2017.	$ 56,263	$ -	$ 14,637	$ 41,626
Bruce Harris - $41,121 TIF loan dated September 2010, due monthly with interest at 3.5% through September 2015.	15,217	-	8,581	6,636
Robbins Flowers - $168,000 TIF loan dated December 2010, due monthly starting July 2013 with interest at 2.5% through June 2018.	152,360	-	32,394	119,966
Gaetano's - $75,000 TIF loan dated May 2014, due monthly starting September 2014 with interest at 2.75% through September 2019.	-	75,000	4,230	70,770
Aliano's - $63,971 TIF loan dated September 2014, due monthly starting March 2015 with interest at 2.75% through February 2020.	-	63,971	(218)	64,189
Batavia Art Center - $85,000 TIF loan dated August 2009, forgivable at 10% per year through July 2019.	51,000	-	8,500	42,500
Total Tax Increment Financing #1 Fund	274,840	138,971	68,124	345,687
TOTAL NOTES RECEIVABLE	$ 323,849	$ 138,971	$ 94,710	$ 368,110

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital Assets not Being Depreciated				
Land	$ 19,814,962	$ -	$ 1,286,818	$ 18,528,144
Construction in Progress	3,720,199	292,210	-	4,012,409
Total Capital Assets not Being Depreciated	23,535,161	292,210	1,286,818	22,540,553
Capital Assets Being Depreciated				
Structures and Improvements	19,050,052	-	-	19,050,052
Machinery and Equipment	5,135,445	365,040	67,430	5,433,055
Infrastructure	67,467,251	191,530	244,003	67,414,778
Total Capital Assets Being Depreciated	91,652,748	556,570	311,433	91,897,885
Less Accumulated Depreciation for				
Structures and Improvements	4,293,832	542,139	-	4,835,971
Machinery and Equipment	2,647,963	293,821	64,803	2,876,981
Infrastructure	23,699,370	1,465,451	27,464	25,137,357
Total Accumulated Depreciation	30,641,165	2,301,411	92,267	32,850,309
Total Capital Assets Being Depreciated, Net	61,011,583	(1,744,841)	219,166	59,047,576
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 84,546,744	$ (1,452,631)	$ 1,505,984	$ 81,588,129

	Beginning Balances*	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital Assets not Being Depreciated				
Land	$ 1,117,833	$ -	$ -	$ 1,117,833
Construction in Progress	5,776,560	37,023	5,160,952	652,631
Total Capital Assets not Being Depreciated	6,894,393	37,023	5,160,952	1,770,464

4. CAPITAL ASSETS (Continued)

	Beginning Balances*	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES (Continued)				
Capital Assets Being Depreciated				
Structures and Improvements	$ 17,071,981	$ -	$ 379,033	$ 16,692,948
Wells and Well System	3,634,937	-	-	3,634,937
Machinery and Equipment	1,905,203	326,186	144,447	2,086,942
Electric System	63,009,566	6,231,633	882,769	68,358,430
Water/Sewer System	68,146,284	1,599,961	-	69,746,245
Total Capital Assets Being Depreciated	153,767,971	8,157,780	1,406,249	160,519,502
Less Accumulated Depreciation for				
Structures and Improvements	3,798,198	449,282	379,033	3,868,447
Wells and Well System	1,196,449	92,720	-	1,289,169
Machinery and Equipment	1,084,581	140,995	138,059	1,087,517
Electric System	23,627,615	2,181,473	625,641	25,183,447
Water/Sewer System	26,762,734	1,972,511	-	28,735,245
Total Accumulated Depreciation	56,469,577	4,836,981	1,142,733	60,163,825
Total Capital Assets Being Depreciated, Net	97,298,394	3,320,799	263,516	100,355,677
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	$ 104,192,787	$ 3,357,822	$ 5,424,468	$ 102,126,141

*Some items have been reclassified among the above categories.

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

GOVERNMENTAL ACTIVITIES	
General Government	$ 107,295
Public Safety	476,897
Highways and Streets, Including Depreciation of General Infrastructure Assets	1,717,219
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	$ 2,301,411

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

BUSINESS-TYPE ACTIVITIES	
Waterworks	$ 1,336,541
Sewerage	989,718
Electric	2,510,722
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	$ 4,836,981

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
$1,435,000 General Obligation Refunding Bond Series of 2009B due in annual installments of $270,000 to $310,000, plus interest of 2.5% to 3.5% through December 15, 2014.	Debt Service	$ 310,000	$ -	$ 310,000	$ -	$ -
$7,150,000 General Obligation Refunding Bond Series of 2012A due in annual installments of $10,000 to $705,000, plus interest of 2% to 4% through January 1, 2026.	Debt Service	7,140,000	-	40,000	7,100,000	485,000
$1,530,000 General Obligation Refunding Bond Series of 2012 due in annual installments of $25,000 to $135,000, plus interest of 2% to 3% through January 1, 2025.	Debt Service	1,505,000	-	115,000	1,390,000	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% to 4% through November 1, 2024.	Waterworks/ Sewerage	8,650,000	-	975,000	7,675,000	990,000
TOTAL		$ 17,605,000	$ -	$ 1,440,000	$ 16,165,000	$ 1,590,000

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 or sewer 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 4.0% to 4.5% through January 1, 2026.	Debt Service	$ 425,000	$ -	$ 425,000	$ -	$ -
$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	691,479	-	89,198	602,281	91,518
TOTAL		$ 1,116,479	$ -	$ 514,198	$ 602,281	$ 91,518

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	Balance January 1	Issuances	Retirements	Balance 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 3.5% to 4.5% rates through January 1, 2037.	Electric	$ 25,065,000	$ -	$ 630,000	$ 24,435,000	$ 665,000

5. LONG-TERM DEBT (Continued)

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 Water Series of 2004 due in annual installments of $210,122 including interest at 2.5% through November 1, 2024.	Waterworks	$ 2,009,879	$ -	$ 160,875	$ 1,849,004	$ 164,922
IEPA Water Series of 2005 due in annual installments of $32,675 including interest at 2.5% through November 1, 2024.	Waterworks	312,545	-	25,017	287,528	25,646
IEPA Water Series of 2006 due in annual installments of $191,127 including interest at 2.5% through September 26, 2026.	Waterworks	2,110,162	-	139,237	1,970,925	142,740
IEPA Water Series of 2006 due in annual installments of $99,042 including interest at 2.5% through September 26, 2026.	Waterworks	1,093,487	-	72,154	1,021,333	73,968
TOTAL		$ 5,526,073	$ -	$ 397,283	$ 5,128,790	$ 407,276

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

5. LONG-TERM DEBT (Continued)

E. Debt Service Requirements to Maturity

Year Ending December 31,	General Obligation Bonds Governmental Activities Principal	Governmental Activities Interest	Business-Type Activities Principal	Business-Type Activities Interest
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	$ 8,490,000	$ 1,555,530	$ 7,675,000	$ 838,680

Year Ending December 31,	Alternate Revenue Bonds Governmental Activities Principal	Governmental Activities Interest	Business-Type Activities Principal	Business-Type Activities Interest
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	$ -	$ -	$ 602,281	$ 63,881

5. LONG-TERM DEBT (Continued)

E. Debt Service Requirements to Maturity (Continued)

Year Ending December 31,	Revenue Bonds Business-Type Activities Principal	Revenue Bonds Business-Type Activities Interest
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	$ 24,435,000	$ 14,739,380

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

5. LONG-TERM DEBT (Continued)

E. Debt Service Requirements to Maturity (Continued)

Year Ending December 31,	IEPA Loans Business-Type Activities Principal	IEPA Loans Business-Type Activities Interest
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	284,816	5,353
TOTAL	$ 5,128,789	$ 781,209

F. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2014:

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds	$ 8,955,000	$ -	$ 465,000	$ 8,490,000	$ 600,000
Alternate Revenue Bonds	425,000	-	425,000	-	-
Compensated Absences*	871,751	286,143	174,350	983,544	196,709
Net Pension Obligation*	50,191	-	48,739	1,452	-
Net Other Postemployment Benefit*	149,256	137,847	-	287,103	-
Unamortized Premium	384,631	-	29,808	354,823	-
TOTAL GOVERNMENTAL ACTIVITIES	$ 10,835,829	$ 423,990	$ 1,142,897	$ 10,116,922	$ 796,709

* 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.

5. LONG-TERM DEBT (Continued)

F. Changes in Long-Term Liabilities

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds	$ 8,650,000	$ -	$ 975,000	$ 7,675,000	$ 990,000
Alternate Revenue Bonds	691,479	-	89,198	602,281	91,518
Revenue Bonds	25,065,000	-	630,000	24,435,000	655,000
IEPA Loans	5,526,073	-	397,283	5,128,790	407,276
Compensated Absences	399,837	123,838	79,967	443,708	88,742
Unamortized Premium	310,946	-	35,237	275,709	-
TOTAL BUSINESS-TYPE ACTIVITIES	$ 40,643,335	$ 123,838	$ 2,206,685	$ 38,560,488	$ 2,232,536

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

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

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	9,542
Commercial	1,331
Industrial	11
Kwh of Energy Purchased	490,692,956
Average Cost per kWh	$ 0.08

H. Alternate Revenue Source Bonds

The Series 2010 Taxable General Obligation Alternate Revenue Source Bond is payable from a pledge of the City's sewer operations revenue. The bond has a remaining total pledge of $666,162, with the bonds maturing December 15, 2020. During the current fiscal year, the pledge of sewer revenues of $106,501 was approximately 2.4% of total available pledged revenues.

I. 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 $120,000 per individual's health claims paid and $650,000 per individual for workers' compensation claims paid. The remainder of the City's risk management activity is also reported in the Self-Insurance Fund and is provided for through private insurance coverage, including general and other liabilities.

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

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

	2014	2013
UNPAID CLAIMS - BEGINNING OF YEAR	$ 1,177,329	$ 664,171
Incurred Claims (Including IBNR)	3,571,634	4,641,106
Claims Payments	(3,486,686)	(4,127,948)
UNPAID CLAIMS - END OF YEAR	$ 1,262,277	$ 1,177,329

7. INTERFUND ASSETS/LIABILITIES

A. Due From/To Other Funds

	Due From	Due To
General		
Nonmajor Governmental	$ 49,537	$ -
Nonmajor Governmental		
General	-	49,537
Nonmajor Governmental	500,000	500,000
TOTAL	$ 549,537	$ 549,537

7. INTERFUND ASSETS/LIABILITIES (Continued)

A. Due From/To Other Funds (Continued)

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

- $49,537 due to the General Fund from the Capital Projects Fund for short-term cash borrowing. Repayment is expected within one year.
- $500,000 from one Nonmajor Governmental Fund to another Nonmajor Governmental 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, 2014 were as follows:

	Transfers In	Transfers Out
General		
Nonmajor Governmental	$ 12,257	$ 1,268,150
Nonmajor Governmental		
General	1,268,150	12,257
Nonmajor Governmental	2,174,196	2,174,196
TOTAL	$ 3,454,603	$ 3,454,603

The purpose of significant transfers is as follows:

- $1,268,150 transferred from the General Fund to the Nonmajor Governmental Funds and includes, $698,150 to the Debt Service Fund for debt payments and $570,000 to the Capital Projects Fund for project funding. These transfers will not be repaid.
- $2,174,195 transferred from the Motor Fuel Tax Fund to the Capital Project Fund to separate out non Motor Fuel Tax Fund contributions formerly deposited in the Motor Fuel Tax Fund, $13,097 within the Capital Projects Fund. These transfers will not be repaid.

8. CONTINGENT LIABILITIES

A. Litigation

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

B. Grants

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

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 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, 2014, total utility plant assets (exclusive of construction work in progress) were $464.7 million and accumulated depreciation was approximately $31.5 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 $513.5 million as of December 31, 2014.

10. OTHER POSTEMPLOYMENT BENEFITS

A. 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.

B. 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.

C. Membership

At December 31, 2014, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	26
Active Employees	
Vested	37
Nonvested	133
TOTAL	196
Participating Employers	1

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

D. 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 year ended December 31, 2014, retirees contributed $209,169. Active employees do not contribute to the plan until retirement.

E. 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:

Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	$ 183,555	$ 175,533	95.6%	$ 114,047
2013	282,048	246,839	87.5%	149,256
2014	299,990	162,143	54.0%	287,103

The net OPEB obligation (NOPEBO) as December 31, 2014 was calculated as follows:

Annual Required Contribution	$ 298,995
Interest on Net OPEB Obligation	5,970
Adjustment to Annual Required Contribution (ARC)	(4,975)
Annual OPEB Cost	299,990
Contributions Made	162,143
Increase in Net OPEB Obligation	137,847
Net OPEB Obligation, Beginning of Year	149,256
NET OPEB OBLIGATION, END OF YEAR	$ 287,103

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

E. Annual OPEB Costs and Net OPEB Obligation (Continued)

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2014 (date of last actuarial valuation) was as follows:

Actuarial Accrued Liability (AAL)	$ 5,019,010
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	5,019,010
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	11,869,999
UAAL as a Percentage of Covered Payroll	42.28%

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

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

In the December 31, 2014 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included 4% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 7.5% with an ultimate healthcare cost trend rate of 5.5%. Both rates include a 3% 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, 2014 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 (ILCS) 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

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

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

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

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution and annual required contribution rate for calendar year 2014 was 13.53%.

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Police Pension Plan as a pension trust fund. At December 31, 2014, the Police Pension Plan membership consisted of:

Retiree and Beneficiaries Currently Receiving Benefits	29
Terminated Plan Members Entitled to but not yet Receiving Benefits	1
Active Plan Members	
Vested	28
Nonvested	11
TOTAL	69

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 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% 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% of the original pension and 3% 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% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

of 75% 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% or ½ of the change in the Consumer Price Index for the proceeding calendar year. The City is required to finance the Police Pension Plan.

Employees are required by ILCS 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, 2014, the City's contribution was 37.12% 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, 2014, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	11
Terminated Plan Members Entitled to but not yet Receiving Benefits	2
Active Plan Members	
Vested	16
Nonvested	6
TOTAL	35

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% 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% of the original pension and 3% 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% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% 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% 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

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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, 2014, the City's contribution was 34.13% of covered payroll.

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	ETF Guggenheim Fund	$ 1,889,035
Police Pension	First Trust Exchange Fund	1,471,682
Police Pension	iShares Russell 3000 Fund	1,703,377
Police Pension	PIMCO All Assets Fund	1,816,777
Firefighters' Pension	Sun Life Insurance Contract	810,453
Firefighters' Pension	T Rowe Price Growth Fund	1,222,379
Firefighters' Pension	Vanguard 500 Index Fund	1,261,542

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2012	December 31, 2012	December 31, 2012
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	29 Years, Open	28 Years, Closed	28 Years, Closed
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%

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

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)	2012	$ 961,064	$ 1,136,238	$ 598,821
	2013	1,014,794	1,150,663	592,673
	2014	1,021,270	1,309,076	661,599
Actual Contribution	2012	$ 961,064	$ 1,268,368	$ 667,656
	2013	1,014,794	1,310,582	655,325
	2014	1,021,270	1,357,815	688,992
Percentage of APC Contributed	2012	100.0%	111.6%	111.5%
	2013	100.0%	113.9%	110.6%
	2014	100.0%	103.7%	104.1%
NPO (Asset)	2012	$ -	$ 210,110	$ (32,515)
	2013	-	50,191	(95,167)
	2014	-	1,452	(122,560)

The NPO (Asset) at December 31, 2014 has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual Required Contribution	$ 1,307,815	$ 663,992
Interest on Net Pension Obligation	3,513	(6,662)
Adjustment to Annual Required Contribution	(2,252)	4,269
Annual Pension Cost	1,309,076	661,599
Contributions Made	1,357,815	688,992
Increase (Decrease) in Net Pension Obligation	(48,739)	(27,393)
Net Pension Obligation (Asset), Beginning of Year	50,191	(95,167)
NET PENSION OBLIGATION (ASSET), END OF YEAR	$ 1,452	$ (122,560)

11. DEFINED BENEFIT PENSION PLANS (Continued)

D. Funded Status

The funded status of the plans based on actuarial valuations performed as of December 31, 2014 for IMRF and 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 11C:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Accrued Liability (AAL)	$ 25,029,913	$ 47,556,045	$ 20,400,825
Actuarial Value of Plan Assets	18,429,476	26,424,524	13,865,841
Unfunded Actuarial Accrued Liability (UAAL)	6,600,437	21,131,522	6,534,984
Funded Ratio (Actuarial Value of Plan Assets/AAL)	73.63%	55.57%	67.97%
Covered Payroll (Active Plan Members)	$ 7,548,175	$ 3,658,156	$ 2,018,760
UAAL as a Percentage of Covered Payroll	87.44%	577.66%	323.71%

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

12. PRIOR PERIOD ADJUSTMENT

During the current year, the City restated the fund balance of the Health Insurance Fund by a positive $671,504 to correct an error to record claims expense in the proper period.

CITY OF BATAVIA, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2014

Schedule of 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)
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%
2014	18,429,476	25,029,913	73.63%	6,600,437	7,548,175	87.44%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2014	1,021,270	1,021,270	100.00%

CITY OF BATAVIA, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
POLICE PENSION FUND

December 31, 2014

Schedule of 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)
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%
2013	25,013,120	41,881,105	59.72%	16,867,985	3,565,299	473.12%
2014	26,424,524	47,556,045	55.57%	21,131,521	3,658,156	577.65%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2014	1,357,815	1,307,815	103.82%

CITY OF BATAVIA, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
FIREFIGHTERS' PENSION FUND

December 31, 2014

Schedule of 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)
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%
2013	12,704,488	18,573,350	68.40%	5,868,862	2,022,404	290.19%
2014	13,865,841	20,400,825	67.97%	6,534,984	2,018,760	323.71%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2014	688,992	663,992	103.77%

CITY OF BATAVIA, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN

December 31, 2014

Schedule of 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)
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	$ -	$ 3,716,305	0.00%	$ 3,716,305	$ 11,030,414	33.69%
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	-	6,135,319	0.00%	6,135,319	11,476,043	53.46%
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	-	5,019,010	0.00%	5,019,010	11,869,999	42.28%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2014	162,143	298,995	54.23%

N/A - The City is required to have the actuarial valuation performed biannually.

APPENDIX B
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX C
PROPOSED FORM OF OPINION OF BOND COUNSEL
[LETTERHEAD OF CHAPMAN AND CUTLER LLP, CHICAGO, ILLINOIS]
[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the *"Proceedings"*) of the City Council of the City of Batavia, Kane and DuPage Counties, Illinois (the *"City"*), passed preliminary to the issue by the City of its fully registered General Obligation Refunding Bonds, Series 2015 (the *"Bonds"*), to the amount of $22,570,000, dated the date hereof, due serially on January 1 of the years and in the amounts and bearing interest as follows:

2017	$ 780,000	3.000%
2018	805,000	3.000%
2019	830,000	3.000%
2020	855,000	3.000%
2021	885,000	3.000%
2022	910,000	3.000%
2023	940,000	3.000%
2024	965,000	3.000%
2025	995,000	3.000%
2026	1,025,000	3.000%
2028	2,140,000	3.000%
2029	1,120,000	3.000%
2030	1,155,000	3.125%
2031	1,185,000	3.125%
2032	1,225,000	3.250%
2033	1,265,000	3.250%
2034	1,310,000	3.250%
2035	1,345,000	3.375%
2036	1,395,000	3.375%
2037	1,440,000	3.500%

the Bonds due on January 1, 2028, being subject to mandatory redemption, in integral multiples of $5,000 selected by lot by the Bond Registrar, at a redemption price of par plus accrued interest to the redemption date, on January 1, 2027, in the principal amount of $1,055,000, and the Bonds due on or after January 1, 2026, being subject to redemption prior to maturity at the option of the City as a whole or in part in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on January 1, 2025, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the City and is payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the City's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such City covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering our opinion on tax exemption, we have relied on the mathematical computation of the yield on the Bonds and the yield on certain investments by Stanley P. Stone & Associates, Inc., Financing Consultants, New York, New York.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

APPENDIX D

EXCERPTS OF FISCAL YEAR 2014 AUDITED FINANCIAL STATEMENTS RELATING TO THE CITY'S PENSION PLANS

CITY OF BATAVIA, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

December 31, 2014

	Pension Trust	Agency
ASSETS		
Cash and Short-Term Investments	$ 10,000	$ 90,591
Investments, at Fair Value		
Money Market Mutual Funds	1,277,077	-
U.S. Government and Agency Securities	8,759,571	-
Municipal Bonds	772,055	-
Insurance Company Contracts	3,005,197	-
Corporate Bonds	3,904,710	-
Domestic Corporate Equities	3,273,898	-
Equity Mutual Funds	19,215,923	-
Receivables		
Accrued Interest	81,723	-
Prepaid Expenses	1,034	-
Total Assets	40,301,188	90,591
LIABILITIES		
Accounts Payable	10,823	-
Deposits Payable	-	90,591
Due to Others	-	-
Total Liabilities	10,823	90,591
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	$ 40,290,365	$ -

CITY OF BATAVIA, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

For the Year Ended December 31, 2014

ADDITIONS	
Contributions	
Employer Contributions	$ 2,046,807
Employee Contributions	608,410
Total Contributions	2,655,217
Investment Income	
Net Appreciation in Fair Value of Investments	932,191
Interest	1,360,502
Total Investment Income	2,292,693
Less Investment Expense	(209,380)
Net Investment Income	2,083,313
Total Additions	4,738,530
DEDUCTIONS	
Pension Benefits	2,054,368
Administration	111,405
Total Deductions	2,165,773
NET INCREASE	2,572,757
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	
January 1	37,717,608
December 31	$ 40,290,365

10. OTHER POSTEMPLOYMENT BENEFITS

A. 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.

B. 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.

C. Membership

At December 31, 2014, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	26
Active Employees	
Vested	37
Nonvested	133
TOTAL	196
Participating Employers	1

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

D. 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 year ended December 31, 2014, retirees contributed $209,169. Active employees do not contribute to the plan until retirement.

E. 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:

Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	$ 183,555	$ 175,533	95.6%	$ 114,047
2013	282,048	246,839	87.5%	149,256
2014	299,990	162,143	54.0%	287,103

The net OPEB obligation (NOPEBO) as December 31, 2014 was calculated as follows:

Annual Required Contribution	$ 298,995
Interest on Net OPEB Obligation	5,970
Adjustment to Annual Required Contribution (ARC)	(4,975)
Annual OPEB Cost	299,990
Contributions Made	162,143
Increase in Net OPEB Obligation	137,847
Net OPEB Obligation, Beginning of Year	149,256
NET OPEB OBLIGATION, END OF YEAR	$ 287,103

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

E. Annual OPEB Costs and Net OPEB Obligation (Continued)

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2014 (date of last actuarial valuation) was as follows:

Actuarial Accrued Liability (AAL)	$ 5,019,010
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	5,019,010
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	11,869,999
UAAL as a Percentage of Covered Payroll	42.28%

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

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

In the December 31, 2014 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included 4% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 7.5% with an ultimate healthcare cost trend rate of 5.5%. Both rates include a 3% 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, 2014 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 (ILCS) 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

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

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

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

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution and annual required contribution rate for calendar year 2014 was 13.53%.

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Police Pension Plan as a pension trust fund. At December 31, 2014, the Police Pension Plan membership consisted of:

Retiree and Beneficiaries Currently Receiving Benefits	29
Terminated Plan Members Entitled to but not yet Receiving Benefits	1
Active Plan Members	
Vested	28
Nonvested	11
TOTAL	69

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 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% 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% of the original pension and 3% 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% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

of 75% 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% or ½ of the change in the Consumer Price Index for the proceeding calendar year. The City is required to finance the Police Pension Plan.

Employees are required by ILCS 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, 2014, the City's contribution was 37.12% 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, 2014, the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	11
Terminated Plan Members Entitled to but not yet Receiving Benefits	2
Active Plan Members	
Vested	16
Nonvested	6
TOTAL	35

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% 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% of the original pension and 3% 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% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% 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% 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

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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, 2014, the City's contribution was 34.13% of covered payroll.

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	ETF Guggenheim Fund	$ 1,889,035
Police Pension	First Trust Exchange Fund	1,471,682
Police Pension	iShares Russell 3000 Fund	1,703,377
Police Pension	PIMCO All Assets Fund	1,816,777
Firefighters' Pension	Sun Life Insurance Contract	810,453
Firefighters' Pension	T Rowe Price Growth Fund	1,222,379
Firefighters' Pension	Vanguard 500 Index Fund	1,261,542

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2012	December 31, 2012	December 31, 2012
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	29 Years, Open	28 Years, Closed	28 Years, Closed
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%

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Annual Pension Costs (Continued)

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)	2012	$ 961,064	$ 1,136,238	$ 598,821
	2013	1,014,794	1,150,663	592,673
	2014	1,021,270	1,309,076	661,599
Actual Contribution	2012	$ 961,064	$ 1,268,368	$ 667,656
	2013	1,014,794	1,310,582	655,325
	2014	1,021,270	1,357,815	688,992
Percentage of APC Contributed	2012	100.0%	111.6%	111.5%
	2013	100.0%	113.9%	110.6%
	2014	100.0%	103.7%	104.1%
NPO (Asset)	2012	$ -	$ 210,110	$ (32,515)
	2013	-	50,191	(95,167)
	2014	-	1,452	(122,560)

The NPO (Asset) at December 31, 2014 has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual Required Contribution	$ 1,307,815	$ 663,992
Interest on Net Pension Obligation	3,513	(6,662)
Adjustment to Annual Required Contribution	(2,252)	4,269
Annual Pension Cost	1,309,076	661,599
Contributions Made	1,357,815	688,992
Increase (Decrease) in Net Pension Obligation	(48,739)	(27,393)
Net Pension Obligation (Asset), Beginning of Year	50,191	(95,167)
NET PENSION OBLIGATION (ASSET), END OF YEAR	$ 1,452	$ (122,560)

11. DEFINED BENEFIT PENSION PLANS (Continued)

D. Funded Status

The funded status of the plans based on actuarial valuations performed as of December 31, 2014 for IMRF and 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 11C:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Accrued Liability (AAL)	$ 25,029,913	$ 47,556,045	$ 20,400,825
Actuarial Value of Plan Assets	18,429,476	26,424,524	13,865,841
Unfunded Actuarial Accrued Liability (UAAL)	6,600,437	21,131,522	6,534,984
Funded Ratio (Actuarial Value of Plan Assets/AAL)	73.63%	55.57%	67.97%
Covered Payroll (Active Plan Members)	$ 7,548,175	$ 3,658,156	$ 2,018,760
UAAL as a Percentage of Covered Payroll	87.44%	577.66%	323.71%

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

12. PRIOR PERIOD ADJUSTMENT

During the current year, the City restated the fund balance of the Health Insurance Fund by a positive $671,504 to correct an error to record claims expense in the proper period.

CITY OF BATAVIA, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2014

Schedule of 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)
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%
2014	18,429,476	25,029,913	73.63%	6,600,437	7,548,175	87.44%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2014	1,021,270	1,021,270	100.00%

CITY OF BATAVIA, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
POLICE PENSION FUND

December 31, 2014

Schedule of 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)
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%
2013	25,013,120	41,881,105	59.72%	16,867,985	3,565,299	473.12%
2014	26,424,524	47,556,045	55.57%	21,131,521	3,658,156	577.65%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2014	1,357,815	1,307,815	103.82%

CITY OF BATAVIA, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
FIREFIGHTERS' PENSION FUND

December 31, 2014

Schedule of 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)
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%
2013	12,704,488	18,573,350	68.40%	5,868,862	2,022,404	290.19%
2014	13,865,841	20,400,825	67.97%	6,534,984	2,018,760	323.71%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2014	688,992	663,992	103.77%

CITY OF BATAVIA, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN

December 31, 2014

Schedule of 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)
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	$ -	$ 3,716,305	0.00%	$ 3,716,305	$ 11,030,414	33.69%
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	-	6,135,319	0.00%	6,135,319	11,476,043	53.46%
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	-	5,019,010	0.00%	5,019,010	11,869,999	42.28%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2014	162,143	298,995	54.23%

N/A - The City is required to have the actuarial valuation performed biannually.