

Appendix

- i. City of Batavia Strategic Plan**
- ii. City of Batavia Budget Process and Budget Calendar**
- iii. City of Batavia Organizational Chart**
- A. Batavia Statistics**
 - General and Demographic Statistics
- B. 2018-2022 Budget Projections**
 - Five-year Macro Projections.
- E. Fund Balance Policy**
- F. Investment of Public Funds Policy**
- G. Glossary**

City of Batavia Strategic Plan

Strategic Themes & Rationales

Service Delivery & Financial Sustainability

Strategic Rationale: To develop a financial plan that determines what resources will be available to meet the objectives of the City of Batavia’s Strategic Plan, while at the same time, ensuring that the City of Batavia remains financially sustainable. To achieve financial sustainability means that the City will manage its finances so it can meet its spending commitments, both now and in the future. The City will ensure that the current spending plan does not leave an unmanageable bill for government services provided to the current generation to be paid by future generations. City policies will support the commitment to continually improve the quality, reliability and affordability of city services. The strategies implemented will include seeking diverse revenues to ensure that the City is able to manage through various economic cycles without having to increase fees and taxes or reduce services in such a way that it has a significant impact on a resident’s cost of living and or on the social well being of the community.

Strategic Goals & Objectives for Service Delivery & Financial Sustainability

1. Develop a five-year financial management plan
 - a. Prepare a preliminary macro level General Fund five-year outlook
 - b. Prepare a five-year General Fund plan by department
 - c. Prepare a five-year plan for all funds
2. Link the Annual Budget to the Strategic Plan
 - a. Highlight strategic objectives in Narratives and Budget Overview
 - b. Set annual budget using both short and long-term goals for direction and priorities
 - c. Support and encourage collaboration among departments for identification and prioritization of budget needs and allocation of resources
3. Maintain adequate operating reserves/fund balances
 - a. Review and follow Fund Balance Policy
 - b. Consider and evaluate impact on reserves during the budget process
4. Deliver high quality City services that meet the needs of the community while continually working to control expenditures
 - a. Implement organizational efficiencies through process evaluation
 - b. Optimize use of technology and foster innovation
 - c. Maintain efficient and effective staffing levels
 - d. Maintain a competitive compensation and benefit system
 - e. Create an environment of trust and empowerment through a partnership of management and staff
 - f. Foster a work environment of accountability, integrity, and collaboration
 - g. Provide the resources needed to support quality service delivery
 - h. Encourage citizen feedback and incorporate changes when suitable
 - i. Maintain and review internal controls

Strategic Goals & Objectives for Service Delivery & Financial Sustainability (Continued)

5. Diversify and augment revenues
 - a. Assess user fees when identifiable
 - b. Utilize SSA's or TIF's where appropriate
 - c. Seek funding through grants
 - d. Adopt a policy for the levy of property tax
 - e. Utilize utility shutoff and collection procedures and services to maximize accounts receivable collection
 - f. Maximize investment return within the parameters of Investment Policy
 - g. Survey other communities for types and rates of revenues

6. Provide for the adequate maintenance of capital
 - a. Develop a Facilities Capital Plan
 - b. Develop/Implement the Infrastructure Capital Plan
 - c. Provide funding to the Capital Fleet/Equipment Reserve while optimizing the useful life of the fleet and assessing fleet replacement

7. Plan for long-term liabilities and commitments
 - a. Adopt a pension and other post employment benefits funding policy
 - b. Implement a debt policy
 - c. Continue efforts to develop a diversified energy portfolio
 - d. Follow Bond recordkeeping policy

8. Ensure availability of financial information for the City Council and community
 - a. Maximize public access to financial data and reports
 - b. Provide comparative analysis with financial ratios and benchmarks
 - c. Review, develop and implement financial policies
 - d. Ensure financial reports and tax returns are filed and made available by required dates

9. Be proactive on legislative issues with financial implications for the City
 - a. Develop process for formal response to legislative opportunities and/or threats
 - b. Cultivate information resources for City Council and staff
 - c. Review and implement all new applicable accounting pronouncements

City of Batavia Strategic Plan

Strategic Themes & Rationales

Business Development & Retention

Strategic Rationale: The success and overall health of businesses within our community is directly linked to the quality of life experienced by the residents of our community and therefore, of great importance to the City of Batavia as a whole. A healthy business community, through the creation of jobs and revenue, is a major element in allowing the City to carry out and sustain its various functions. Business development and retention is a multi-faceted approach to the development of policies and programs designed to preserve, enhance and promote a vibrant, welcoming and successful business community.

Strategic Goals & Objectives for Business Development & Retention

1. Develop a business/economic development plan
 - a. Assess the current economic environment
 - b. Prepare a business/economic plan document
2. Develop and Implement a Comprehensive Business Retention and Expansion Plan.
 - a. Be a proactive resource for existing businesses, developing policies, incentives and programs to assist in their growth
 - b. Annually survey existing business constituents, by sector and by geography, to obtain their input concerning the general business climate in the City
 - c. Bi-annually assess neighboring and competitive communities with respect to those elements listed in subparagraph 2.b
 - d. Schedule and conduct no fewer than three retention visits each month to individual businesses located within the City of Batavia
 - e. Maintain a website portal focused on “Doing Business in Batavia”
3. Develop and Implement a Comprehensive New Business Recruitment Plan.
 - a. Conduct initial and thereafter ongoing (minimal every five years) cluster analyses to determine existing strong and emergent business sectors in the city and immediate surrounding area
 - b. Conduct initial and thereafter ongoing (minimal every three years) gap analyses to determine leakage/opportunities in local retail trade
 - c. Identify and target specific business types and specific businesses within said types for recruitment
 - d. Develop and employ a comprehensive marketing strategy for business recruitment, by business sector type and by targeted areas within the City
 - e. Schedule and make on-site recruiting trips to meet with key personnel representing ownership for site selection purposes, providing marketing material and discussing the advantages of making a Batavia site selection
 - f. Attend key trade shows (ICSC, AIRE, IOREBA, NAIOP), as an attendee and/or showroom participant, facilitating personal meetings with real estate brokers, developers and property owners/managers to recruit new business enterprises and commercial, office/research and industrial development activity for the City

Strategic Goals & Objectives for Business Development & Retention (Continued)

4. Develop a marketing/branding initiative
 - a. Business-to-Business
 - b. Consumer-Focused

5. Develop and expand effective partnerships with business-oriented non-governmental organizations
 - a. Identify appropriate NGOs for potential partnerships
 - b. Appoint City representatives as liaisons to NGOs

6. Encourage the development of public policies and public improvements to support business development
 - a. Streamline the process for approval of developments that retains efficiency and effectiveness
 - b. Identify priority development projects and position staff to accelerate its review and recommendation processes to bring such projects to approval authority in the earliest possible time-period
 - c. Explore ways to fund improvements to telecommunication systems, such as wireless internet, fiber optics, broadband
 - d. Explore ways to fund improvements to City-owned utilities, including but not limited to enhanced efficiency and reliability of the City's electric distribution system

7. Develop the Area's Workforce
 - a. Survey local business community, particularly manufacturing and service sectors, to determine its employment needs, especially as these needs relate to skill set deficiencies
 - b. In cooperation with Batavia High School, Waubonsee Community College, River Valley Workforce Investment Board and KCDEE, and the Illinois Department of Commerce and Economic Opportunity to explore new and enhance existing programs that will serve both our local workforce and business community, by ensuring employee workforce skill sets match employer-desired skills sets
 - c. In cooperation with our local manufacturing sector, consider creating a high school and/or community college scholarship program benefitting Batavia student residents to assist them in meeting educational costs, in exchange for their agreeing to be employed as interns by our local manufacturing businesses

8. Examine various revenue sources for ED:
 - a. Explore creation of additional TIF Districts
Use of DCEO

City of Batavia Strategic Plan

Strategic Themes & Rationales

Housing

Strategic Rationale: A diverse, quality housing stock will best serve existing and prospective residents of Batavia. Such housing will promote safe, stable and attractive neighborhoods, which will enhance the quality of life and increase the overall health of the community. The City should be a catalyst in promoting housing diversity and development consistent with the Comprehensive Plan. The City's long-term plan must focus on influencing the private sector through supportive planning policies and partnerships.

Strategic Goals & Objectives for Housing

1. Address the availability of diverse housing choices
 - a. Complete a comprehensive housing study
 - i. Document existing housing stock by type
 - ii. Assess demographic changes
 - iii. Identify needs
 - iv. Analyze study recommendations and develop action plan for implementation
 - b. Utilize housing study to determine appropriate locations for various types of housing
 - c. Consider comprehensive plan and zoning map changes to address the housing needs analysis
 - d. Accommodate persons and families of varied income levels
 - e. Accommodate persons and families of varied levels of physical and mental abilities
 - f. Provide quality rental housing choices
 - g. Provide a balance of housing types suitable to accommodate changes in the needs of an individual's lifestyle or family status
 - h. Consider creating a Housing Commission to address housing needs
2. Maintain and enhance the quality of housing stock
 - a. Maintain and enforce reasonable building maintenance codes and uniform compliance standards
 - b. Implement changes to the City's Crime Free Housing program to become a comprehensive Rental Dwelling Inspection Program
 - c. Consider positive programs to encourage homeowner "investment" in their neighborhood to raise pride
 - d. Review and analyze transportation planning needs to support various housing types
3. Support private sector development/redevelopment of housing
 - a. Identify locations for housing development/redevelopment and market them to the development community
 - b. Develop incentive programs to financiers and developers of underrepresented housing types

- c. Analyze the development review process and streamline it where possible

Strategic Goals & Objectives for Housing (Continued)

- d. Review codes to ensure that requirements are clear and simply stated for prospective developers.
 - e. Work with other government entities to understand impacts of different types of development
4. Actively pursue all County, State, Federal and private housing grant opportunities
- a. Apply for relevant grants that will support housing objectives and that are financially sustainable
 - b. Investigate opportunities for partnerships with other non-profit or governmental organizations to be co-applicant on grants geared towards private or public-private development

City of Batavia Strategic Plan

Strategic Themes & Rationales

Environmental Identity

To integrate Environmental Sustainability considerations into all aspects of City operations including the water, wastewater and electric utilities and capital programs such as storm water mitigation, small creek drainage into the Fox River and erosion of riverbanks. The City will promote the use of environmentally sensitive building practices and sustainable infrastructure. The City's environmental identity will be reinforced through policies supporting our value as stewards of our natural environment through the protection and conservation of natural resources. The City will seek to build awareness of the impact we all have on our environment and take steps to address that impact by developing innovative solutions to increase conservation, reuse and recycling of natural resources. The City will utilize its own environmental identity to foster a culture of sustainability within the community.

Strategic Goals for Environmental Identity

1. Re-establish the Fox River as a central feature of the community
 - a. Continue to integrate relationship and identity with River in streetscape design elements, new City logo, downtown development themes and other activities such as Art in Your Eye, Celebration of Lights
 - b. Consider some type or river-based community event, or art display
 - c. Emphasize River Cleanups
 - d. Consider new City logo incorporating the River
 - e. Apply for grants to study river corridor and to develop Fox River Corridor Study and Plan
2. Adopt and codify policies to promote conservation of natural resources
 - a. Assess Municipal Code regarding water cleanliness, energy efficiency and use of sustainable materials and practices such as LEED compliance in zoning and building activities
 - b. Remain active member of Fox River Ecosystem Partnership
 - c. Recognize and regard businesses that promote environmental responsibility and awareness
3. Enhance surface water quality
 - a. Consider remaining life of dam and implications
 - b. Review codes re fertilization of lawns, buffer requirements, runoff filtration
4. Integrate environmental principles into Utility operations
 - a. Analyze environmental impacts of operations
 - b. Research and/or create environmental best utility practices
5. Promote alternative transportation methods
 - a. Investigate methods of dealing with the "First Mile" i.e. car pools, PACE vans
 - b. Investigate limited use of Fox River trail for soft tired commuter transit

- c. Investigate potential for Batavia railroad tracks to link to Aurora and/or West Chicago for commuter purposes

Strategic Goals for Environmental Identity (Continued)

- d. Investigate “Batavia bike commuter” bike lockers at Geneva commuter station
 - e. Work with PACE, Kane County, Geneva, St. Charles, Chamber (at a minimum) regarding bus services to support industrial parks and Mall areas along transit routes.
 - f. Analyze future need for transportation expertise in City staff (engineer, planner, consultant, or community advisory group)
 - g. Bus service to Fifth Third Ball Park (Cougar Stadium) and River Edge Park (Aurora) and future Settler’s Hill venues
6. Educate the public on conservancy through media and programs
- a. Conservation articles in Neighbors, Earth Friendly shows on BATV, Conservation lectures with Library
 - b. Invite/involve students to sit in on meetings re environmental issues
 - c. Actively participate in efforts to work with surface water pollution from land uses affecting waters coming through the City.

City of Batavia Strategic Plan

Strategic Themes & Rationales

Downtown Development

Strategic Rationale: Downtown Development will seek to provide a downtown that is a vibrant city center for recreation and business activity by re-establishing the downtown as the heart of the community. The downtown should be more than just a place for residents and visitors to pass through; it should be a destination where people can live, work, recreate, dine, shop, conduct business, and spend leisure time. Downtown development initiatives will incorporate all modes of transportation that provide ease of access and aid in the safe and efficient management of traffic. The Downtown should provide safe, accessible gathering areas for a host of activities, ranging from casual conversations, to festivals, races and other events. Downtown revitalization will provide small town ambience accented with attractive streetscape, significant historic buildings and unique architecture that is highlighted with views and use of the Fox River. Through engagement of all stakeholders, downtown development will improve and maintain Downtown Batavia as a special place to be.

Strategic Goals & Objectives for Downtown Development

1. Review and update the comprehensive plan as it relates to the downtown
 - a. Promote mixed use development
 - b. Recognize value of open space and natural amenities of the Fox River
2. Identify suitable locations for and promote the development of residential uses in the downtown.
3. Identify and promote missing or underutilized public/private amenities
 - a. Encourage pedestrian and bicycle friendly improvements to the public realm, such as streetscape improvements, signage, access to trails and public transportation
 - b. Provide adequate funding for infrastructure maintenance to sustain desired amenities
4. Assess the viability/continued funding for Main Street
5. Evaluate existing special events and/or festivals and consider developing new events to bolster shopping and dining activity in the City's downtown in collaboration with Batavia Main Street and the Batavia Chamber of Commerce
6. Review TIF
 - a. Consider existing and anticipated future available TIF Funds and determine policy balance between further streetscape and infrastructure improvements versus use for redevelopment agreements
 - b. Study authority and advisability of splitting various sites from existing TIFs in event of significant, prospective developments.

Strategic Goals & Objectives for Downtown Development (Continued)

7. Coordinate with other City Departments to maximize and integrate ED impact
 - a. Explore opportunities for grants to support infrastructure projects in downtown
 - b. Identify and coordinate Summer workers wearing “Downtown Info” t-shirts
 - c. Collaborate with MainStreet, Chamber and Special Events groups to create and coordinate Winter projects and events

City of Batavia Strategic Plan

Strategic Themes & Rationales

Community Connectivity

Strategic Rationale: To create an environment that fosters citizen engagement, collaboration, and contribution through the investment in physical and social capital. A physically connected community is one that provides infrastructure for the facilitation of movement within and through the City of Batavia. A connected physical community is one that has an integrated system of bicycle lanes and paths, pedestrian walkways, bridges and an efficient street network. Social connectedness means that residents recognize and identify themselves as part of the City of Batavia, so that when people speak about themselves, they will identify this community as part of who they are, and where they like to spend time. The City will maximize connectivity through the expanded use of all aspects of communication media.

Strategic Goals & Objectives for Community Connectivity

1. Incorporate “connected infrastructure”
 - a. Adopt policies to update the City’s bicycle and sidewalk plans and incorporate into GIS
 - b. Identify solutions to pedestrian crossing problem areas
 - c. Identify, design and construct gathering places, kiosks, corners, benches.
 - d. Address the “islands” of unincorporated parcels within City limits
 - e. Identify regional connection issues, bus routes, trails.
2. Facilitate communication pathways
 - a. Construct City external communications program
 - b. Review and prepare for the changing role of standard media
 - c. Adopt social media use policy and maximize their use in City communication
 - d. Clarify & strengthen relationship and use of BATV, both television and streaming
 - e. Review and update the design, function, and content of the City/community website
 - f. Leverage the City’s fiber-optic infrastructure for business and entertainment uses
 - g. Educate about local governance
 - h. Harness skill, number & presence of employees for communication
3. Nurture participation/volunteerism in community activities and programs
 - a. Facilitate the connection between community organizations and potential volunteers
 - i. Short-term volunteer opportunity matching through web
 - b. Review the role and structure of ACCESS - Batavia Corps
 - c. Encourage participation in governance- commissions, task forces, advisory groups
4. Collaborate with other governments and community organizations
 - a. Initiate annual meeting with other government and community organizations to engage in strategic planning/goal development.
 - b. Identify and realize opportunities for operational and resource collaboration
 - c. Develop policies on memberships & representation on other boards and organizations

Strategic Goals & Objectives for Community Connectivity (Continued)

5. Foster neighborhood organizations and neighborhood collaboration
 - a. Identify and compile a comprehensive list of neighborhood groups for communications
 - b. Encourage formal and informal HOAs, neighborhood watch programs, block parties, community gardens
 - c. Consider indentifying neighborhoods on basis other than subdivision names
 - d. Consider naming areas of the community to give identity (West Main area-"West Town")
 - e. Develop programs to strengthen neighborhood cohesion: neighborhood gardens, renter integration, block parties, watch programs, tool sharing, care of elderly or infirm to retain them in neighborhood, neighborhood nights downtown, storm drain stenciling & cleanout, landscaping competitions.
 - f. Investigate 2015 as "Year of the Neighborhood"

6. Use the Arts and other forms of self expression to encourage and support community connectivity and identity
 - a. Catalogue comprehensive list of arts and special interests groups in the community
 - b. Investigate collaboration with schools, other governments & orgs to leverage interest and resources in arts
 - c. Investigate whether Water Street Studios model or similar can be used for other activities, such as West Suburban Robotics Center, Industrial Arts Hacker Shack
 - d. Consider policy for setting aside % for art in public projects
 - e. Investigate regional/national art draw such as sculpture park, river based art

City of Batavia Budget Process

Budgetary Act and Internal Controls

The City of Batavia operates under the Municipal Budget Act as defined under Illinois Compiled Statutes. The budget estimates for both revenues and expenditures/expenses for the fiscal year provide the legal level of control at the fund level and provide the spending authority for the fiscal year. The budget is administered by the Director of Finance under the appointed title of Budget Officer. The Budget Act does not require appropriations to be passed but rather an annual budget must be adopted prior to the year the funds will be expended. The City of Batavia's fiscal year begins January 1. Budgetary control is maintained on a line item basis. The City's financial software issues a report anytime a line item exceeds the budgeted amount. Under Budget Law, individual line items may exceed the budget. A review of the total department budget is done monthly by the accounting department and a request for revision/amendment is sent out if deemed necessary. Purchase orders do not roll over from one budget year to the next and must be re-issued and re-budgeted in the next year if they are not completed within the same budget year.

Budgetary Goals and Strategic Planning

The City Council begins establishing budget goals early in the year often through strategic planning sessions. The City Administrator and Finance Director begin asking departments to review their current year budgets and plans for the next year in August. At that time, departments begin determining what projects will see completion and what if any projects will need to carry over into the next budget year. In addition, departments are asked to prepare requests for any new services or programs being planned for the coming year. While the City of Batavia does not do multi-year budgeting, long-range plans are discussed each budget year and are reviewed as part of the current budget goals and objectives. Long-range plans must be incorporated into the planning process to assure current year decisions are made prudently. Additionally, planned capital projects are included in the back of the budget for discussion and informational purposes.

Budget Preparation and Entry

The City of Batavia Budget includes the two prior years of actual expenses, the current year budget and projected actual expenses along with the proposed budget. Beginning in August, the Finance Department rolls the budget year to allow data entry into the City's budget program. At this time, departments may begin entering current year projections and the proposed budget. Departments also begin compiling and reporting revenue projections to the Finance Director. Historical trends and projected economic and community growth are used in making revenue projections. Once all data entry is completed in early October, an initial report is prepared for the City Administrator to begin "balancing" the budget.

Needs Assessment/Finalizing the Budget

In October the City Administrator and Finance Director meet with the individual department heads to review any major changes, discuss objectives and review capital requests and requests for additional staff. Budget cuts are always part of this process. While it is difficult to make cuts to any one department, the City Administrator must weigh the individual department needs against the needs of the City as a whole.

During this time, the Finance Director projects what fund/unreserved cash balances will remain at the end of the current fiscal year. These levels will be used in determining the "bottom line". The City of Batavia seeks to maintain cash reserves to cover at least 60 days of operating expenses in the General Activities Fund and 90 days of operations for the Enterprise Funds.

City of Batavia Budget Process - Continued

Inspection, Review and Adoption

In late October, a preliminary budget is distributed to the City Council, department heads, the press, and copy is available at City Hall for review by the public. The City must make the tentative budget conveniently available for public inspection at least ten days prior to passage.

After the budget has been distributed to the City Council, the City Administrator accepts written questions from the Council and responds to the entire City Council. This allows the City Council members to request more information and to clarify questions on budgeted items and to address any concerns they may have prior to the Committee Meeting.

A Committee meeting is held in early November for official review the budget. A presentation is made and major budget items or changes from the prior year are addressed. In addition, revenue trends are discussed and any recommendations to increase fees or rates that are part of the budget are presented for review and approval. If changes to the budget are requested, the changes are made and amended copies of the budget are distributed to the Council. More than one Committee meeting may be held if necessary.

The notice of the public hearing for the budget must be published in a newspaper having general circulation at least one week prior to the hearing. The public hearing is held at the second City Council meeting in November. After the public hearing is held, the budget may be further revised and passed without any further inspection, notice or hearing.

Amendments

After the budget is passed, a change may become necessary. The City Council has authorized line item transfers within funds to be done with approval from the City Administrator and Director of Finance. An annual report of line item transfers is sent to the City Council for review on an annual basis. Line item transfers may not be used to increase salaries to hire staff nor may they increase the overall budget. Any increases to the budget must be presented to the City Council as a resolution for approval and at no time is an increase to the budget approved unless funds are available for the increase. Deletions to the budget can be made at any time and reported to the City Council with the report on transfers.

Carryover from one budget year to the next is allowed for a budgeted item that will not be received or for contracts that will not be completed within the calendar year. This procedure allows for appropriate accounting. Departments are encouraged to order budgeted items sufficiently in advance to reduce the necessity for carryovers.

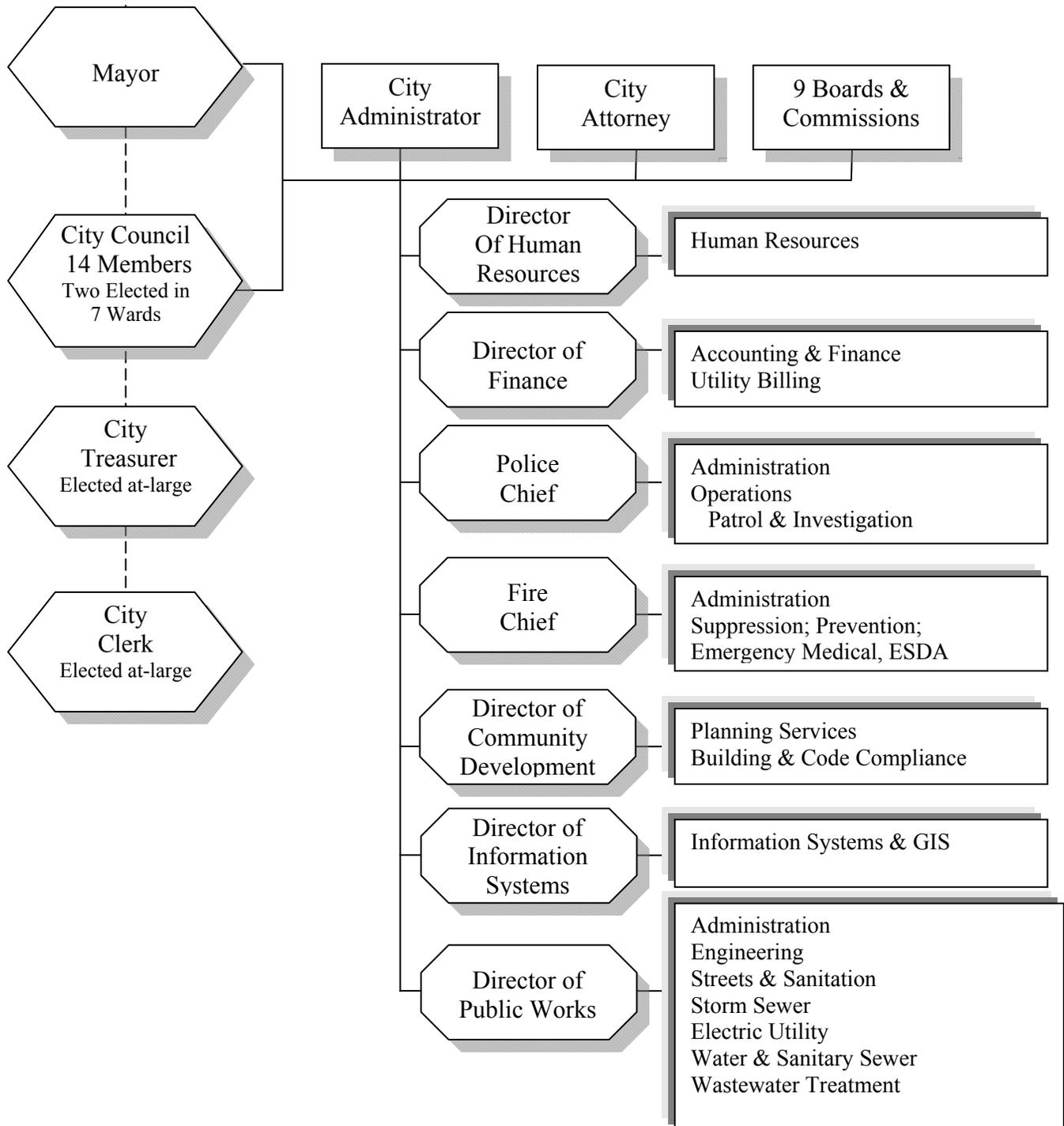
2018 Budget Calendar

- July 10, 2017 Finance Rolls Budget (sets up new funds/accounts/sets IMRF rate)
- July 10, 2017 Finance Enters 2014 Actual Expenditures & Cash Balances
- August 2017 Departments Begin Budget Planning Process & Entry
- September 8, 2017 2017 & 2018 Revenue Estimates to Finance - Eng., Community Dev., Police & Utilities
- September 8, 2017 Closing for Data Entry - Submit change requests to Finance after this date
- September 11, 2017
- September 18, 2017 Meetings with Department Heads for Line Item Review & Potential Budget Cuts
- September 21, 2017
- September 26, 2017 2nd Round Meetings with Department Heads for Final Modifications
(Adjustments to 2017 projections & 2018 Budget may be given to Finance up to this date)
- September 29, 2017 Submit Department CIP Workbook
- September 29, 2017 Cut-off Date for Final Modifications/Amendment Requests to Admin/Finance
- September 29, 2017 Submit Department Narrative Electronically
- September 29, 2017 Submit Final Department CIP Workbook (If necessary)
- October 2, 2017 Finance Provides Administration with Draft Budget
- October 2, 2017
- October 27, 2017 Finalize Budget and Prepare Draft for Distribution
- November 2, 2017 Distribute Electronically to City Council/Staff & make Hard Copy available to the Public
(must be made available at least 10 days prior to passage)
- November 2, 2017 Comment Period Begins (until Passage)
(must be published one week or more prior to hearing)
- November 4, 2017 Budget Public Hearing Notice Published
- November 9, 2017 Special COW Budget Meeting 7:00 PM Start**
- November 14, 2017 COW Meeting to include Budget 7:00 PM Start**
- November 14, 2017 2018 Budget Public Hearing at COW meeting - Hearing at 7:30**
- November 22, 2017 2017 Tax Levy Public Hearing Notice Published if Required
(must be published not more than 14 days
but not less than 7 days prior to hearing)
- November 28, 2017 COW Meeting for additional Budget Discussion (if required)**
- December 4, 2017 2017 Tax Levy Public Hearing (if required) - Hearing at 7:35*
- December 4, 2017 City Council to Approve Final Budget
(budget can be modified & adopted anytime after the public hearing
without further review but must be approved before Jan 1.)
- December 18, 2017 Alternate Approval Date for Budget
- December 18, 2017 City Council to Approve 2017 Tax Levy for 2018 Collection
- January 1, 2018 Budget Year Begins

*The hearing on the Budget may not coincide with the hearing on the Levy

City of Batavia Organizational Structure

Citizens of Batavia



City of Batavia Statistics

Form of Government

Mayor/Council	
Founded	1833
Incorporated as a Village	1856
Incorporated as a City	1891

Land Area in Square Miles

2016	10.63	2004	9.17
2012	10.41	2003	9.08
2006	9.71	2002	9.02
2005	9.64	2001	8.92

Population

2010	26,045	2000	23,866
2004	25,264	1990	17,076
2003	24,978	1980	12,574

Demographics (2010 Census)

Gender	Number	Percent
Female population	13,370	51
Male population	12,675	49

Age

Under 18	7,165
18 & Over	18,880
65 & Over	2,940

Race	Number	Percent
White	23,934	92
Black	636	2
Indian/Native	60	-
Asian	473	2
Other Race	532	2
Two or more races	410	2

Ethnicity

Hispanic	1,775	7
Non-Hispanic	24,270	93

Median Family Income \$89,570

Number of Housing Units

Occupied	9,554
Owner Occupied	7,462
Rental	2,092
Vacant	488
Total Units	10,042

Number of Building Permits Issued

2016	1,907	2012	1,394
2015	2,123	2011	1,371
2014	1,844	2010	2,025
2013	1,511	2009	922

New Construction Permits

	Industrial	Commercial	Residential
2016	1	0	22
2015	1	2	15
2014	0	0	15
2013	0	2	7
2012	1	2	11

Police Department

Current Force 40

Police Calls for Service

2016	14,505	2012	12,740
2015	14,751	2011	11,754
2014	12,587	2010	12,690
2013	13,186	2009	12,193

Criminal Offenses

	Total	Violent	Theft/Other
2016	446	26	420
2015	380	31	349
2014	416	36	380
2013	373	20	353
2012	518	33	485
2011	459	25	434

Auto Accidents

2016	924	2012	817
2015	887	2011	723
2014	817	2010	772
2013	885	2009	777

Fire Department

Number of Firefighters	23
Number of Paid on Call	34
Number of Fire Stations	2

Fire Fleet

Engines	4	Ambulances	3
Ladder Trucks	1	Staff Vehicles	7
Brush Pumpers	1		

Calls for Service	EMS	Fire
2016	2,391	1,613
2015	2,392	1,416
2014	2,104	1,578
2013	2,110	1,429
2012	2,057	1,401
2011	1,943	1,321
2010	1,801	1,488

Electric Utility

% Overhead	45
% Underground	55
Number of Substations	6
Miles of Fiber	33
Number of Streetlights	1,925
2015 MW Billed	456,253
2015 Peak MW Demand	92.655
Number of Customers	10,909

Water Utility

Deep Well # 4	Emergency(Standby)
Deep Well # 5	Emergency(Standby)
Deep Well # 9	Active
Deep Well # 10	Active
Deep Well # 11	Active
Shallow Well # 6	Active
Shallow Well # 7	Active
Shallow Well # 8	Active

Miles of water main	190 miles
Water valves	1,800
Hydrants	1,850
Number of Services	9,336

Annual Water Pumped (Billion Gallons)

2016	0.97	2011	1.14
2015	1.02	2010	1.10
2014	1.01	2009	1.08
2013	1.01	2008	1.05
2012	1.12	2007	1.02

Average Daily Pumpage	2.66 MG
Maximum Daily Pumpage	4.69 MG

Wastewater Utility

Number of Lift Stations:	18
Average Daily Flow	3.9 MGD

Plant Capacity – Peak Wet Weather Flow

12 MGD - Flow With Full Treatment
13 MGD - With Excess Flow Treatment Only
25 MGD - Peak Wet Weather Flow

Number of Services	9,143
--------------------	-------

Public Works

Miles of Urban Streets	106.89
Miles of Rural (no Sewer)	5.25
Miles of Rural (with Sewer)	1.24
Miles of Alley	.73
Miles of Sidewalk	157.56
Number of Bridges (River Crossing)	1
Number of Bridges (Other)	1
Number of Cemeteries	2

Equalized Assessed Value

2016	955,521,844	2012	956,787,649
2015	914,945,274	2011	997,366,424
2014	889,954,712	2010	1,053,784,460
2013	913,768,374	2009	1,091,136,051

Tax Rate (per \$100 of EAV)

2016	\$0.697011	2012	\$0.695886
2015	\$0.695527	2011	\$0.672037
2014	\$0.715334	2010	\$0.592473
2013	\$0.731342	2009	\$0.559507

City of Batavia 5 Year General Fund Budget Projection

Revenues

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Local Use Tax	645,000	648,225	651,466	654,723	657,997
Pers Property Repl Tax	168,000	168,840	169,684	170,533	171,385
State Income Tax	2,288,900	2,323,234	2,369,698	2,417,092	2,465,434
B & C Fire Prot Dist	247,000	247,000	250,000	250,000	250,000
Maintenance-State Highways	47,100	47,336	47,572	47,810	48,049
Township Transit Reimb.	40,000	40,511	60,000	47,500	50,000
Intergovernmental	3,436,000	3,475,145	3,548,421	3,587,658	3,642,865
Simplified Telcom Tax	740,000	725,200	725,200	725,200	725,200
Elec FF & Water Utility Tax	1,944,000	1,953,720	1,963,489	1,973,306	1,983,173
Liquor Sales Tax	380,000	381,900	383,810	385,729	387,657
Gasoline Tax	425,000	427,125	429,261	431,407	433,564
Natural Gas Tax	615,000	618,075	621,165	624,271	627,393
Waste Transfer Fee	528,000	529,320	530,643	531,970	533,300
Payments in Lieu of Taxes	718,750	769,000	769,385	769,769	770,154
ROW Franchise Fees	475,160	477,536	479,923	482,323	484,735
Municipal Taxes/Fees	5,825,910	5,881,876	5,902,875	5,923,975	5,945,175
Real Estate Taxes - General	4,061,987	3,965,675	3,865,991	3,762,819	3,656,036
Real Estate Taxes - Pension	2,751,784	2,848,096	2,947,780	3,050,952	3,157,735
Other Property Tax	40,000	40,250	40,250	40,250	40,250
Property Taxes	6,853,771	6,854,021	6,854,021	6,854,021	6,854,021
State Sales Tax	5,112,373	5,150,716	5,202,223	5,254,245	5,306,788
Home Rule Sales Tax	3,635,800	3,663,069	3,699,699	3,736,696	3,774,063
Sales Taxes	8,748,173	8,813,784	8,901,922	8,990,941	9,080,851
Licenses	71,000	71,000	71,000	71,000	71,000
Building Permits	275,000	275,000	275,000	275,000	275,000
Engineering Plan Review Fee	60,166	20,000	40,000	25,000	30,000
Engineering Inspection Fee	165,110	40,000	75,000	50,000	60,000
Plumbing Inspection Fee	50,000	51,000	52,020	53,060	54,122
Planning & Zoning Fees	28,000	28,420	28,846	29,279	29,718
Survey Monumentation	45,067	5,000	5,000	5,000	5,000
Leaf & Brush Collection	455,000	455,000	455,000	455,000	455,000
Grave Opening & Care of Lots	50,000	50,000	50,000	50,000	50,000
Police Reimbursements	129,000	131,580	134,212	136,896	139,634
Household Haz Waste Fee	25,863	25,863	25,863	25,863	25,863
Fees & Services	1,354,206	1,152,863	1,211,941	1,176,098	1,195,337
Fines & Fees	155,000	155,000	155,000	155,000	155,000
Parking Tickets	38,000	38,000	38,000	38,000	38,000
Fines and Forfeitures	193,000	193,000	193,000	193,000	193,000
Video Gaming	36,000	36,540	37,088	37,644	38,209
Sale Of Burial Lots	16,000	16,000	16,000	16,000	16,000
Miscellaneous Revenue	250,000	250,000	250,000	250,000	250,000
Investment Income	70,000	75,000	75,000	75,000	75,000
Other Revenues	372,000	377,540	378,088	378,644	379,209
Total Revenues	26,783,060	26,748,229	26,990,268	27,104,338	27,290,458

City of Batavia 5 Year General Fund Budget Projection
Expenditures, Surplus (Deficit), Reserves and Days Operation

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Salaries and Wages	11,890,523	12,187,786	12,492,481	12,804,793	13,124,913
Overtime	600,700	606,707	615,808	625,045	634,420
Double-time	88,000	88,880	90,213	91,566	92,940
Stand-by	34,000	35,020	36,071	37,153	38,267
Outside Work Agreement	25,000	25,375	25,756	26,142	26,534
Part-time Wages	725,072	743,199	761,779	780,823	800,344
Wages	13,363,295	13,686,967	14,022,107	14,365,522	14,717,418
City Health Ins Contribution	2,400,164	2,472,169	2,546,334	2,622,724	2,701,406
City IMRF Pension Contribution	703,390	720,975	738,999	757,474	776,411
City Share FICA and Medicare	573,157	587,486	602,173	617,227	632,658
City Pension Contribution	2,751,784	2,848,096	2,623,931	2,620,391	2,609,771
Workers Compensation Contrib	252,875	255,404	257,958	260,537	263,143
Work Comp. Contrib. POC's	2,550	2,550	2,550	2,550	2,550
Benefits	6,683,920	6,886,680	6,771,945	6,880,904	6,985,939
Police & Fire Board	35,060	21,986	15,100	21,986	15,100
Meal Allowance	1,300	1,300	1,300	1,300	1,300
Medical Exams & Testing	16,609	16,941	17,280	17,626	17,978
Employee Recruitment	6,200	6,200	6,200	6,200	6,200
Memberships	42,266	42,689	43,116	43,547	43,982
Employee Recognition	23,960	24,200	24,442	24,686	24,933
Training & Seminars	134,752	135,426	136,103	136,783	137,467
Employee Related	260,147	248,741	243,540	252,128	246,960
Resource Materials	6,864	6,898	6,933	6,967	7,002
Postage & Shipping	75,500	75,878	76,257	76,638	77,021
Office Supplies	56,600	57,166	57,738	58,315	58,898
Computer Software and Access	158,250	159,833	161,431	163,045	164,676
Vehicle & Equip. Supplies	98,300	99,775	101,271	102,790	104,332
Printing & Photo	50,010	50,510	51,015	51,525	52,041
Communication Supplies	10,860	10,969	11,078	11,189	11,301
Investigative Supplies	5,000	5,050	5,101	5,152	5,203
Materials	105,000	106,575	108,174	109,796	111,443
Fuel	136,150	138,873	141,650	145,192	148,822
Patrol Supplies	7,210	7,282	7,355	7,428	7,503
Salt & Deicers	275,000	276,375	277,757	279,146	280,541
Ammunition & Safety	22,962	23,192	23,424	23,658	23,894
Telephone	94,594	96,013	97,453	98,915	100,399
Education Program Supplies	2,600	2,626	2,652	2,679	2,706
Haz-Mat Program Supplies	2,600	2,626	2,652	2,679	2,706
Clothing & Uniforms	107,050	108,121	109,202	110,294	111,397
Rescue Materials	10,500	10,605	10,711	10,818	10,926
Medical Supplies	7,100	7,171	7,243	7,315	7,388
Meals & Refreshments	6,900	7,004	7,109	7,215	7,323
Utilities	181,100	186,533	192,129	197,893	203,830
Safety Supplies	3,000	3,045	3,091	3,137	3,184

City of Batavia 5 Year General Fund Budget Projection
Expenditures, Surplus (Deficit), Reserves and Days Operation

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Supplies	56,300	57,145	58,002	58,872	59,755
Other Equipment	108,500	108,771	109,043	109,316	109,589
Landfill Fees	12,000	12,180	12,363	12,548	12,736
Ornamental Supplies	25,000	25,375	25,756	26,142	26,534
Commodities	1,624,950	1,645,588	1,666,587	1,688,664	1,711,150
R & M Vehicles	149,000	150,490	151,995	153,515	155,050
R & M Building	281,000	282,405	283,817	285,236	286,662
R&M Office Equipment	48,530	49,015	49,505	50,001	50,501
R&M City Properties	280,000	284,200	288,463	292,790	297,182
R & M Field Equipment	39,450	39,845	40,243	40,645	41,052
Repair & Maintenance	797,980	805,955	814,023	822,187	830,446
Plumbing Inspections	42,000	42,630	43,269	43,918	44,577
Professional Services	584,585	590,431	596,335	602,299	608,321
Pest & Animal Control	79,500	80,295	81,098	81,909	82,728
Forestry and Tree Service	440,000	442,200	444,411	446,633	448,866
Legal Fees	144,000	146,880	149,818	152,814	155,870
BATV (% Franchise Fee)	190,064	191,014	191,969	192,929	193,894
Tri-City Ambulance	405,000	413,100	421,362	429,789	438,385
Tri-Com Dispatch	500,561	515,578	531,045	546,977	563,386
Ride in Kane Program	80,000	81,200	82,418	83,654	84,909
Software Support	172,057	174,638	177,257	179,916	182,615
Professional Services	2,637,767	2,677,966	2,718,983	2,760,838	2,803,552
Liability & Property Insurance	243,550	248,421	253,389	258,457	263,626
Bad Debt Expense	6,000	6,180	6,365	6,556	6,753
Utility Administration	(1,645,000)	(1,647,468)	(1,649,939)	(1,652,414)	(1,654,892)
Transfer to Fire Station DS Fd41	711,500	711,500	709,700	709,700	717,450
Other	(683,950)	(681,367)	(680,484)	(677,700)	(667,063)
Technology Equipment	98,800	100,282	101,786	103,313	104,863
Capital Repairs/Improvements	132,000	-	-	-	-
Vehicles & Equipment	137,209	140,639	144,155	147,759	151,453
Transfer to Drainage Improv Fd33	700,000	700,000	700,000	700,000	700,000
Transfer to Street Imp. Fd43	250,000	550,000	600,000	600,000	600,000
Transfer to City Hall Capital Fd48	200,000	200,000	200,000	175,000	175,000
Transfer to PW Capital Dev Fd71	300,000	300,000	300,000	300,000	300,000
Transfer to Fire Capital Dev Fd72	275,000	275,000	275,000	275,000	275,000
Capitail	2,093,009	2,265,921	2,320,941	2,301,072	2,306,316
Total Expenditures	26,777,118	27,536,451	27,877,643	28,393,615	28,934,718
Surplus/Deficit	5,942	(788,222)	(887,375)	(1,289,276)	(1,644,261)
Reserves	9,322,425	8,534,203	7,646,828	6,357,552	4,713,291
Days Operation	138	123	109	89	65

CITY OF BATAVIA FUND BALANCE/NET POSITION POLICY

Purpose

A Fund Balance/Net Position Policy establishes reporting categories for fund balance/net position in the City of Batavia Comprehensive Annual Financial Report and establishes the formal process for use and commitment or assignment of fund balance. It also establishes a minimum level for the projected end-of-year fund balance/net position for the governmental and proprietary funds to meet during the budget process. This policy is to provide financial stability, cash flow for operations, and the assurance that the City of Batavia will be able to respond to emergencies with fiscal strength. More detailed fund balance financial reporting and the increased disclosures will aid the user of the financial statements in understanding the availability of resources.

It is the City of Batavia's philosophy to support long-term financial strategies, where fiscal sustainability is its first priority, while also building funds for future growth. It is essential to maintain adequate levels of funds balance/net position to mitigate current and future risks and to ensure appropriate tax and utility rates. Fund balance/net position levels are also a crucial consideration in long-term financial planning. Credit rating agencies carefully monitor levels of fund balance/net position and unrestricted and unassigned fund balance in the General Fund to evaluate the City of Batavia's continued creditworthiness.

Definitions

Governmental Funds

The fund balance will be composed of three primary categories:

- 1) Nonspendable Fund Balance – portion of a Governmental Fund's fund balance that are not available to be spent, either in the short-term or long-term, or through legal restrictions (e.g., inventories, prepaid items, land held for resale and endowments).
- 2) Restricted Fund Balance – portion of a Governmental Fund's fund balance that are subject to external enforceable legal restrictions (e.g., grantor, contributor and property tax levies).
- 3) Unrestricted Fund Balance – is made up of three components:
 - A) Committed Fund Balance – the portion of a Governmental Fund's fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision making through formal City Council action. The same action is required to remove the commitment of fund balance.
 - B) Assigned Fund Balance – the portion of a Governmental Fund's fund balance to denote an intended use of resources but with no formal City Council action.
 - C) Unassigned Fund Balance – available expendable financial resources in a Governmental Fund that is not the object of tentative management plan.

Some funds are funded by a variety of resources, including both restricted and unrestricted (committed, assigned and unassigned). The City of Batavia assumes that the order of spending fund balance is as follows: restricted, committed, assigned, unassigned.

Definitions – Continued

Proprietary Funds

Proprietary funds for the City of Batavia include enterprise funds. The net position will be composed of three primary categories:

- 1) Net Investment in Capital Assets – portion of a proprietary fund’s net assets that reflects the fund’s net investment in capital assets less any amount of outstanding debt related to the purchase/acquisition of said capital assets. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of said capital assets.
- 2) Restricted Net Position – portion of a proprietary fund’s net assets that are subject to external enforceable legal restrictions (e.g., grantor, contributor and bond covenants).
- 3) Unrestricted Net Position – portion of a proprietary fund’s net assets that is neither restricted nor invested in net capital assets.

Authority

Governmental Funds

Committed Fund Balance – A self-imposed constraint on spending the fund balance must be approved by ordinance or resolution of the City Council. Any modifications or removal of the self-imposed constraint must use the same action used to commit the fund balance. Formal action to commit fund balance must occur before the end of the fiscal year. The dollar amount of the commitment can be determined after year end.

Assigned Fund Balance – A self-imposed constraint on spending the fund balance based on the City of Batavia’s intent to use fund balance for a specific purpose. The authority to assign or remove a prior assignment of Fund Balance is delegated to the Finance Director through the direction and consent of the City Administrator as authorized by the passage of this policy by the City Council.

Minimum Unrestricted Fund Balance Levels

Governmental Funds

General Fund

Purpose – Is a major fund and the general operating fund of the City of Batavia. It is used to account for all activities that are not accounted for in another fund.

Fund Balance – Unrestricted fund balance targets should represent no less than two months of operating expenditures and Unassigned fund balance no more than six months of operating expenditures. Operating expenditures include amounts reported under other financing uses that are transfers for recurrent capital funding and recurrent debt service transfers. Balances above the maximum may be transferred to other funds or to capital projects or committed at the City Council’s discretion or assigned as determined by the City Administrator or Finance Director under authority of the City Administrator.

Minimum Unrestricted Fund Balance Levels – Continued

Special Revenue Fund

Purpose - Used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Financing – Special revenue funds are provided by a specific annual property tax levy or other restricted and/or committed revenue source. Financing may also be received from other charges for services, etc.

Fund Balance – Derived from property taxes (or another restricted revenue source); therefore, legally restricted. The portion of fund balance derived from property taxes will be legally restricted. The remaining fund balance amount (restricted and/or committed) will be targeted at a minimum level of 25% of annual budgeted expenditures. This will be adjusted annually with the adoption of the annual budget and is calculated at a minimum of two months of expenditures not including capital, debt service and transfers.

Debt Service Fund

Purpose – Established to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Financing – The municipality levies an amount or transfers in an amount close to the principal and interest that is anticipated to be paid.

Fund Balance – Derived from property taxes; therefore, legally restricted. Any fund balance accumulation should be a maximum the amount of the next principal and interest payment due.

Capital Projects Fund

Purpose - Established 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, excluding those types of capital related outflows financed by proprietary funds.

Financing – Debt financing, grants, or interfund transfers are used to finance projects.

Fund Balance – Considered segregated for maintenance, construction and/or development; therefore, considered committed, restricted, or assigned depending on the intended source/use of the funds.

Minimum Unrestricted Fund Balance Levels – Continued

Proprietary Funds

Enterprise Fund

Purpose - Established to account for and report financial resources that are invested in capital assets, net of related debt, restricted, or unrestricted for future spending related to the fund. The focus of enterprise fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Enterprise Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

Financing – User fees, debt financing, or grants are used to finance operations, capital outlay and improvements, and debt service retirements.

Net Position – Considered invested in capital assets net of related debt (for amounts capitalized as capital assets, less the outstanding debt related to the acquisition of said assets). Restricted net position relates to bond covenant reserves as outlined in the bond ordinance. Unrestricted net position targets should represent no less than three months of operating expenses (excludes debt service and capitalized asset expenses).

Other Considerations

In establishing the above policies for unrestricted or unassigned fund balance/net position levels, the City of Batavia considered the following factors:

- The predictability of the City of Batavia's revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile)
- The City of Batavia's perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts)
- The potential drain upon General Fund resources from other funds as well as the availability of resources in other funds (i.e., deficits in other funds may require a higher level of unrestricted or unassigned fund balance be maintained in the General Fund)
- Liquidity (i.e., a disparity between when financial resources actually become available to make payments and the average maturity of related liabilities)

If any of the above factors change, the City of Batavia will readdress current unrestricted fund balance/net asset levels to ensure amounts are appropriate. Should the City of Batavia not meet a minimum fund balance level due to an unforeseen or uncontrollable occurrence, a written plan shall be made to return the fund(s) to the minimum level within a reasonable time frame without causing an undue burden on taxpayers or ratepayers.

City of Batavia Policy for Investment of Public Funds

- A. Statement of Investment Policy: It is the policy of the City to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.
- B. Scope: This investment policy applies to all financial assets and investment activities of the city with the exception of the financial assets and investment activities of the police and fire pension funds which are governed by independent boards of trustees and the assets in the internal revenue code section 457 deferred compensation plan which, while titled to the city, are governed by individual employees. The financial assets of all funds, excepting police and fire pension funds and the deferred compensation agency fund, accounted for in the city's comprehensive annual financial report, including the general fund, special revenue funds, capital project funds, debt service funds, enterprise funds, and any other funds that may be created from time to time, shall be administered in accordance with the provisions of this section.
- C. Objectives: The primary objectives of investment activities shall be Safety, Liquidity and Total Return:
1. Safety: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
 - a. Credit Risk: The City will minimize credit risk, the risk of loss due to the failure of the security issuer or backer by:
 - Limiting investments to the safest types of securities
 - Pre-qualifying the financial institutions, brokers, intermediaries and advisers with which the City will do business,
 - Diversifying the investment portfolio so potential losses on individual securities will be minimized.
 - b. Interest Rate Risk: The City will minimize the risk that the market value of the securities in the portfolio will fall due to changes in general interest rates by:
 - Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity,

- Investing operating funds primarily in shorter-term securities or investment pools.
2. Liquidity: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. A portion of the portfolio also may be placed in local government investment pools which offer same-day liquidity for short-term funds.
 3. Total Return: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed

D. Standards of Care:

1. Prudence: The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Section.

Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their principal as well as the probable income to be derived.

2. Ethics and Conflicts Of Interest: In addition to the prohibitions contained in the Public Funds Investment Act, officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Council any material financial interests in financial institutions that conduct business with the City, and they shall further disclose any large personal financial or investment positions that could be related to the performance of the City's portfolio. To the extent possible, employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City. The Mayor and/or City Council shall disclose any large personal or investment positions in institutions which the City Council and Mayor formally considers to furnish financial services to the City.

3. Delegation of Authority: The establishment of investment policies is the responsibility of the City Council. Management and administrative responsibility for the investment program of the City is hereby delegated to the Director of Finance, who, under the direction of the City Administrator, shall establish written procedures for the operation of the investment program, consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in any investment transaction except as provided under the terms of this policy and the procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of internal controls to safeguard City assets. The Director of Finance may from time to time amend the written procedures in a manner not inconsistent with this Section or with State law. The responsibility for investment activities of the Police and Fire Pension Funds rests with the City Council for each of those funds.
4. Internal Controls: The Director of Finance shall establish and maintain an internal control structure designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the City. To assure compliance with such policies and procedures, the internal control structure shall be reviewed annually by an external auditor in conjunction with the annual examination of the financial statement of the City.
5. Maintaining the Public Trust: All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transactions that might impair public confidence in the City.

E. Safekeeping, Custody and Selection of Institutions:

1. A list of financial dealers and institutions authorized to provide investment services will be maintained. In addition, a list of approved security broker/dealers selected by creditworthiness will be maintained. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following as appropriate:

All financial institutions and brokers/dealers who desire to become qualified bidders for investment transaction must supply the following as appropriate:

- a. Proof of membership in the Security Investor Protection Corporation (SIPC).
- b. Audited financial statements.
- c. Proof of National Association of Securities Dealers (NASD) certification.
- d. Certification of having read the City's investment policy.

An annual review of the financial condition and registration of qualified bidders will be conducted by the Director of Finance.

2. Delivery versus Payment: Except for commercial paper, all security transactions entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third party custodian designated by the Director of Finance and evidenced by safekeeping receipts.
3. Selection of Financial Institutions, financial advisors and money managers shall be made following the parameters of this policy, including the City of Batavia's primary objectives of safety, liquidity and total return.
4. Collateralization: It is the policy of the City to require that funds on deposits in excess of FDIC insurable limits be secured by some form of collateral. The City will accept any of the following assets as collateral:
 - a. U.S. Government securities.
 - b. Obligations of Federal agencies.
 - c. Obligations of Federal instrumentalities.
 - d. Obligations of the State of Illinois; General Obligation Municipal Bonds of the State of Illinois and its political subdivisions which have a bond rating of Upper Medium Grade or better.

(The City reserves the right to accept/reject any form of the above named securities).

The amount of collateral provided shall not be less than one hundred two percent (102%) of the fair-market value of the net amount of public funds secured. Pledged collateral will be held in safekeeping, by an independent third party depository designated by the City and evidenced by a safekeeping agreement. The City shall require monthly reports that include the market value of the securities pledged in the City's name.

Collateral agreements shall preclude the release of the pledged assets without an authorized signature from the City. Substitutions of collateral of the same or more value may be made at the discretion of the institution with prompt notice provided to the City of such substitution.

5. No financial institution shall receive funds unless it has complied with the requirements established pursuant to section 6 of the Public Funds Investment Act, 30 Illinois Compiled Statutes 235. In addition, the City will not maintain funds in any financial institution that is not a member of the FDIC system.

All depositories of the City of Batavia shall comply with the requirements of this policy, including collateralization of City funds invested at such depository and the

related safekeeping requirements of the pledged securities. From time to time, as determined by the City and pursuant to a Request for Proposals, the City shall enter into a separate contract with an "operating bank" for purposes of daily operations.

All depositories of the City of Batavia shall provide financial data to the Director of Finance to so as to provide the current financial condition of the institution. Such data shall include but not be limited to audited financial statements and FDIC regulatory reports, and shall be provided at least annually by the financial institutions to the Director of Finance. Any refusal to provide such information to the City may cause the termination of the deposit agreement with such institution.

F. Suitable And Authorized Investments:

1. Investment Instruments: The City may invest in any type of security authorized by section 2 of the Public Funds Investment Act 30 Illinois Compiled Statutes 235 and all revisions thereto, as may be made by the Illinois Legislature. Such investments include but are not limited to the following:

In bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;

In bonds, notes, debentures, or other similar obligations of the United States of America, its agencies, and its instrumentalities;

In interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act;

In short term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and which mature not later than 270 days from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and (iii) no more than one-third of the public agency's funds may be invested in short term obligations of corporations; or

In money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations of the United State of America or it agencies or instrumentalities;

In interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law. The bonds shall be registered in the name of the municipality or

county or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions;

In a Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act;

In repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986, as now or hereafter amended or succeeded, subject to the provisions of said Act and the regulations issued there under. The government securities, unless registered or inscribed in the name of the public agency, shall be purchased through banks or trust companies authorized to do business in the State of Illinois.

G. Investment Parameters:

1. Diversification: It is the policy of the City to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting in over concentration in a specific maturity, issuer, or class of securities. Diversification strategies shall be determined and revised periodically by the Director of Finance or his/her designee with approval by the Director of Finance. In no case however shall the following diversification limits be exceeded unless specifically authorized by the City Council:
 - a. No financial institution shall hold more than forty percent (40%) of the City's investment portfolio, exclusive of U.S. Treasury securities in safekeeping.
 - b. Monies deposited at a financial institution shall not exceed sixty five percent (65%) of the capital stock and surplus of that institution.
 - c. Commercial paper shall not exceed thirty percent (30%) of the City's investment portfolio.
 - d. Deposits in the Illinois Public Treasurer's Investment Pool shall not exceed forty percent (40%) of the investment portfolio.
2. Maximum Maturities: To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, or controlled by specific ordinance, 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.

H. Reporting Methods:

1. The Director of Finance shall submit to the City Council, at least quarterly, an investment report which shall describe the portfolio in terms of types, percentages, and amounts of investments by fund. The report shall include names of institutions and the percentage of total investment funds purchased through those institutions. A quarterly report shall be produced listing type, institution, fund, rate, market value, book value, purchase date, and maturity date.

I. Review of the Investment Portfolio

1. Performance Standards: The Finance Director shall review of the investment portfolio at least quarterly to assess its effectiveness in meeting the city's needs for safety, liquidity, rate of return, and diversification, and its general performance. The basis to be used by the City to determine whether market yields are being achieved shall be the six (6) month U.S. Treasury bill.

City of Batavia Glossary

Abatement: A partial or complete cancellation of a property tax levy imposed by the City.

ACH (Automated Clearing House): A system used for direct debit from a customer's checking account to pay for City water charges.

Accrual Basis: A basis of accounting utilized by proprietary fund types where revenues and additions are recorded when earned and expenses and deductions are recorded at the time liabilities are incurred.

Annexation: The incorporation of land into an existing City with a resulting change in the boundaries of that City.

APWA (American Public Works Association): An association representing Department Heads and other employees of Public Works, Water, Sewer and other utilities across the nation.

Assessed Value: A valuation set upon real estate or other property by the Township Property Appraiser as a basis for levying taxes.

Audit: A systematic collection of sufficient, competent evidential matter needed to attest to the fairness of the presentation of the City's financial statements. The audit tests the City's account system to determine whether the internal accounting controls are both available and being used.

Balanced Budget: A balanced budget is a budget in which revenues and reserves meet or exceed expenditures. The City will sometimes use cash reserves or fund balance

to finance a significant capital improvement or capital project. This use of reserve to finance a capital project will convey the impression that the budget is not balanced when in fact the financing of a capital project with cash reserves was the result of good financial planning.

Bond: A written promise to pay a specified sum of money, called face value or principal, at a specified date in the future, called maturity date, together with periodic interest at a specified rate.

Bonding: The act of borrowing money to be repaid, including interest, at specified dates.

Bond Refinancing: The payoff and re-issuance of bonds, to obtain better interest rates and or bond conditions.

Budget: A comprehensive financial plan of operations for a given time period.

Capital Improvements: Major projects that typically involve the construction of or improvement/repair to buildings, roads, electric, water, sewer, sanitary sewer, and other related infrastructure.

Capital Project Fund: A fund established in order to account for the financial resources and costs associated with the construction of major capital facilities or other major capital improvements.

Cash Management: The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash Management refers to the activities of forecasting the inflows and outflows of cash,

mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the balance of the highest interest and return, liquidity and minimal risk with these temporary cash balances.

Census: An official population count of all or part of a municipality by the federal government. An official census count determines the amount of revenues that the City receives from the State for certain major revenue sources.

Charges for Service: User charges for services provided by the City to those specifically benefiting from those services.

Collector Street: A term used to define a roadway that provides for traffic movements between local and major streets in a transportation network.

Commodities: Items that, after use, are consumed or show material change in, or an appreciable impairment, of their physical condition, and which are generally of limited value and characterized by rapid depreciation.

Comprehensive Plan: An official public document adopted by the local government as a policy guide to decisions about the physical development of the community. It is a general long-range physical plan.

Debt: A financial obligation from the borrowing of money.

Debt Service: The payment of principal and interest on borrowed funds.

Decouple: A term used to describe a situation where, for example, the State of Illinois may decide to disconnect its income

tax rules and exemptions from the federal income tax rules and exemptions.

Deficit: Most commonly used to describe an excess of expenditures over revenues for a fiscal year. However, deficits are often planned for due to the use of accumulated monies for capital or other projects. In addition, municipalities often have accumulated cash balances that they intend to use to fund expenditures for a given fiscal year.

Department: An organizational unit responsible for carrying out a major governmental function, such as Police or Public Works.

Depreciation: The decrease in value of physical assets due to use and passage of time.

Draft Budget: The preliminary budget document distributed to the City Council and available for inspection by the public.

Enterprise Fund: Used to account for operations that are financed and operated in a manner similar to private business enterprises - where the costs of providing goods or services are financed or recovered primarily through user charges or rates.

EPAY: An acronym used to describe the State of Illinois credit card payment system offered to residents of the City to pay for ordinance violations and water bills.

(EAV) Equalized Assessed Value: The value of property resulting from the multiplication of the assessed value by an equalization factor to make all property in Illinois equal to one-third of its market value. The EAV of property is one-third of the market value.

Expenditures: Payment by the City for goods or services that the City has received or will receive in the future.

FICA (Federal Insurance Contributions Act): Monies paid to the federal government to fund for future social security benefits as may be defined by the government in future years.

Fiduciary Funds: Funds that are used when a government holds or manages financial resources in an agent or fiduciary capacity.

Fiscal Year (FY): Any consecutive twelve-month period designated as the budget year. The City's budget year follows the calendar year and begins on January 1.

Fixed Assets: Assets of a long-term character that are intended to continue to be held or used. Examples of fixed assets include items such as land, buildings, machinery, furniture and other equipment.

Forecast: The projection of revenues and expenditures usually for a time period that is greater than one year based on clearly defined assumptions and predictions related to future events and activities.

Franchise Agreement: An agreement between the City and a utility setting forth the terms and conditions under which a utility, such as a cable company, may provide a service to residents. A franchise agreement often provides compensation to the City for the use of the public right-of-way by the utility company.

Full-Time Equivalent (FTE): A method of determining the total number of employees in terms of each position's number of hours when compared to a full-time employee. Full-time positions have a FTE of 1.00. A part-time position that works 60% of the

hours that a full-time position would work would have a full-time equivalency of 0.60.

Fund: A set of accounts to record revenues and expenditures associated with a specific purpose.

Fund Balance: The difference between assets and liabilities reported in a governmental fund. Changes in fund balances are the result of the difference of revenues to expenditures. Fund balances increase when revenues exceed expenditures and decrease when expenditures exceed revenues. Fund balance is often used to describe the total available financial resources in a governmental fund. For Proprietary Fund-types, fund balance is typically defined as the difference between current assets and current liabilities. This equivalent is also known as Unrestricted Net Assets (see term for details).

GASB (Governmental Accounting Standards Board): An independent organization that has ultimate authority over the establishment of Generally Accepted Accounting Principles (GAAP) for state and local government. GASB members are appointed by the Financial Accounting Foundation (FAF), however the GASB enjoys complete autonomy from the FAF in all technical and standard-setting activities.

GAAP (Generally Accepted Accounting Principles): Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure

financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).

General Fund: 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. Most services provided by the City including police protection, street maintenance and snow plowing, engineering, administration, and building and zoning are accounted for in this fund.

GFOA (Government Finance Officer's Association): An organization representing municipal finance officers and other individuals and organizations associated with public finance.

GIS (Geographic Information System): A collection of information regarding parcels of land typically organized by property lines.

G.O. Bonds (General Obligation Bonds): Bonds that are backed by the "full faith and credit" of a municipality. The taxing power of the City is pledged in the covenant of one of these bond issues. An Alternate Source Revenue General Obligation first pledges a revenue source other than property taxes before the imposition of property taxes.

Goal: A long-term or short-term desirable development.

Government Fund Types: Funds that account for a government's "governmental-type" activities. These funds are the general fund, special revenue funds, debt service funds and capital projects funds.

Grant: Funds received by the City that are designated for specific projects. Many grants come from the State of Illinois as reimbursements for engineering and construction costs associated with specific projects.

Home Rule Municipality: A home rule municipality may exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to regulate for the protection of public health, safety, morals and welfare; to license; to tax; and to incur debt, unless preempted by the State of Illinois. A municipality is designated as a home rule municipality if its population reaches 25,000 or if the designation of home rule is approved by voters via a referendum.

ICMA (International City/County Management Association) and ILCMA (Illinois City/County Management Association): The professional and educational organization for chief appointed managers, administrators, and assistants in cities, towns, counties, and regional entities throughout the world. Since 1914, ICMA has provided technical and management assistance, training, and information resources to its members and the local government community. The management decisions made by ICMA's nearly 8,000 members affect more than 100 million individuals in thousands of communities; from small towns with populations of a few hundred to metropolitan areas serving several millions.

IMRF (Illinois Municipal Retirement Fund): State retirement system established for municipal employees other than sworn fire or sworn police personnel.

Interfund Transfer: A transfer of funds or assets from one fund to another.

Kilowatt-Hour: A kilowatt-hour is a unit of measure used to describe the amount of electricity used by a homeowner, business, or other entity for a defined period of time.

L.E.A.D.S. (Law Enforcement Agencies Data System): Statewide, computerized, telecommunications system, maintained by the Illinois State Police, designed to provide the Illinois criminal justice community with access to computerized justice related information at both the state and national level.

Levy: To impose taxes, special assessments or service charges for the support of governmental activities, usually based on the assessed value of property.

Liability: Debt or other legal obligations arising out of transactions in the past that must be liquidated renewed or refunded at some future date.

Major Fund: A classification given to a fund when the fund's total assets, liabilities, revenues or expenditures/expenses is equal to or greater than 10% of the total Governmental Fund or Enterprise Fund total of that category (whichever category the fund belongs to) *and* 5% of the total Governmental and Enterprise total combined for that category. The General Fund is always classified as a Major Fund.

Modified Accrual Accounting: A basis of accounting used by Governmental Fund types in which revenues are recorded when collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period, and, expenditures are recognized when the related liability is incurred.

MFT (Motor Fuel Tax): The Motor Fuel Tax is a tax on fuel consumption imposed and collected by the State. Distribution of the tax to municipalities is based on the municipality's certified population. Batavia's MFT revenue is recorded in a separate fund due to the restrictions on the type of expenditures that Batavia may fund with MFT revenues.

Municipality: A term used to describe a unit of government in Illinois such as a city, village or town.

NIMPA (Northern Illinois Municipal Power Agency) NIMPA was officially certified by the Illinois Secretary of State designating it as an Illinois joint action agency on July 28, 2004. This agency consists of a combination of Illinois municipalities that own or operate an electric utility that furnish retail electric service to the public. Batavia is a member of NIMPA.

NPDES (National Pollution Discharge Elimination System): The NPDES is the U.S. Environmental Protection Agency's permit programs controls water pollution by regulating point sources that discharge pollutants into waters of the United States.

Pension: Future payments made to an eligible employee after that employee has left employment or retired. The City of Batavia has three pension funds: Police, Fire and Illinois Municipal Retirement Fund. Each plan has two tiers depending on the date of hire.

Per Capita: Per capita is a term used to describe the amount of something for every resident living within the City. For example, the City receives a percentage of the State income tax revenue on a per capita basis.

Performance Indicators: Specific quantitative (can be defined in numerical terms) and qualitative (cannot be counted, use of measures that require descriptive answers) measures of work performed as an objective of the department.

Personal Services: The cost of all wages and fringe benefits associated with that cost.

Portfolio: A list of investments for a specific fund or group of funds.

Private Sector: Businesses owned and operated by private individuals, as opposed to government-owned operations.

PTELL: An acronym which stands for Property Tax Extension Limitation Law that are a set of laws that restrict the amount a non home rule municipality can increase property taxes by inflation, plus an allowance to extend the rate on new construction.

Public Hearing: An official forum called for the purpose of soliciting input from residents, businesses, and other stakeholders regarding a topic, plan or document. Illinois State law requires municipalities to hold a public hearing on the budget before the budget is approved by the City Council.

Public Sector: The policies and procedures as conducted by local governments, states and the federal government.

Property Tax: A tax based on the assessed value of real property.

Proprietary Fund Types: The classification used to account for a City's ongoing organizations and activities that are similar to those often found in the private sector (i.e., enterprise funds). All assets, liabilities, equities, revenues, expenses and

transfers relating to the government's business and quasi-business activities are accounted for through proprietary funds.

Referendum: The submission of a proposed public measure, law or question, which has been submitted by legislature, convention or council, to a vote of the people for ratification or rejection.

RFP (Request for Proposal): A document used to request specific information from vendors regarding the scope of goods or services they can provide to meet a specific need of the City as well as their proposed cost of providing those goods or services.

Restricted Net Assets: The portion of net assets that is held for a specific purpose. The City would typically restrict assets for debt service.

Revenues: Funds or monies that the government receives. It includes such items as tax receipts, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues, interest income and other financing sources.

(SSA) Special Service Area: An area of property legally designated by the City which provides a means for the City to levy and raise property taxes only from those properties within the area for services that specifically benefit the area subject to taxation.

Surplus and Reserves: A term used to describe the excess or deficit of revenues over expenditures (Surplus/Deficit). Reserves in this budget refers to the cash that is available to meet future obligations and has not been reserved for any future obligation.

Sworn: A term used to describe police or fire personnel who are sworn in by the Mayor.

Tax Levy: The total amount of money to be requested by the City before the calculation of the total permissible extension by the County.

Tax Rate: The amount of property tax levied for each \$100 of assessed valuation.

TIF (Tax-Increment Financing): A redevelopment tool available for use by municipalities where the City's cost of providing assistance with capital improvements and development or redevelopment of properties within the legally designated area are funded by the future property tax, sales tax, or other types of revenue that was generated with those capital or development/redevelopment improvements.

TIF District: An area of property legally defined by a municipality that meets a set of requirements that allow for formation of a district that separates the incremental increase in property taxes for a period of 23 years. TIF Districts are used for redevelopment.

User Fees: The payment of a fee for the direct receipt of a public service by the party who benefits from the service.

WTP: Water Treatment Plant

WWTP: Wastewater Treatment Plant

Web Site: An Internet site that provides information and services and a means of communicating. The City's web site provides a significant amount of information and services that residents can access 24 hours a day and seven days a week.