CITY OF BERWYN, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
December 31, 2006

Prepared by Finance Department

CITY OF BERWYN, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Berwyn, Illinois, as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Berwyn, Illinois' management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Police Pension Fund and the Firefighters' Pension Fund, which represent 100% of the assets, net assets, and additions of the fiduciary funds and of the Berwyn Development Corporation (discretely presented component unit), which represents 100% of the assets, net assets, and revenues of the discretely component unit of the City of Berwyn, Illinois. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police Pension Fund, the Firefighters' Pension Fund, and the Berwyn Development Corporation, is based on the report of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Berwyn, Illinois, as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 5, 2007 on our consideration of the City of Berwyn, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The combining and individual fund financial statements and schedules and the financial information listed as supplemental data in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Berwyn, Illinois. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Sikich LLP

Aurora, Illinois
November 5, 2007

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

Management's Discussion and Analysis

As management of the City of Berwyn, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Berwyn for the fiscal year ended December 31, 2006.

Financial Highlights

The assets of the City of Berwyn exceeded its liabilities at the close of the most recent fiscal year by $15,942,895 (net assets). The City has deficit unrestricted net assets of ($10,434,779) at year end. This is primarily because the City has not yet retroactively reported its infrastructure assets.

In 2006, the City's total net assets decreased by $2,474,563 (exclusive of prior period adjustments). This decrease is due to the operations of the City's business-type activities. Business-type activities ran at an operating loss mostly due to the significant expense of depreciation on capital infrastructure which is not funded through the City's rate structure.

As of the close of the current fiscal year the City's governmental funds reported combined ending fund balances of $18,519,569, a decrease of $2,151,560 in comparison with the prior year. Approximately 20% of this total amount, $3,762,474 is available for spending at the City's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance for the General Fund was $3,404,867 or 8% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Berwyn's basic financial statements. The City's basic financial statements are comprised of three components: 1) governmental-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The government-wide financial statements found on pages 3 - 5 are designed to provide readers with a broad overview of the City of Berwyn's finances, in a manner similar to a private sector business.

The Statement of Net Assets presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and street and culture and recreation. The business-type activities of the City include water and sewer operations and residential waste hauling and recycling.

The government-wide financial statements include not only the City of Berwyn itself (known as the primary government), but also the legally separate Berwyn Development Corporation which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Berwyn maintains thirteen individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Cermak Road TIF Fund, and the Bond & Interest Fund, which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriations ordinance for its governmental funds. Budgetary comparison statements have been provided for the governmental funds to demonstrate compliance with this ordinance.

The basic governmental fund financial statements can be found on pages 6 - 9 of this report.

Proprietary funds – The City of Berwyn maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Berwyn uses an internal service fund to account for its workers compensation and general liability self-insurance pool. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide information for the Water and Sewer Fund which is considered to be a major fund of the City, and the internal service fund.

The basic proprietary fund financial statements can be found on pages 10 - 12 of this report.

Fiduciary funds - are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 13 and 14 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the financial statements can be found on pages 15 - 54 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 55 - 64 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 65 – 83 of this report.

Government-wide Financial Analysis

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest portion of the City of Berwyn's net assets represents resources that are subject to external restrictions on how they may be used. Assets restricted for use in the City's four redevelopment areas make up the bulk of these assets, followed by assets restricted by the State of Illinois for the purpose of improving streets, and assets restricted for law enforcement purposes.

Net assets of the City of Berwyn also includes its investment in capital assets (land, buildings, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At the end of the fiscal year the City had not yet implemented retroactive reporting of its governmental infrastructure assets, although the debt related to the acquisitions of these assets is reported in the government-wide statements. As a result, the City reported a negative balance in its net assets invested in capital assets.

The table below shows the comparison between 2005 and 2006 Statement of Net Assets for both governmental and business-type activities:

City of Berwyn Net Assets

	Governmental activities		Business-type activites		Total	
	2006	2005	2006	2005	2006	2005
Current assets	$ 41,565,228	$ 43,810,923	$ 5,244,952	$ 4,787,576	$ 46,810,180	$ 48,598,499
Capital assets	19,199,644	17,333,994	45,996,581	49,942,919	65,196,225	67,276,913
Total assets	60,764,872	61,144,917	51,241,533	54,730,495	112,006,405	115,875,412
Current liabilities	39,258,825	21,366,061	80,690	484,468	39,339,515	21,850,529
Long-term liabilities	56,686,555	77,686,837	37,440	7,090	56,723,995	77,693,927
Total liabilities	95,945,380	99,052,898	118,130	491,558	96,063,510	99,544,456
Invested in capital assets net of related debt	(33,773,365)	(42,547,755)	45,996,581	49,918,319	12,223,216	7,370,564
Restricted	14,154,458	10,591,506	-	-	14,154,458	10,591,506
Unrestricted	(15,561,601)	(5,951,732)	5,126,822	4,320,618	(10,434,779)	(1,631,114)
Total net assets	$ (35,180,508)	$ (37,907,981)	$ 51,123,403	$ 54,238,937	$ 15,942,895	$ 16,330,956

Note: 2005 balances have not been adjusted for the effects of restatements made in 2006.

Significant Changes in the City's Statement of Net Assets:

Governmental activities

The City's governmental activities current assets decreased from 2005 by approximately $1.3 million. This loss is due to operating losses whereby the City's expenditures exceeded revenues. During 2007 the City completed a restructure of the City's debt payments. The restructure decreased annual debt service payments by approximately $3 million per year. This will allow the City to reallocate tax levy proceeds from the Bond and Interest fund to the General Fund in order to fund operating expenditures.

Capital assets within the governmental activities increased in 2006 due to several construction projections. The City and the state jointly completed a project for widening East Avenue for approximately $1.7 million.

Governmental activities net assets increased slightly in 2006. This reflects that the City has levied taxes for principal repayment on its long-term debt, as taxes are included in revenue on the Statement of Activities; however the related principal payments are not considered expenses on the Statement of Activities.

Restricted net assets for governmental activities increased in 2006. This increase is due to an increase in unreserved fund balance within the City's TIF districts. During 2005 the interfund payables were considered long-term and thus fund balance was reserved for these balances. As these interfunds were repaid during 2007, the 2006 classification of these is a current asset. As a current asset, no reservation of fund balance was necessary. This made more funds available for economic development, which is consider a legal restriction of net assets. Due to the increase in restricted net assets, unrestricted net assets decreased in 2006.

Business-type activities

During 2004, 2005 and two months of 2006, the City was charged by the City of Chicago for sewer service. The City of Chicago does not provide sewer service for the City of Berwyn and thus a large credit was due on water bills. The total amount of this credit was $4.6 million. This credit was used to pay the monthly water bills beginning in 2006. Approximately $2.2 million was used in 2006. The use of these credits allowed the City's business-type activity to have a positive cash flow in 2006, which resulted in an increase in current assets.

There were no large additions to capital assets in the business-type activities. The decreased in net capital assets is due to depreciation.

Current liabilities decreased from 2005 as credits applied to the November and December water billings from the City of Chicago were included in accounts payable in 2005, in error. These amounts were included in the restatement amount in 2006.

Total net assets for business-type activities decrease in 2006 as the City's water rates have not been designed to cover the cost of depreciation. During 2007, the City will be reviewing its rate structure as a rate increase has not been completed in many years.

Statement of Activities:

As noted earlier, the City's Statement of Activities provides a numerical analysis of how the City financial performed during the year. Revenues are broken down between program revenues and general revenues. The table below shows a comparison between 2005 and 2006 results of operations:

City of Berwyn Changes in Net Assets

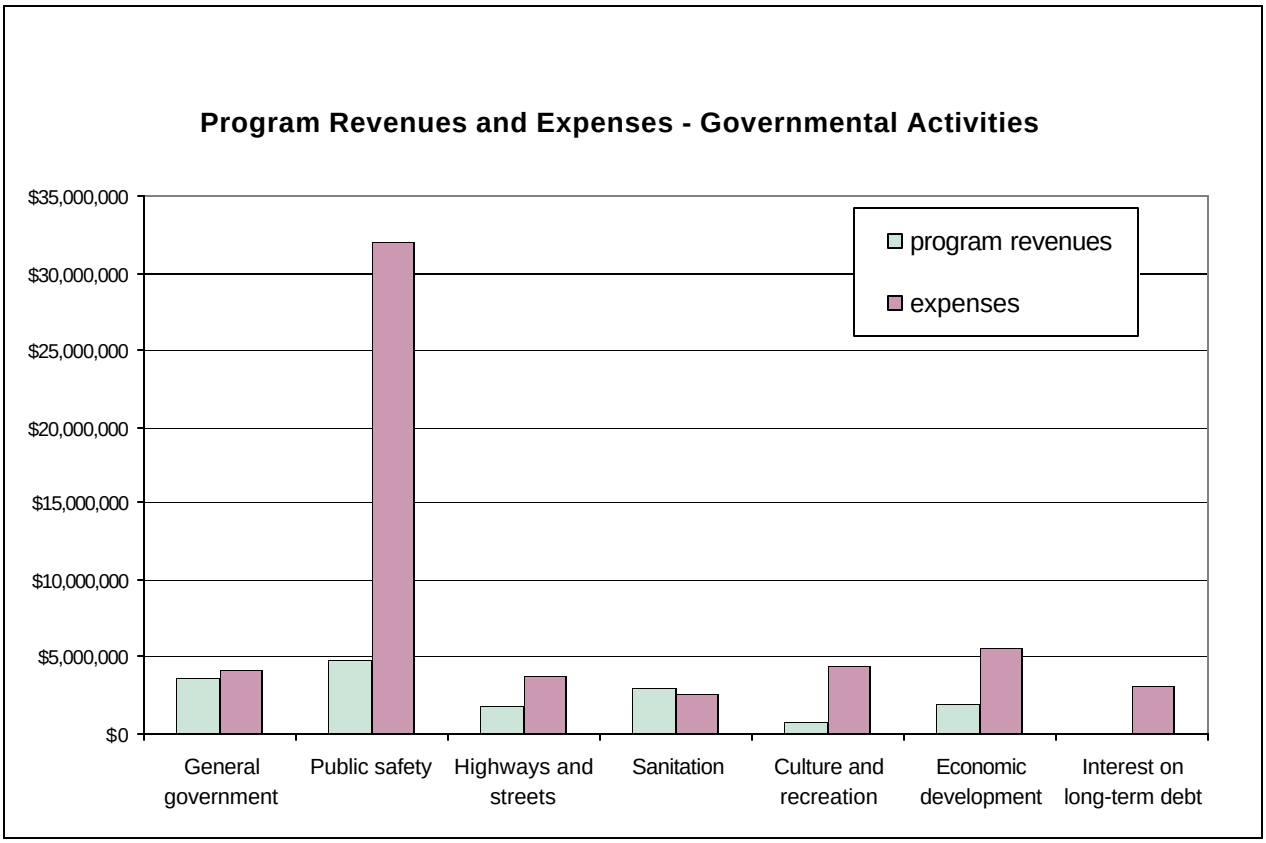
	Governmental activities		Business-type activites		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program reveues:						
Charges for services	$ 10,727,813	$ 9,609,233	$ 5,075,488	$ 4,907,882	$ 15,803,301	$ 14,517,115
Operating grants & contributions	2,859,123	5,471,424	-	-	2,859,123	5,471,424
Capital grants & contributions	2,277,698	-	-	-	2,277,698	-
General revenues						
Property taxes	21,932,353	22,380,786	-	-	21,932,353	22,380,786
Other taxes	17,627,220	17,555,777	-	-	17,627,220	17,555,777
Other revenues	625,623	303,929	-	-	625,623	303,929
Total revenues	56,049,830	55,321,149	5,075,488	4,907,882	61,125,318	60,229,031
Expenses:						
General government	4,102,604	3,950,982	-	-	4,102,604	3,950,982
Public safety	31,898,438	27,713,240	-	-	31,898,438	27,713,240
Highways & streets	4,070,337	4,308,511	-	-	4,070,337	4,308,511
Sanitation	2,532,495	3,035,310	-	-	2,532,495	3,035,310
Culture & recreation	3,821,004	3,939,759	-	-	3,821,004	3,939,759
Economic development	5,553,608	4,718,081	-	-	5,553,608	4,718,081
Interest on long-term debt	3,230,567	3,491,041	-	-	3,230,567	3,491,041
Water & sewer	-	-	8,390,828	7,933,640	8,390,828	7,933,640
Total expenses	55,209,053	51,156,924	8,390,828	7,933,640	63,599,881	59,090,564
Income before Transfers	840,777	4,164,225	(3,315,340)	(3,025,758)	(2,474,563)	1,138,467
Transfers	-	(87,333)	-	87,333	-	-
Change in Net Assets	840,777	4,076,892	(3,315,340)	(2,938,425)	(2,474,563)	1,138,467
Net assets Jan 1, as previously stated	(37,907,981)	(42,057,244)	54,238,937	57,177,362	16,330,956	15,120,118
Restatement	1,886,696	72,371	199,806	-	2,086,502	72,371
Net assets Dec 31	$ (35,180,508)	$ (37,907,981)	$ 51,123,403	$ 54,238,937	$ 15,942,895	$ 16,330,956

Significant Changes in the Statement of Activities

Government activities

The City's income before transfers in 2006 decreased significantly from the previous year. This decrease is mainly due to increases in expenditures. Salaries on average increased 3 - 4%. Additionally the City increased the liability recorded for compensated absences in 2006. This adjustment was made to more accurately reflect the amount of compensated absence payments which may be made in future years. The recognition of this increase, added approximately $1.8 million to expense in 2006. Specific line item increases and decreases are discussed below.

The graph below shows the governmental activities revenues and expenses by function. Any deficit of revenues less expenses is then funded through general revenues, primarily taxes.



Government activities - Revenues

The table below shows the change in revenues from 2005 to 2006:

Changes in Governmental Activities Revenues

	Governmental activities 2006	2005	Change	% Chg
Revenues:				
Program reveues:				
Charges for services	$ 10,727,813	$ 9,609,233	$ 1,118,580	12%
Operating grants & contributions	2,859,123	5,471,424	(2,612,301)	-48%
Capital grants & contributions	2,277,698	-	2,277,698	n/a
General revenues				
Property taxes	21,932,353	22,380,786	(448,433)	-2%
Other taxes	17,627,220	17,555,777	71,443	0%
Other revenues	625,623	303,929	321,694	106%
Total revenues	$ 56,049,830	$ 55,321,149	$ 728,681	1%

Significant changes:

The City's charges for services increased from $9.6 million to $10.7 million in 2006. Charges for services are primarily made up of vehicle stickers, building and compliance permits, interdepartmental charges, court and violation fines, ambulance and garbage fees. The increase in the City's charges for services resulted mainly from an increase in building permit revenue, due to a large amount of new economic development along with a strong housing market and a new ambulance service. In 2006, the City negotiated a contract with one of the local hospitals to offer transportation from the main hospital to a MRI site.

The City's operating grants decreased from 2005 and the capital grants increased mainly due to a reclassification of grants from operating to capital. The overall total for operating and capital grants decreased slightly due to less spending within the City's CDBG program.

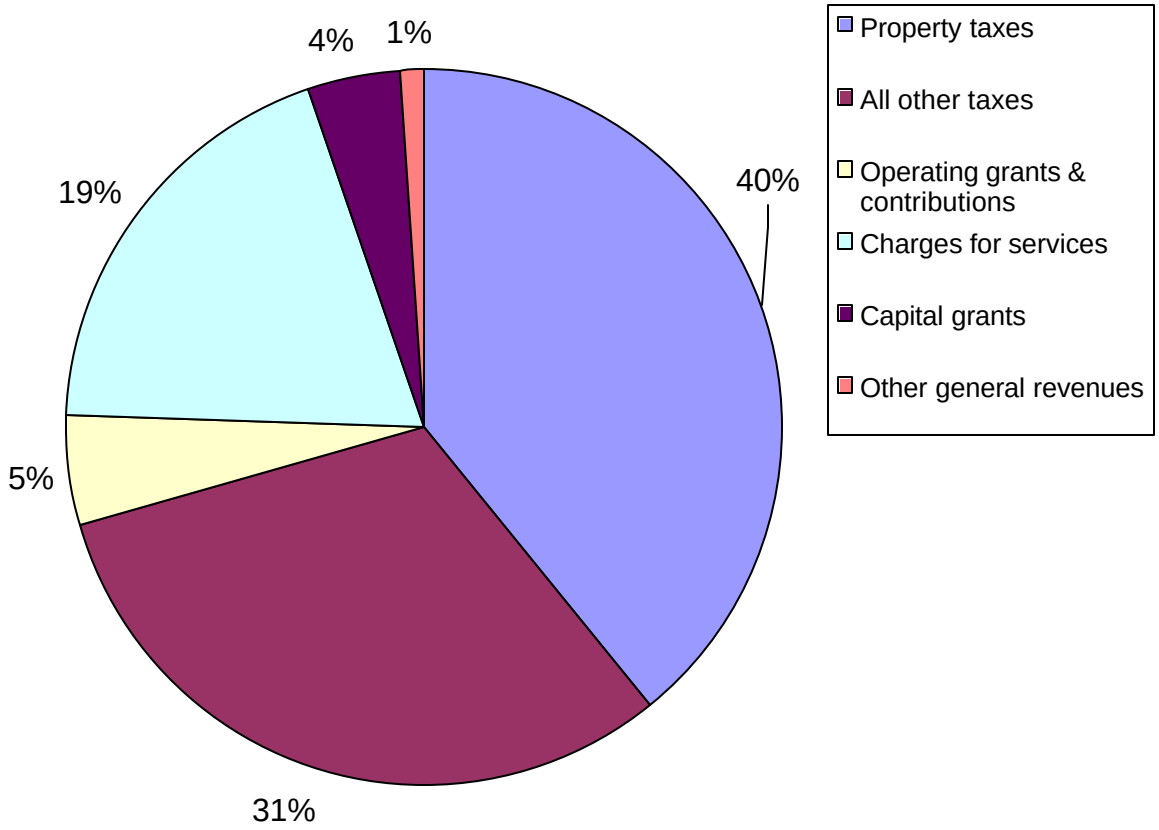
The City's property taxes overall decreased in 2006. The levies within the General Fund remained the same as the prior year's levy, however the funds needed for bond and interest were less in 2006, so the overall levy decreased in 2006.

Other revenues increased substantially from 2005 due to the return of interest rates during 2006. Interest rates during portions of 2005 were only around 1% whereas in 2006 the City was earning 3-4% on cash and investment balances. Additionally, during 2006 the City renegotiated its existing bank accounts to change them from non-interest bearing to interest bearing accounts. During 2007 the City will look to further increase its interest income by bidding out its banking services to verify the best rates available are taken.

Composition of Revenues:

The City's governmental activities are supported mainly by property taxes, followed by all other taxes. These percentages have remained relatively constant from 2005 to 2006.
The graph below shows the full composition of governmental activities revenues.

Revenues by Source - Governmental Activities



Government activities - Expenses

The table below shows the change in expenses from 2005 to 2006:

Changes in Governmental Activities Expenses

	Governmental activities 2006	2005	Change	% Chg
Expenses:				
General government	$ 4,102,604	$ 3,950,982	$ 151,622	4%
Public safety	31,898,438	27,713,240	4,185,198	15%
Highways & streets	4,070,337	4,308,511	(238,174)	-6%
Sanitation	2,532,495	3,035,310	(502,815)	-17%
Culture & recreation	3,821,004	3,939,759	(118,755)	-3%
Economic development	5,553,608	4,718,081	835,527	18%
Interest on long-term debt	3,230,567	3,491,041	(260,474)	-7%
Total expenses	$ 55,209,053	$ 51,156,924	$ 4,052,129	8%

Significant changes:

As previously mentioned salaries increased 3-4% in 2006. Health insurance costs likewise increased in 2006. The City's policy renews in May and the increase was approximately 14% beginning in May, 2006. These increases were one of the primary reasons for the increase in all expense lines in 2006.

The public safety expenses increased significantly from 2005 to $31.9 million. Of the $4.2 million increase, approximately $1.6 million is due to the change in compensated absences. Workmen's compensation and general liability claims related to public safety also increased by about $1.0 million in 2006. Compensatory time, vacation time and sick time bought back within both police and fire departments increased in 2006 due to personnel changes within the departments. Additionally, during a portion of 2005 the City employed an interim police chief while searching for a new chief. This resulted in fewer purchases and recommendations for additional personnel during 2005. At the beginning of 2006 the City hired its current police chief. The current chief has been more proactive in many areas, helping the City better utilize the Police seizure and Emergency 911 assets.

The City was able to decrease its sanitation costs through the negotiation of a new contract for garbage service. This contract is a three year agreement.

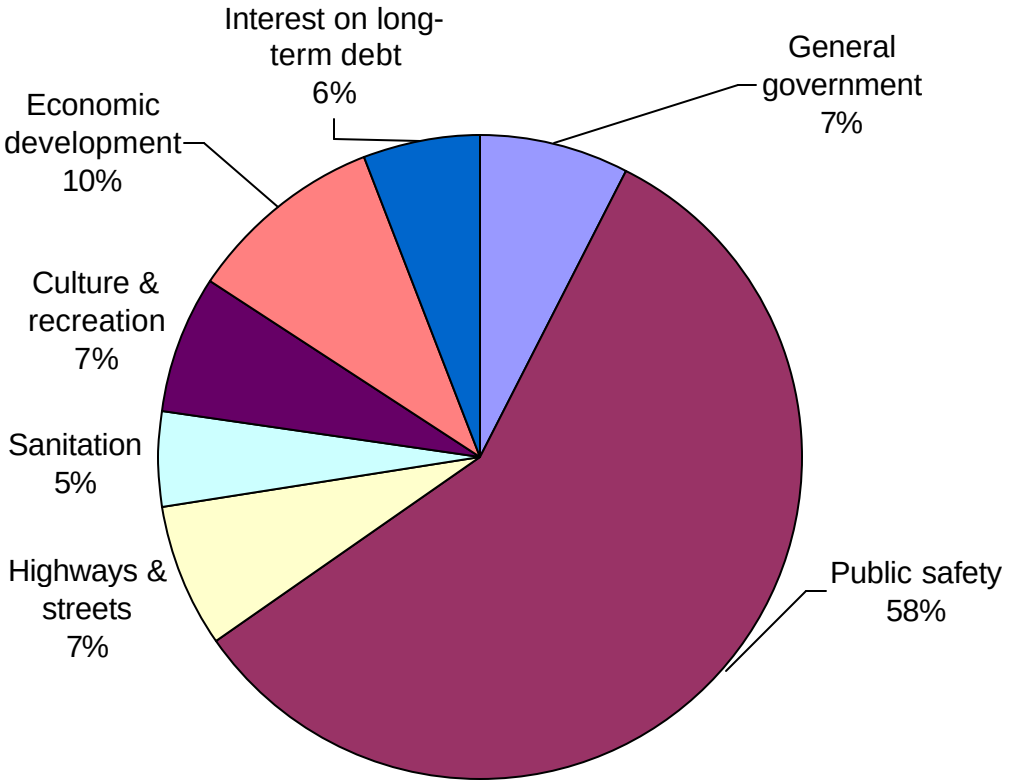
Culture and recreation expenses increased $443,336 from 2005. Approximately $120,000 of this relates to the adjustment to compensated absences previously discussed.

Economic development expenses also increase in 2006 due to non-capitalized projects. During 2006 the City entered into a development agreement whereby the City entered into an agreement with a developer in order to assist in the development of property within the City. This project should be completed in 2008.

Composition of expenditures:

As in the prior year, the City's largest area of expense continues to be public safety, accounting for over 57% of governmental expenses. The percentage of public safety expenditures compared to total governmental expenses increased in 2006 by about 3%. This was due to large increases in spending for public safety which were addressed above.

Governmental Activities - Expenditure Composition



Business-type activities

Business-type activities revenue and expense

	Business-type activites			
	2006	2005	Change	% Chg
Revenues:				
Program reveues:				
Charges for services	$ 5,075,487	$ 4,907,882	$ 167,605	3%
Expenses:				
Water & sewer	$ 8,390,827	$ 7,933,640	$ 457,187	6%

Significant changes:

Business-type activities represent the City's water and sewer utility. The utility's primary source of revenue is in the form of user fees for water and sewer usage. The rates are designed to recover substantially all of the costs associated with providing water and sewer service, except for depreciation. The rates do provide some cost recovery for depreciation but is not designed to fund the entire expense. Thus, business-type activities decreased the City's net assets by $3.3 million.

Water and sewer usage charges for 2006 increased slightly from 2005. 2005 charges were lower than past years as the summer weather was not as dry. Dryer conditions result in a higher use of water as individuals water their lawns and plants during hot summer months. The City's expenses for water usage directly relate to the revenues charged. Thus as citizens use more water, the City's costs from the City of Chicago, likewise increase. The remaining increase in water and sewer expenses is due to wage and benefit cost increases previously discussed.

Financial Analysis of the Governmental Funds

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

Governmental funds **-** The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Significant changes – Fund balances

	Fund			
	General Fund	Cermak Road TIF	Bond and Interest	Nonmajor Governmental Funds
Revenues	$ 38,494,461	$ 1,719,043	$ 9,012,822	$ 6,823,504
Expenditures	42,645,882	462,529	18,871,564	7,749,354
Other Financing Sources (Uses) net	1,760,000	-	7,902,014	1,852,493
Net change in fund balance	(2,391,421)	1,256,514	(1,956,728)	926,643
Fund balance, beginning as restated	6,481,173	7,257,090	(1,072,188)	8,018,486
Fund balance, ending	$ 4,089,752	$ 8,513,604	$ (3,028,916)	$ 8,945,129

For several years the City was behind in its financial recordkeeping. The 2004 audit was not completed until March, 2006; the 2005 audit was not completed until February of 2007. Due to the lack of focus on its finances in the past, the City did not have complete or accurate knowledge of the state of its finances. The City's decision makers did not want to make important financial decisions such as raising taxes or heavily cutting budgets, when they did not have an accurate picture of whether the City needed to take these types of steps.

This situation combined with increasing costs of wages, health care costs and general inflation of expenditures, led to several years of decreasing fund balances. At the end of the current fiscal year, total fund balance of the General Fund was $4.1 million. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. As of December 31, 2006 the General Fund's fund balance was 10.0% of the 2006 General Fund expenditures. The unreserved fund balance was 8% of General Fund expenditures. During 2007, the City passed a fund balance policy. In accordance with that policy the City's aims for unreserved fund balance to be 16% of the subsequent year's budgeted expenditures. The City is now more current with its financial picture and is in a much better place to begin making some informed decisions and long range planning to come into compliance with this policy.

The Cermak Road TIF fund's fund balance increased from 2005 by $1.3 million. This increase is due to increment exceeding the City's projects for the year. This TIF district's was created in 1987 and is set to expire in 2010. The City is currently working on plans for development for the remaining life of the district.

The Bond and Interest Fund had a net change in fund balances of ($2.0million). During 2004 the City issued $8.5 million in a one-year note for operational purposes. This was repaid in 2005, using funds on hand that were to make the December bond and interest repayments. During 2005 the administration of the City changed, the City elected a new Mayor and 5 new aldermen. When it was discovered by the new administration that the funds to be used for the December payments had been used to repay this note, a new note was issued to assist the City in making its 2005 debt payments. At that time the City did not have current financial statements in order to complete a long-term borrowing, so the note was again a one year note. The new note was for $8.8 million and a portion of that note per ordinance was issued for working cash purposes. During 2006 $1.5 million the funds held as working cash were transferred from the Bond and Interest Fund to the General Fund. Due to the lack of financial information the City was not aware that the portion of the debt issued for working cash was no longer available as it had been used to repay the previously issued note. Additionally, the City did not levy to pay the interest costs on the one year notes or the costs of issuance involved with these notes. These decisions resulted in a larger deficit fund balance in 2006. During 2006, this note was again refunded for one year at $8.85 million.

During 2007, the City became current with the issuance of its financial statements which allowed us to restructure our outstanding debt. One portion of this restructure was to refund the notes discussed above over a longer period of time. Additionally, the City refunded portions of several other debt issuances in order to decrease the annual debt service needs of the City. While this results in an increase of overall debt payments, the City was able to decrease the bond and interest payments to a more manageable level. This also allows the City to reallocate in the following year tax levy from the Bond and Interest Fund to the General Fund to pay for the increasing costs of operations. The City has a multi-year plan to address approximately half of the deficit within the Bond and Interest Fund and is in the process of completing a plan to address the remainder.

Nonmajor governmental funds fund balances increased $926,643. The majority of this increase was due to the City's other TIF districts which are receiving large increments, which the City has not spent on development at this point. The City's component unit, the Berwyn Development Corp., which administers the City's TIF projects, recently hired a new director. The City believes that with the guidance of this new director redevelopment of these districts will get back on track. The oldest of these districts is not scheduled to terminate until 2016.

Financial Analysis of the Proprietary Funds

Proprietary funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water & Sewer Fund at the end of the current fiscal year amounted to $5,126,822. The total decrease in net assets was $3,315,340. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

The City's internal service fund mainly represents costs for the City's workmen's compensation and general liability insurances. During 2006 the City's claims increased from $2.2 million to $2.8 million. This increase is primarily due to the increase in the claims reserve from 2005. This reserve increased approximately $832,000 due to increasing costs of defending claims as well as increasing health care costs which are paid for employees on workmen's compensation. The City is currently investigating the use of a safety program in order to help educate employees on safer work behavior. It is believed this training this may help decrease the costs in future years.

General Fund Budgetary Highlights

The City did not make any supplemental appropriations or transfers of appropriations during the fiscal year. The table below summarizes the budget to actual results of the City's General Fund:

	General Fund			
	Budget	Actual	Change	% Chg
Revenues				
Property taxes	$ 8,770,000	$ 8,610,530	$ (159,470)	-2%
Other taxes	16,992,658	17,605,472	612,814	4%
Charges for services	5,174,775	5,171,263	(3,512)	0%
Fines and fees	1,918,600	2,113,542	194,942	10%
Licenses and permits	2,340,800	2,474,544	133,744	6%
Intergovernmental	3,885,894	1,681,859	(2,204,035)	-57%
Investment income	3,000	139,950	136,950	4565%
Miscellaneous	597,184	697,301	100,117	17%
Total Revenues	$ 39,682,911	$ 38,494,461	$ (1,188,450)	-3%
Expenditures				
Current				
General government	9,038,492	3,769,646	(5,268,846)	-58%
Public safety	21,836,131	28,963,856	7,127,725	33%
Highways and streets	2,377,941	2,548,672	170,731	7%
Sanitation	2,500,000	2,516,150	16,150	1%
Economic development	1,845,230	551,716	(1,293,514)	-70%
Culture and recreation	3,221,969	3,620,208	398,239	12%
Capital outlay	2,831,000	564,576	(2,266,424)	-80%
Debt service	205,867	111,058	(94,809)	-46%
Total expenditures	$ 43,856,630	$ 42,645,882	$ (1,210,748)	-3%
Other Financing Sources	$ 230,000	$ 1,760,000	$ 1,530,000	665%

Significant changes from budget

General Fund other taxes surpassed budget by $613,000. This was due to strong state income tax and sales tax levels. However this was offset by the over budgeting of intergovernmental revenues. Included in the budget for 2006 intergovernmental revenues were two grants for projects which have not yet been completed, the repaving of 16th street ($1,100,000) and the 26th street streetscape project ($768,000).

General government and economic development expenditures were less than budget by $5.2 million and $1.3 million respectively. In both cases, this is due to the allocation of interdepartmental charges (workmen's compensation, general liability and other insurance costs) which are budgeted within this function but then allocated to other functions. A portion of these costs were charged to primarily public safety, highway and streets and culture and recreation which contributed to those functions being over budget.

Public safety expenditures also exceeded budget as the pension costs were not budgeted in 2006. Total public safety pension expenditures were $3.9 million.

Capital outlay expenditures were under budget due to the two grant projects mentioned above which were not completed during 2006. Budgeted expenditures for these projects were the same as the revenue, $1,100,000 and $768,000.

Capital Asset and Debt Administration

Significant change - Capital assets

During 2006 the City completed a joint road project with the state, called East Avenue widening. This was included in beginning construction in progress (CIP) as restated and was capitalized as infrastructure in the current year. The City annually replaces multiple police vehicles and in 2006 also purchased a new public works vehicle. There were no other significant additions in 2006.

City of Berwyn Capital Assets
(net of accumulate depreciation)

	Governmental activities		Business-type activites		Total	
	2006	2005	2006	2005	2006	2005
Land	$ 4,086,250	$ 4,086,250	$ 24,600	$ 24,600	$ 4,110,850	$ 4,110,850
CIP	801,493	1,760,282	-	-	801,493	1,760,282
Buildings	8,333,636	8,602,311	340,597	354,367	8,674,233	8,956,678
Equipment	503,471	553,357	100,587	115,987	604,058	669,344
Land improvements	1,119,675	1,252,151	97,723	111,684	1,217,398	1,363,835
Fixtures, furniture	117,754	131,344	-	-	117,754	131,344
Vehicles	2,633,993	2,784,201	-	-	2,633,993	2,784,201
Infrastructure	1,603,372	-	45,433,074	49,336,281	47,036,446	49,336,281
Total	$ 19,199,644	$ 19,169,896	$ 45,996,581	$ 49,942,919	$ 65,196,225	$ 69,112,815

Additional information on the City's capital assets can be found in Note 7 in the notes to the financial statements of this report.

Significant change – Long-term debt

During 2006 the City issued $8.85 million in short-term notes to refund the $8.8 million outstanding. Additionally the City issued two notes payable to the Berwyn Development Corp. in order to pay for acquisition of property and a developer agreement.

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation bonds	$ 65,506,016	$ 72,273,803	$ -	$ -	$ 65,506,016	$ 72,273,803
Installment notes payable	2,962,516	686,749	-	-	2,962,516	686,749
Unamortized premiums	1,488,817	1,674,919	-	-	1,488,817	1,674,919
Unamortized loss on refunding	(1,704,867)	(1,917,975)	-	-	(1,704,867)	(1,917,975)
Claims payable	3,009,409	2,177,601	-	-	3,009,409	2,177,601
Net pension obligation	107,785	107,785	-	-	107,785	107,785
Compensated absences	2,445,349	765,980	48,202	7,090	2,493,551	773,070
Total	$ 73,815,025	$ 75,768,862	$ 48,202	$ 7,090	$ 73,863,227	$ 75,775,952

The City's uninsured bond rating was a BB in 2006. During 2007 the City upgraded its uninsured rating to an A-. However, all of the City's outstanding debt is insured with an AAA rating.

State statutes govern the amount of general obligation debt a governmental entity may issue, however the General Assembly has not limited the amount for home rule units of government. The current outstanding bonded debt of the City of Berwyn equals 10.8% of its 2005 total assessed valuation, a decrease from 2005's percentage of 11.1%.

Additional information on the City's long-term debt can be found in Note 9 in the notes to the financial statements of this report.

Economic Factors and Next Year's Budgets and Rates

The State of Illinois continues to operate in a climate of fiscal uncertainty, and as a result, the City has chosen to be conservative in its short term forecast for increases in state shared revenues. Although state shared revenues have shown positive growth in the last year, delays in distribution of revenues are still a concern. Rate adjustments implemented for the next budget year include only real estate tax increases up to the level required for debt service changes. No increases were budgeted for Water & Sewer charges for services.

Requests for Information

This financial report is designed to provide a general overview of the City of Berwyn's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Berwyn Finance Director, 6700 W. 26th Street, Berwyn, Illinois 60402.(This page is intentionally left blank.)

CITY OF BERWYN, ILLINOIS

STATEMENT OF NET ASSETS

December 31, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Berwyn Development Corporation
ASSETS				
Cash and investments	$ 14,230,359	$ 1,836,673	$ 16,067,032	$ 832,792
Receivables, net of allowance where applicable				
Property tax	18,925,663	-	18,925,663	-
Sales tax	728,166	-	728,166	-
Home rule sales tax	515,001	-	515,001	-
Income tax	827,896	-	827,896	-
Utility tax	697,160	-	697,160	-
Accounts	747,019	966,080	1,713,099	3,651
Intergovernmental	522,147	-	522,147	-
Interest	19,316	-	19,316	-
Other	152,052	-	152,052	-
Prepaid expenses	5,713	-	5,713	4,287
Due from other governments	918,150	334,018	1,252,168	-
Due (to) from other funds	(2,108,181)	2,108,181	-	-
Due from fiduciary funds	107,407	-	107,407	-
Notes receivable	1,837,560	-	1,837,560	3,312,476
Deferred charges	274,860	-	274,860	-
Net pension asset	109,136	-	109,136	-
Land held for resale	3,055,804	-	3,055,804	-
Capital assets, not being depreciated	4,887,743	24,600	4,912,343	-
Capital assets, being depreciated (net of accumulated depreciation)	14,311,901	45,971,981	60,283,882	52,037
Total assets	60,764,872	51,241,533	112,006,405	4,205,243
LIABILITIES				
Accounts payable	930,661	18,693	949,354	24,074
Retainage payable	14,643	-	14,643	-
Accrued payroll	737,018	51,235	788,253	-
Accrued interest payable	272,376	-	272,376	-
Unearned revenue	20,019,799	-	20,019,799	-
Other liabilities	155,858	-	155,858	180,824
Noncurrent liabilities				
Due within one year	17,128,470	10,762	17,139,232	3,302,326
Due in more than one year	56,686,555	37,440	56,723,995	-
Total liabilities	95,945,380	118,130	96,063,510	3,507,224
NET ASSETS				
Invested in capital assets, net of related debt	(33,773,365)	45,996,581	12,223,216	-
Restricted for				
Public safety	1,009,272	-	1,009,272	-
Highways and streets	2,319,484	-	2,319,484	-
Economic development	10,825,702	-	10,825,702	53,263
Unrestricted (deficit)	(15,561,601)	5,126,822	(10,434,779)	644,756
TOTAL NET ASSETS (DEFICIT)	$ (35,180,508)	$ 51,123,403	$ 15,942,895	$ 698,019

See accompanying notes to financial statements.

CITY OF BERWYN, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2006

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Program Revenues: Capital Grants
PRIMARY GOVERNMENT				
Governmental Activities				
General government	$ 4,102,604	$ 3,575,623	$ 150	$ 43,390
Public safety	31,898,438	3,695,343	833,780	229,916
Highways and streets	4,070,337	61,022	1,725,598	11,090
Sanitation	2,532,495	2,968,711	-	-
Culture and recreation	3,821,004	400,349	71,750	312,469
Economic development	5,553,608	26,765	227,845	1,680,833
Interest	3,230,567	-	-	-
Total governmental activities	55,209,053	10,727,813	2,859,123	2,277,698
Business-Type Activities				
Water and sewer	8,390,828	5,075,488	-	-
Total business-type activities	8,390,828	5,075,488	-	-
TOTAL PRIMARY GOVERNMENT	$ 63,599,881	$ 15,803,301	$ 2,859,123	$ 2,277,698
COMPONENT UNIT				
Berwyn Development Corporation	$ 964,760	$ 1,305,254	$ -	$ -

	Net (Expense) Revenue and Change in Net Assets			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Berwyn Development Corporation
	$ (483,441)	$ -	$ (483,441)	$ -
	(27,139,399)	-	(27,139,399)	-
	(2,272,627)	-	(2,272,627)	-
	436,216	-	436,216	-
	(3,036,436)	-	(3,036,436)	-
	(3,618,165)	-	(3,618,165)	-
	(3,230,567)	-	(3,230,567)	-
	(39,344,419)	-	(39,344,419)	-
	-	(3,315,340)	(3,315,340)	-
	-	(3,315,340)	(3,315,340)	-
	(39,344,419)	(3,315,340)	(42,659,759)	-
	-	-	-	340,494
General Revenues				
Taxes				
Property	21,932,353	-	21,932,353	-
Sales	2,886,605	-	2,886,605	-
Home rule sales	1,957,207	-	1,957,207	-
Income	5,132,141	-	5,132,141	-
Replacement	218,026	-	218,026	-
Municipal utility	3,979,120	-	3,979,120	-
Real estate transfer	2,915,139	-	2,915,139	-
Other	538,982	-	538,982	-
Investment income	442,830	-	442,830	-
Miscellaneous	182,793	-	182,793	-
Total	40,185,196	-	40,185,196	-
CHANGE IN NET ASSETS	840,777	(3,315,340)	(2,474,563)	340,494
NET ASSETS (DEFICIT), JANUARY 1	(37,907,981)	54,238,937	16,330,956	357,525
Prior period adjustment	1,886,696	199,806	2,086,502	-
NET ASSETS (DEFICIT), JANUARY 1, RESTATED	(36,021,285)	54,438,743	18,417,458	357,525
NET ASSETS (DEFICIT), DECEMBER 31	$ (35,180,508)	$ 51,123,403	$ 15,942,895	$ 698,019

See accompanying notes to financial statements.

CITY OF BERWYN, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2006

	General	Cermak Road TIF	Bond and Interest Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 275,766	$ 4,486,162	$ 1,236,743	$ 7,708,279	$ 13,706,950
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	8,632,446	33,637	10,232,806	26,774	18,925,663
Sales taxes	728,166	-	-	-	728,166
Home rule sales tax	515,001	-	-	-	515,001
Income taxes	827,896	-	-	-	827,896
Utility tax	697,160	-	-	-	697,160
Accounts	747,019	-	-	-	747,019
Notes	679,172	-	-	1,158,388	1,837,560
Interest	19,316	-	-	-	19,316
Intergovernmental	522,147	-	-	-	522,147
Other	114,333	-	-	37,719	152,052
Prepaid items	5,713	-	-	-	5,713
Due from other funds	5,501,563	1,633,941	-	2,395,885	9,531,389
Due from fiduciary funds	107,407	-	-	-	107,407
Due from other governments	-	-	-	918,150	918,150
Land held for resale	-	3,055,804	-	-	3,055,804
TOTAL ASSETS	$ 19,373,105	$ 9,209,544	$ 11,469,549	$ 12,245,195	$ 52,297,393
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 517,287	$ 63,886	$ 300	$ 349,188	$ 930,661
Retainage payable	-	-	-	14,643	14,643
Accrued salaries	1,017,293	-	-	-	1,017,293
Deferred revenues	8,628,605	-	10,232,806	1,158,388	20,019,799
Due to other funds	4,964,310	632,054	4,265,359	1,777,847	11,639,570
Other liabilities	155,858	-	-	-	155,858
Total liabilities	15,283,353	695,940	14,498,465	3,300,066	33,777,824
FUND BALANCES					
Reserved					
Notes receivable	679,172	-	-	-	679,172
Prepaid items	5,713	-	-	-	5,713
Land held for resale	-	3,055,804	-	-	3,055,804
Highways and streets	-	-	-	2,319,484	2,319,484
Public safety	-	-	-	900,136	900,136
Economic development	-	5,457,800	-	5,367,902	10,825,702
Unreserved (deficit)					
General Fund	3,404,867	-	-	-	3,404,867
Debt Service Fund	-	-	(3,028,916)	-	(3,028,916)
Capital Projects Funds	-	-	-	357,607	357,607
Total fund balances	4,089,752	8,513,604	(3,028,916)	8,945,129	18,519,569
TOTAL LIABILITIES AND FUND BALANCES	$ 19,373,105	$ 9,209,544	$ 11,469,549	$ 12,245,195	$ 52,297,393

See accompanying notes to financial statements.

CITY OF BERWYN, ILLINOIS

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

December 31, 2006

FUND BALANCES OF GOVERNMENTAL FUNDS	$ 18,519,569
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	19,199,644
The net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds	109,136
The net pension obligation is not a current use of funds and, therefore, is not reported in the governmental funds	(107,785)
The unamortized bond discount and unamortized bond issuance cost is not a current financial resource and, therefore, is not reported in the governmental funds	274,861
The unamortized bond premium is not a current financial resource and, therefore, is not reported in the governmental funds	(1,488,817)
The unamortized loss on refunding is not a current financial use of funds and, therefore, is not reported in the governmental funds	1,704,867
Interest payable is not due and payable in the current period and therefore, not reported in the governmental funds	(272,376)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(70,633,606)
The unrestricted net assets (deficit) of the internal service funds are included in the governmental activities in the statement of net assets	(2,486,001)
NET ASSETS (DEFICIT) OF GOVERNMENTAL ACTIVITIES	$ (35,180,508)

See accompanying notes to financial statements.

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2006

	General	Cermak Road TIF	Bond and Interest Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 8,610,530	$ 1,636,704	$ 8,980,127	$ 2,704,992	$ 21,932,353
Other taxes	17,605,472	-	-	21,747	17,627,219
Charges for services	5,171,263	-	-	-	5,171,263
Fines and fees	2,113,542	-	-	-	2,113,542
Licenses and permits	2,474,544	-	-	-	2,474,544
Intergovernmental	1,681,859	-	-	3,885,425	5,567,284
Investment income	139,950	82,339	32,695	187,392	442,376
Miscellaneous	697,301	-	-	23,948	721,249
Total revenues	38,494,461	1,719,043	9,012,822	6,823,504	56,049,830
EXPENDITURES					
Current					
General government	3,769,646	-	-	-	3,769,646
Public safety	28,963,856	-	-	1,195,114	30,158,970
Highways and streets	2,548,672	-	-	1,283,253	3,831,925
Sanitation	2,516,150	-	-	-	2,516,150
Culture and recreation	3,620,208	-	-	-	3,620,208
Economic development	551,716	462,529	-	2,566,276	3,580,521
Capital outlay	564,576	-	-	2,221,383	2,785,959
Debt service					
Principal	82,827	-	15,700,000	305,913	16,088,740
Interest and fiscal charges	28,231	-	3,117,729	177,415	3,323,375
Bond issuance costs	-	-	53,835	-	53,835
Total expenditures	42,645,882	462,529	18,871,564	7,749,354	69,729,329
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,151,421)	1,256,514	(9,858,742)	(925,850)	(13,679,499)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,760,000	-	552,014	-	2,312,014
Transfers (out)	-	-	(1,500,000)	(812,014)	(2,312,014)
Bonds and loans issued, at par	-	-	8,850,000	2,664,507	11,514,507
Total other financing sources (uses)	1,760,000	-	7,902,014	1,852,493	11,514,507
NET CHANGE IN FUND BALANCES	(2,391,421)	1,256,514	(1,956,728)	926,643	(2,164,992)
FUND BALANCES, JANUARY 1	6,505,920	7,257,090	(1,072,188)	7,980,307	20,671,129
Prior period adjustment	(24,747)	-	-	38,179	13,432
FUND BALANCES, JANUARY 1, RESTATED	6,481,173	7,257,090	(1,072,188)	8,018,486	20,684,561
FUND BALANCES (DEFICIT), DECEMBER 31	$ 4,089,752	$ 8,513,604	$ (3,028,916)	$ 8,945,129	$ 18,519,569

See accompanying notes to financial statements.

CITY OF BERWYN, 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, 2006

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ (2,164,992)
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	977,404
The loss on disposal of capital assets is shown as an increase of expense on the statement of activities	(37,996)
The issuance of long-term debt is reported as an other financing source in governmental funds but as an increase of principal outstanding in the statement of activities	(11,514,507)
The accretion on capital appreciation bonds does not require the use of current financial resources and, therefore, is not reported in the governmental funds	(82,213)
The repayment of 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	16,088,740
Depreciation in the statement of activities does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(909,663)
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	
Decrease in accrued interest payable	290,219
Amortization of accounting loss on refunding	(213,108)
Amortization of bond premium	186,102
Amortization of issuance costs	(34,357)
Increase in compensated absences	(1,436,453)
The change in net assets of certain activities of internal service funds is reported with governmental activities	(308,399)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 840,777

See accompanying notes to financial statements.

CITY OF BERWYN, ILLINOIS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

December 31, 2006

	Business-Type Activities	Governmental Activities
	Water and Sewer	Internal Service
CURRENT ASSETS		
Cash and investments	$ 1,836,673	$ 523,409
Receivables		
Accounts	966,080	-
Due from other funds	2,111,095	-
Due from other governments	334,018	-
Total current assets	5,247,866	523,409
CAPITAL ASSETS		
Capital assets, not being depreciated	24,600	
Capital assets, net of accumulated depreciation	45,971,981	-
Net capital assets	45,996,581	-
Total assets	51,244,447	523,409
CURRENT LIABILITIES		
Accounts payable	18,693	-
Claims payable	-	347,539
Accrued payroll	51,235	-
Due to other funds	2,914	-
Compensated absences	10,762	-
Total current liabilities	83,604	347,539
LONG-TERM LIABILITIES		
Claims payable	-	2,661,871
Compensated absences payable	37,440	-
Total long-term liabilities	37,440	2,661,871
Total liabilities	121,044	3,009,410
NET ASSETS		
Invested in capital assets	45,996,581	-
Unrestricted (deficit)	5,126,822	(2,486,001)
TOTAL NET ASSETS	$ 51,123,403	$ (2,486,001)

See accompanying notes to financial statements.

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2006

	Business-Type	Governmental Activities
	Water and Sewer	Internal Service
OPERATING REVENUES		
Charges for services		
Billings	$ 5,000,144	$ -
Water and sewer taps	26,780	-
Internal services	-	2,539,720
Other	27,565	-
Other revenue	20,999	-
Total operating revenues	5,075,488	2,539,720
OPERATING EXPENSES		
Personal services	994,611	-
Contractual services	270,570	509,175
Utilities	2,797,334	-
Repairs and maintenance	116,532	-
Commodities and supplies	62,870	-
Interdepartmental charges	202,573	2,338,945
Depreciation	3,946,338	-
Total operating expenses	8,390,828	2,848,120
CHANGE IN NET ASSETS	(3,315,340)	(308,400)
NET ASSETS (DEFICIT), JANUARY 1	54,238,937	(2,177,601)
Prior period adjustment	199,806	-
NET ASSETS (DEFICIT), JANUARY 1, RESTATED	54,438,743	(2,177,601)
NET ASSETS (DEFICIT), DECEMBER 31	$ 51,123,403	$ (2,486,001)

See accompanying notes to financial statements.

CITY OF BERWYN, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2006

	Business-Type Activities	Governmental Activities
	Water and Sewer	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 4,897,711	$ 2,539,720
Payments to suppliers	(3,901,502)	(2,016,311)
Payments to employees	(916,416)	-
Net cash from operating activities	79,793	523,409
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Reduction of interfund receivable	1,756,880	-
Net cash from noncapital financing activities	1,756,880	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets purchased	-	-
Net cash from capital and related financing activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
None	-	-
Net cash from investing activities	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,836,673	523,409
CASH AND CASH EQUIVALENTS, JANUARY 1	-	-
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 1,836,673	$ 523,409
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	$ (3,315,340)	$ (308,400)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	3,946,338	-
Changes in assets and liabilities		
Receivables	(177,777)	-
Accounts payable	(451,623)	-
Accrued payroll and compensated absences	78,195	-
Claims payable	-	831,809
NET CASH FROM OPERATING ACTIVITIES	$ 79,793	$ 523,409

See accompanying notes to financial statements.

CITY OF BERWYN, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

December 31, 2006

	Pension Trust Funds
ASSETS	
Cash and cash equivalents	$ 2,737,346
Investments	
U.S. Government securities	14,645,112
U.S. Government agencies	1,507,226
Certificates of deposit	5,340,909
Equities	3,845,442
Annuities	621,956
Mutual funds	18,472,868
Accrued interest receivable	257,527
Prepaid items	1,125
Total assets	47,429,511
LIABILITIES	
Accounts payable	7,998
Payroll tax payable	352
Due to governmental funds	107,407
Total liabilities	115,757
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 47,313,754

See accompanying notes to financial statements.

CITY OF BERWYN, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

For the Year Ended December 31, 2006

ADDITIONS	
Contributions	
Employer	$ 3,927,528
Participants	1,096,212
Total contributions	5,023,740
Investment income	
Net appreciation in fair value of investments	1,927,836
Interest earned	1,223,910
Less investment expenses	(109,108)
Net investment income	3,042,638
Total additions	8,066,378
DEDUCTIONS	
Administrative	70,642
Pension benefits and refunds	4,225,522
Total deductions	4,296,164
NET INCREASE	3,770,214
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
January 1	43,448,413
Prior period adjustment	95,127
January 1, Restated	43,543,540
December 31	$ 47,313,754

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Berwyn, Illinois (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles (GAAP)), as applied to government units. 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, Berwyn Public Library's (the Library), and Berwyn Development Corporation's (the BDC) accounting policies are described below.

a. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units.

The City's financial statements include two pension trust funds.

Police Pension Fund

The City's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a member pension board. Two members appointed by the City's President, one elected pension beneficiary, and two elected police employees constitute the pension board. The City and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, the PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees, and because of the fiduciary nature of such activities. The PPERS is reported as a pension trust fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Firefighters' Pension Fund

The City's firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a nine-member pension board. The City's President, Treasurer, Clerk, Attorney, and Fire Chief, one elected pension beneficiary, and elected fire employees constitute the pension board. The City and FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, the FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's firefighters and because of the fiduciary nature of such activities. The FPERS is reported as a pension trust fund.

The City's financial statements also include two component units.

Discretely Presented Component Unit

Berwyn Development Corporation (BDC)

The BDC provides low-interest lending assistance to local business. The City guarantees the lines of credits used to fund these loans and approves all loans to local businesses. Therefore, the BDC is fiscally dependent on the City. In addition, the BDC manages loans provided directly by the City to local business and also manages the City's tax incremental finance projects.

Blended Component Unit

Berwyn Public Library (the Library)

The Library's board consists of seven individuals appointed by the Mayor and approved by the City Council, none of which are members of the City's governing body. The Library's budget is subject to the approval of the City's governing body. In addition, the taxing authority and issuance of debt is also subject to the approval of the City's governing body. Additionally, the activities of the Library are open to all citizens and benefit the citizens of the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting

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

A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital projects funds), and the servicing of governmental long-term debt (debt service funds).

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 City (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 City.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. The effect of material interfund activity has been eliminated from these statements. Interfund services provided and used between funds has not been eliminated in the process of consolidation. 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.

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 and 2) grants and shared revenues that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items are not properly included among program revenues but are reported instead as general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Separate financial statements are provided for governmental funds. Major individual governmental 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 City, except those required to be accounted for in another fund.

The Cermak Road Tax Increment Financing (TIF) Fund is used for the revenues and expenditures related to tax increment financing of Cermak Road projects.

The Bond and Interest Fund is used to account for the payment of governmental long-term debt, other than debt service payments made by the proprietary funds.

The City reports the following fiduciary funds:

The City reports Pension Trust Funds as fiduciary funds to account for the Firefighter's Pension Fund and the Police Pension Fund.

The City reports the following proprietary funds:

The Water and Sewer Fund, an enterprise fund, is used for water and sewer services to the residents of the City.

The Self Insurance Retention Fund, an internal service fund, is used to account for the liability and workers' compensation claims of the City.

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. 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 are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, usually 90 days. The City recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Sales taxes owed to the state at year end, franchise taxes, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Income and motor fuel taxes and fines collected and held by the state or county at year end on behalf of the City also are recognized as revenue. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

The City reports unearned/deferred revenue on its financial statements. Unearned/deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" or "earned" criteria for recognition in the current period. Unearned/deferred revenues also arise when resources are received by the government before it has a legal claim to them 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 government has a legal claim to the resources, the liability for unearned/deferred revenue is removed from the financial statements and revenue is recognized.

All proprietary funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

For purposes of the statement of cash flows, the City's proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

f. Investments

Investments with a maturity of less than one year when purchased and non-negotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is based on prices listed on national exchanges as of December 31, 2006 for debt and equity securities. Mutual funds, investment funds and insurance separate accounts are valued at contract value as of December 31, 2006.

g. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the financial statements. Short-term interfund loans, if any, are classified as "interfund receivables/payables".

Internal service 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 internal services transactions and reimbursements, are reported as transfers.

Advances between funds, if any, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

h. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items added since 2003), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City has not yet retroactively recorded infrastructure constructed or acquired before 2003. Capital assets are defined by the City as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year. 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 or service capacity 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:

Buildings	28 - 100 years
Equipment	12 - 18 years
Land improvement	15 - 50 years
Furniture, fixtures, office equipment	8 - 23 years
Vehicles	6 - 25 years
Infrastructure	10 - 63 years

j. Compensated Absences

Under terms of employment and various union contracts, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

Vacation time does not accumulate; any vacation time not taken by current employees is forfeit at year end. Upon termination or resignation during the year, employees are compensated for that year's earned vacation time. As such, no liability is reported for unused vacation time.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences (Continued)

Employees earn sick leave at various rates. Any unused sick leave at year end accumulates in that employee's bank. Employees' banks are capped at 30 or 40 days, depending on the applicable contract. After year end, any days in excess of the cap are purchased back by the City. Upon retirement, employees may use their bank to extend their regular wages. Upon termination or resignation, no compensation for unused sick leave is made. However, unused sick leave may be converted to years of service for IMRF purposes. The City has accrued all accumulated sick leave as a liability in the government-wide financial statements. Only the portion of sick leave purchased back in the following year is accrued within the fund statements. At December 31, 2006, the City reported $280,275 within its General Fund and $10,762 within its Water and Sewer Fund related to sick leave purchased back in 2007.

k. 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, as well as issuance costs and losses on refundings, are deferred and amortized over the life of the bonds on the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs and losses on refundings are reported as deferred charges and amortized over the term of the related debt.

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.

l. Fund Balances/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Net assets have not been restricted by enabling legislation adopted by the City. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. Invested in capital assets, net of related debt, represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. GASB Pronouncements

The City has elected, under the provisions of GASB Statement 20, titled "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*," to apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

2. DEPOSITS AND INVESTMENTS

a. City Deposits and Investments

The City's investment policy authorizes the City to invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and Illinois Funds. Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and Illinois insurance company general and separate accounts, mutual funds and equity securities.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, the price for which the investment could be sold.

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 the daily cash flow demands of the City 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, in order of priority, safety of principal, liquidity and rate of return.

2. DEPOSITS AND INVESTMENTS (Continued)

a. City Deposits and Investments (Continued)

City Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance with the collateral held at an independent third-party institution in the name of the City. At year end, the carrying amount of the City's deposits with financial institutions totaled $13,192,313 and the bank balances totaled $14,635,438. At December 31, 2006, $2,115,216 of the City's bank balances remained uninsured and uncollateralized.

City Investments

The following table presents the investments and maturities of the City's debt securities as of December 31, 2006:

		Investment Maturities in Years			
Investment Type	Fair Value	Less Than 1	1-5	6-10	Greater than 10
Illinois Funds	$ 2,961,231	$ 2,961,231	$ -	$ -	$ -

In accordance with its investment policy, the City limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

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 investing in external investment pools. Illinois Funds is rated AAA.

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 custodian designated by the City, in the City's name. Illinois Funds is not subject to custodial credit risk.

Concentration of credit risk is the risk that the City has a high percentage of their investments invested in one type of investment. At December 31, 2006, the City had greater than five percent of its overall portfolio invested in Illinois Funds. The City's investment policy requires diversification of investment to avoid unreasonable risk but has no set percentage limits.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Deposits and Investments

The Police Pension Fund's investment policy authorizes the Police Pension Fund to invest in all investments allowed by the Illinois Pension Code contained in Chapter 40 of Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, interest bearing obligations of the U.S. Treasury and U.S. Agencies, interest bearing bonds of the State of Illinois or any county, township or municipal corporation of the State of Illinois, direct obligations of the State of Israel, money market mutual funds whose investments consist of obligations of the U.S. Treasury or U.S. Agencies, separate accounts managed by life insurance companies, Mutual Funds, common and preferred stock and the Illinois Funds (created by the Illinois State Legislature under the control of the State Treasurer that maintains a $1 per share value which is equal to the participants fair value).

It is the policy of the Police Pension Fund to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow demands of the Police Pension Fund 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, in order of priority, safety of principal, rate of return, public trust and liquidity.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Police Pension Fund's deposits may not be returned to it. The Fund's investment policy requires pledging of collateral for all investments in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the City, an independent third party. At December 31, 2006, the deposits were collateralized in accordance with the investment policy.

Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of December 31, 2006:

		Investment Maturities in Years			
Investment Type	Fair Value	Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury Notes	$ 5,724,643	$ 498,280	$ 2,750,014	$ 2,476,349	$ -
U.S. Treasury Bonds	2,054,716	-	-	-	2,054,716
Governmental national mortgage	117,965	1,170	5,008	55,402	56,385
Federal home loan mortgage	2,863,018	1,138,546	1,467,721	-	256,751

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Deposits and Investments (Continued)

Investments (Continued)

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
Federal national mortgage	$ 3,278,297	$ 1,100,216	$ 698,505	$ 392,596	$ 1,086,980
Annuities - life insurance contracts	7,616	7,616	-	-	-
Money market mutual funds	1,842,661	1,842,661	-	-	-
TOTAL	$ 15,888,916	$ 4,588,489	$ 4,921,248	$ 2,924,347	$ 3,454,832

In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for all reasonably anticipated operating requirements while providing a reasonable rate of return based on the current market.

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 U.S. Agency Obligations and other highly rated Obligations. The investments in the securities of U.S. Government Agencies were all rated AAA by Standard & Poor's or by Moody's Investors Services.

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 held by a third party agent.

Concentration of credit risk is the risk that the Police Pension Fund has a high percentage of their investments invested in one type of investment. The Police Pension Fund's investment policy requires diversification of investment to avoid unreasonable risk. At December 31, 2006, the Police Pension Fund had greater than five percent of its overall portfolio invested in FHLM's and FHLB's. The Fund's investment policy has stated a minimum of 20 percent and maximum of 45 percent of its portfolio be invested in equities, a minimum of 55 percent and maximum of 95 percent be invested in fixed income, and a minimum of 3 percent and maximum of 15 percent in cash and cash equivalents.

2. DEPOSITS AND INVESTMENTS (Continued)

c. Firefighters' Pension Deposits and Investments

The Firefighters' Pension Fund's investment policy authorizes the Firefighters' Pension Fund to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and the Illinois Funds (created by the Illinois State Legislature under the control of the State Treasurer that maintains a $1 per share value which is equal to the participants fair value). The Fund's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

It is the policy of the Firefighters' Pension Fund to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Firefighters' Pension Fund 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, in order of priority, safety of principal, liquidity and rate of return.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Firefighters' Pension Fund's deposits may not be returned to it.

The Firefighters' Pension Fund policy does not require collateralization. However, all deposits at December 31, 2006 are covered by Federal Depository Insurance.

Investments

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of December 31, 2006:

		Investment Maturities in Years			
Investment Type	Fair Value	Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury Note	$ 606,473	$ -	$ 606,473	$ -	$ -
Certificates of Deposit	5,340,909	1,112,000	4,053,909	175,000	
Government national mortgage association	134,661	-	134,661	-	-

2. DEPOSITS AND INVESTMENTS (Continued)

c. Firefighters' Pension Deposits and Investments (Continued)

Investments (Continued)

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
Federal home loan mortgage corporation	$ 1,372,565	$ 295,601	$ 946,188	$ 17,143	$ 113,633
Annuities - life insurance contracts	614,340	614,340	-	-	-
Money market mutual funds	2,650,835	2,650,835	-	-	-
TOTAL	$ 10,719,783	$ 4,672,776	$ 5,741,231	$ 192,143	$ 113,633

In accordance with its investment policy, the Firefighters' Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

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 investing in external investment pools. Illinois Funds is rated AAA. The U.S. Agency Obligations are all rated AAA.

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 investments be limited to the safest types of securities invested with pre-qualified institutions, broker/dealers, intermediaries, and advisors and soundly diversified.

Concentration of credit risk is the risk that the Firefighters' Pension Fund has a high percentage of their investments invested in one type of investment. At December 31, 2006, the Firefighters' Pension Fund had greater than five percent of its overall portfolio invested in FHLMC's and FNMA's. The Firefighters' Pension Fund investment policy has stated the following allocations for its investments:

Investment	Minimum	Maximum
Money markets	0%	10%
GNMA's	10%	40%
CD's	5%	25%
Agencies/Treasuries	10%	40%
Equity based mutual funds	20%	35%
Other investments	0%	10%

2. DEPOSITS AND INVESTMENTS (Continued)

c. Firefighters' Pension Deposits and Investments (Continued)

Investments (Continued)

At December 31, 2006, the Firefighters' Pension Fund had $18,472,868 (41.57%) invested in equity based mutual funds in excess of the investment policy stated maximum.

3. RECEIVABLES - PROPERTY TAXES

Property taxes for 2006 attach as an enforceable lien on January 1, 2006 on property values assessed as of the same date. Taxes are levied by December of the fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about March 1, 2007 and October 1, 2007 and are payable in two installments, on or about April 1, 2007 and November 1, 2007. The County collects such taxes and remits them periodically.

4. CDBG REHABILITATION LOANS

The City makes loans to City residents for the rehabilitation of single-family housing. Initial funding for these loans was from Community Development Block Grant (CDBG) funds. These loans are title transfer loans which are due in full when the housing unit is sold. Repayments of principal on these receivables, which are recorded in the Community Development Block Grant Fund, are used to make additional rehabilitation loans. Loan activity for the current year is summarized as follows:

	Interest Rates	Beginning of Year	Loans Made	Loan Repayments	Loan Write-Off	End of Year
CDBG Rehab Loans	0%	$ 802,378	$ 377,728	$ 21,719	$ -	$ 1,158,387

5. NOTE RECEIVABLE - BERWYN DEVELOPMENT CORPORATION

The City provides low interest lending assistance to local businesses through its partnership with the Berwyn Development Corporation (BDC). The loans are administered by BDC. Notes outstanding at December 31, 2006 are as follows:

$100,000 note receivable in 120 consecutive monthly principal and interest payments of $957.01 commencing January 1, 1999. Interest is calculated on unpaid balances at a variable rate of prime minus 1% adjusted each December 1. The balance of this note at December 31, 2006 was $24,359. The current portion of the note receivable is $10,796.

$320,000 note receivable in 180 consecutive principal and interest payments commencing July 20, 2001. Interest is calculated on unpaid balances at 3.50% per annum. The balance of this note receivable at December 31, 2006 was $216,023. The current portion of the note receivable is $18,149.

5. NOTE RECEIVABLE - BERWYN DEVELOPMENT CORPORATION

$30,000 note receivable in 60 consecutive principal and interest payments of $552.54 commencing November 15, 2002. Interest accrues on unpaid balances at 4% per annum. The balance of this note receivable at December 31, 2006 was $5,425. The current portion of the note receivable is $5,425.

$382,216 note receivable in two consecutive payments of $3,610 commencing November 1, 2005 and 162 consecutive principal and interest payments of $4,183 commencing January 1, 2006. Interest accrues on unpaid balances at 9.50% per annum. The balance of this note receivable at December 31, 2006 was $363,163. The current portion of the note receivable is $14,747.

$39,000 note receivable in 59 consecutive principal and interest payments of $650.00 commencing October 1, 2006 and one final payment of all outstanding liabilities on September 1, 2011. Interest accrues on unpaid balances at a variable rate of prime plus 1% adjusted each December 1. The balance of this note receivable at December 31, 2006 was $37,050. The current portion of the note receivable is $7,800.

$35,000 note receivable in 83 consecutive payments of $416.67 commencing May 31, 2006 and one final payment of all outstanding liabilities on May 1, 2011. Interest accrues on unpaid balances at a variable rate of prime plus 2% adjusted each December 1. The balance of this note receivable at December 31, 2006 was $33,152. The current portion of the note receivable is $5,000.

6. RECEIVABLES

a. Accounts

The accounts receivable for the General Fund and Water and Sewer Fund are reported at $747,019 and $966,080, respectively, net allowances.

b. Other Receivables

The following receivables are included in other receivables on the statement of net assets:

GOVERNMENTAL ACTIVITIES		
Franchise fees	$	75,689
Court fines		38,644
Motor fuel tax		37,719
TOTAL GOVERNMENTAL ACTIVITIES	$	152,052

6. RECEIVABLES (Continued)

c. Due From Other Governments

The following are reported as due from other governments on the statement of net assets:

GOVERNMENTAL ACTIVITIES	
Motor fuel tax allotments	$ 131,372
E-911 surcharges	109,790
CDBG grant receivable	676,988
TOTAL GOVERNMENTAL ACTIVITIES	$ 918,150
BUSINESS-TYPE ACTIVITIES	
Reimbursement for sewer charges	$ 334,018

7. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

a. Primary Government

	Balance January 1 Restated	Additions	Retirements	Balance December 31
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land (including right of ways)	$ 4,086,250	$ -	$ -	$ 4,086,250
Construction in progress	1,760,282	646,435	1,605,224	801,493
Total capital assets not being depreciated	5,846,532	646,435	1,605,224	4,887,743
Capital assets being depreciated				
Infrastructure	-	1,636,094	-	1,636,094
Buildings	10,680,719	-	-	10,680,719
Equipment	963,032	23,843	-	986,875
Land improvements	3,178,191	-	-	3,178,191
Fixtures, furniture, office equipment	213,215	-	-	213,215
Vehicles	5,236,492	276,256	101,820	5,410,928
Total capital assets being depreciated	20,271,649	1,936,193	101,820	22,106,022

7. CAPITAL ASSETS (Continued)

a. Primary Government (Continued)

	Balance January 1 Restated	Additions	Retirements	Balance December 31
GOVERNMENTAL ACTIVITIES (Continued)				
Less accumulated depreciation for				
Infrastructure	$ -	$ 32,722	$ -	$ 32,722
Buildings	2,078,405	268,678	-	2,347,083
Equipment	409,675	73,729	-	483,404
Land improvements	1,926,040	132,476	-	2,058,516
Fixtures, furniture, office equipment	81,871	13,590	-	95,461
Vehicles	2,452,291	388,468	63,824	2,776,935
Total accumulated depreciation	6,948,282	909,663	63,824	7,794,121
Total capital assets being depreciated, net	13,323,367	1,026,530	37,996	14,311,901
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 19,169,899	$ 1,672,965	$ 1,643,220	$ 19,199,644

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES	
General government	$ 40,810
Public safety	471,086
Highways and streets	258,750
Culture and recreation	139,017
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	$ 909,663

	Balance January 1	Additions	Retirements	Balance December 31
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	$ 24,600	$ -	$ -	$ 24,600
Total capital assets not being depreciated	24,600	-	-	24,600
Capital assets being depreciated				
Buildings	633,151	-	-	633,151
Equipment	167,013	-	-	167,013
Land improvements	251,291	-	-	251,291
Infrastructure	108,700,100	-	-	108,700,100
Total capital assets being depreciated	109,751,555	-	-	109,751,555

7. CAPITAL ASSETS (Continued)

a. Primary Government (Continued)

	Balance January 1	Additions	Retirements	Balance December 31
BUSINESS-TYPE ACTIVITIES (Continued)				
Less accumulated depreciation for				
Buildings	$ 278,784	$ 13,770	$ -	$ 292,554
Equipment	51,026	15,400	-	66,426
Land improvements	139,607	13,961	-	153,568
Infrastructure	59,363,819	3,903,207	-	63,267,026
Total accumulated depreciation	59,833,236	3,946,338	-	63,779,574
Total capital assets being depreciated, net	49,918,319	(3,946,338)	-	45,971,981
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	$ 49,942,919	$ (3,946,338)	$ -	$ 45,996,581

8. INDIVIDUAL FUND DISCLOSURES

a. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
Major Governmental Funds		
General	Bond and Interest	$ 4,010,947
	Motor Fuel Tax	607,524
	Police Seizure	11,497
	CDBG	669,218
	Infrastructure Bond	199,463
	Water	2,914
		5,501,563
Cermak TIF	General	1,352,193
	South Berwyn Corridor TIF	281,748
		1,633,941
Total Major Governmental Funds		7,135,504

8. INDIVIDUAL FUND DISCLOSURES (Continued)

a. Due To/From Other Funds (Continued)

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds		
South Berwyn Corridor TIF	General	$ 182,810
Roosevelt TIF	General	337,381
	Cermak TIF	183,921
	Bond and Interest	59,926
Ogden TIF	General	989,228
	Cermak TIF	448,133
	Bond and Interest	194,486
Total Nonmajor Governmental Funds		2,395,885
Water and Sewer	General	2,102,698
	Motor Fuel Tax	8,397
		2,111,095
TOTAL		$ 11,642,484

b. Due To/From Fiduciary Funds

Receivable Fund	Payable Fund	Amount
General	Police Pension	$ 30,558
	Firefighters Pension	76,849
TOTAL		$ 107,407

The purposes of the significant due to/from other funds are as follow:

Reasons for interfunds:

Generally speaking interfund receivables and payables exist for three reasons.

- Vendor payments on behalf of another fund made due to cash flow constraints.
- Timing differences between when a payment was made by one fund and has not yet been reimbursed by the other fund, due to reclassification of expenditures after year end.
- Accumulation of past year's balances which were not repaid annually.

All interfund balances were repaid during the next year.

8. INDIVIDUAL FUND DISCLOSURES (Continued)

c. Transfers

Transfers between funds during the year were as follows:

Fund	Transfers In	Transfers Out
General	$ 1,760,000	$ -
Bond and Interest	552,014	1,500,000
Nonmajor Governmental		
Motor Fuel Tax	-	260,000
Roosevelt Road TIF	-	78,570
Ogden Avenue TIF	-	473,444
TOTAL	$ 2,312,014	$ 2,312,014

The purposes of significant interfund transfers are as follows:

- $1,500,000 bond proceeds transferred from the Bond and Interest Fund to the General Fund for capital improvements as specified in the General Obligation Bond Series 2005 bond ordinance.

- $260,000 transferred from Motor Fuel Tax Fund to General Fund to reimburse prior year expenditures.

- $473,444 and the $78,570 transferred from the Roosevelt Road TIF Fund and the Ogden Avenue TIF Fund, respectively, for debt service payments in the Bond and Interest Fund.

d. Deficit Fund Balance/Net Assets

The Bond and Interest Fund had a deficit in fund balance of $(3,028,916) and the Liability Insurance Fund had a deficit in net assets of $(2,486,001) at December 31, 2006. The City has established a five-year recovery plan to eliminate these deficits.

9. 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 general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are expected to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund general obligation bonds.

9. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

	Fund Debt Retired By	Restated Balances January 1	Issuances	Reductions	Balances December 31	Current Portion
$19,880,000 General Obligation Corporate Purpose Bonds dated November 1, 1998, due in annual installments of $470,000 to $3,655,000 plus interest at 5.0%, due on May 15 and November 15 of each year.	Bond and Interest	$ 15,710,000	$ -	$ 2,650,000	$ 13,060,000	$ 2,885,000
$65,000,000 General Obligation Corporate Purpose Bonds dated February 1, 1999, due in annual installments of $1,705,000 to $4,210,000 plus interest at 3.0% to 5.25%, due on June 1 and December 1 of each year.	Bond and Interest	23,555,000	-	3,710,000	19,845,000	3,865,000
$3,890,000 General Obligation Corporate Purpose Bonds Series 2001 dated June 15, 2001, due in annual installments of $85,000 to $970,000 plus interest at 3.2% to 4.6%, due on June 1 and December 1 of each year.	Bond and Interest	585,000	-	85,000	500,000	90,000

9. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

	Fund Debt Retired By	Restated Balances January 1	Issuances	Reductions	Balances December 31	Current Portion
General Obligation Bond Series of 2002A Capital Appreciation Bonds (dated April 3, 2002; maturing December 1, 2016; original issue $1,355,140; interest rate 4.75% to 5.25%; principal payable on December 1, 2011, 2012, 2013, 2014, 2015, 2016.	Bond and Interest(1)	$ 1,623,803	$ 82,213	$ -	$ 1,706,016	$ -
$1,940,000 General Obligation Corporate Purpose Bonds Series 2002A dated April 3, 2002, due in annual installments of $10,000 to $395,000 plus interest at 3.0% to 5.35%, due on June 1 and December 1 of each year through 2010, December 1 thereafter.	Bond and Interest	1,830,000	-	340,000	1,490,000	350,000
$940,000 General Obligation Corporate Purpose Bonds Series 2002B dated April 3, 2002, due in annual installments of $35,000 to $75,000 plus interest at 3.2% to 5.1%, due on June 1 and December 1 of each year.	Bond and Interest	825,000	-	40,000	785,000	40,000
$19,710,000 General Obligation Refunding Bonds Series 2004 dated March 4, 2004, due in annual installments of $70,000 to $4,480,000 plus interest at 2.0% to 5.0%, due on June 1 and December 1 of each year.	Bond and Interest	19,345,000	-	75,000	19,270,000	75,000

9. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

	Fund Debt Retired By	Restated Balances January 1	Issuances	Reductions	Balances December 31	Current Portion
$8,800,000 General Obligation Corporate Purpose Bonds Series 2005 dated November 10, 2005 due in one installment of $8,800,000 plus interest at 3.97% due on November 1, 2006.	General	$ 8,800,000	$ -	$ 8,800,000	$ -	$ -
$8,850,000 General Obligation Corporate Purpose Bonds Series 2006 dated October 31, 2006, due in one installment of $8,850,000 plus interest at 4.35%, due on October 1, 2007.	General	-	8,850,000	-	8,850,000	8,850,000
TOTAL		$ 72,273,803	$ 8,932,213	$ 15,700,000	$ 65,506,016	$ 16,155,000

(1) These bonds are capital appreciation bonds. The amount shown in the "Issuances" column includes an $82,213 increase in the accreted value of the bonds during the fiscal year ended December 31, 2006.

b. Notes Payable

The City entered into a $423,000 promissory note dated September 23, 2003 (as amended September 23, 2005) for acquisition of police dispatch equipment. The note, which matures on September 23, 2007 is due in monthly installments of 1/12th of the outstanding principal balance plus interest accruing at .75% of prime annum. Principal payments made in 2006 totaled $115,184. The total amount outstanding under the note at December 31, 2005 was $20,536. Debt service on the note is an expenditure of the Emergency 911 Telephone System Fund.

The City entered into a $478,840 lease financing agreement on June 23, 2004 for the acquisition of a fire truck. An initial payment of $152,000 was made on June 23, 2004. The balance of the financed amount is due in annual installments of $56,834 (including interest at 5.392% per annum) commencing April 23, 2005 through April 23, 2011. Principal payments made in 2006 totaled $41,472. The total amount outstanding under the agreement at December 31, 2006 was $243,416. Debt service on the agreement is an expenditure of the General Fund.

9. LONG-TERM DEBT (Continued)

b. Notes Payable (Continued)

The City entered into a lease financing agreement in November 2005 for the purchase of two ambulances. The balance of the financed amount is due in annual installments, including interest at 4.73%. The total amount outstanding under the agreement at December 31, 2006 was $129,937. Principal payments made in 2006 totaled $29,457. Debt service on the agreement is an expenditure of the General Fund.

The City entered into a $106,747 lease financing agreement in June 2006 for the purchase of a Case wheel loader. The balance of the financed amount is due in monthly installments, including interest at 7.50%. The total amount outstanding under the agreement at December 31, 2006 was $94,849. Principal payments made in 2006 totaled $11,898. Debt service on the agreement is an expenditure of the General Fund.

The City entered into a $1,939,507 loan on April 10, 2006 for the purchase of certain real property and program costs. The balance of the financed amount is due in quarterly installments, including variable interest at 9.25%. The total amount outstanding under the agreement at December 31, 2006 was $1,823,136. Principal payments made in 2006 totaled $116,370. Debt service on the agreement is an expenditure of the South Berwyn Corridor TIF Fund.

The City entered into a $725,000 loan on February 8, 2006 for the purchase of real property. The balance is due in quarterly installments, including variable interest at 9.25%. The total amount outstanding under the agreement at December 31, 2006 was $650,641. Principal payments made in 2006 totaled $74,359. Debt service on the agreement is an expenditure of the Roosevelt TIF Fund.

c. Debt Service Requirements to Maturity

Year Ending December 31,	Notes Payable Governmental Activities			General Obligation Bonds Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2007	$ 345,658	$ 245,962	$ 591,620	$ 16,155,000	$ 2,830,656	$ 18,985,656
2008	330,600	219,986	550,586	7,750,000	2,154,692	9,904,692
2009	336,407	192,802	529,209	8,200,000	1,808,170	10.008.170
2010	340,225	165,419	505,644	8,680,000	1,435,630	10.115.630
2011	283,446	138,833	422,279	4,305,000	1,050,086	5,355,086
2012	229,519	114,764	344,283	4,330,000	877,076	5,207,076
2013	229,520	93,463	322,983	4,535,000	660,726	5,195,726
2014	229,519	72,233	301,752	1,715,000	434,142	2,149,142
2015	210,930	51,002	261,932	1,855,000	348,556	2,203,556

9. LONG-TERM DEBT (Continued)

c. Debt Service Requirements to Maturity (Continued)

Year Ending December 31,	Notes Payable Governmental Activities Principal	Interest	Total	General Obligation Bonds Governmental Activities Principal	Interest	Total
2016	$ 155,160	$ 34,087	$ 189,247	$ 1,940,000	$ 269,328	$ 2,209,328
2017	155,160	19,734	174,894	2,045,000	186,488	2,231,488
2018	116,371	5,382	121,753	2,145,000	99,154	2,244,154
2019	-	-	-	70,000	7,396	77,396
2020	-	-	-	75,000	3,826	78,826
TOTAL	$ 2,962,515	$ 1,353,667	$ 4,316,182	$ 63,800,000	$ 12,165,926	$ 75,965,926

The annual requirements to amortize to maturity capital appreciation bonds outstanding as of December 31, 2006 are as follows:

Fiscal Year	Principal	Interest Accretion
2007	$ -	$ 86,381
2008	-	90,760
2009	-	95,362
2010	-	100,197
2011	410,000	105,256
2012	410,000	90,889
2013	410,000	75,421
2014	415,000	58,577
2015	410,000	40,203
2016	415,000	20,937
TOTAL	$ 2,470,000	$ 763,983

d. Changes in Long-Term Liabilities

During the fiscal year, the following changes occurred in liabilities reported on the schedule of long-term liabilities payable by governmental funds:

Primary Government

	Restated Balances January 1	Additions	Reductions	Balances December 31	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General obligation bonds payable	$ 72,273,803	$ 8,932,213	$ 15,700,000	$ 65,506,016	$ 16,155,000
Installment notes payable	686,749	2,664,507	388,740	2,962,516	345,657
Total bonds	72,960,552	11,596,720	16,088,740	68,468,532	16,500,657

9. LONG-TERM DEBT (Continued)

d. Changes in Long-Term Liabilities (Continued)

Primary Government (Continued)

	Restated Balances January 1	Additions	Reductions	Balances December 31	Due Within One Year
GOVERNMENTAL ACTIVITIES (Continued)					
Unamortized premium	$ 1,674,919	$ -	$ 186,102	$ 1,488,817	$ -
Unamortized loss on refunding	(1,917,975)	-	(213,108)	(1,704,867)	-
Total bond obligation	72,717,496	11,596,720	16,061,734	68,252,482	16,500,657
Claims payable	2,177,601	1,797,979	966,171	3,009,409	347,538
Net pension obligation	107,785	-	-	107,785	-
Compensated absences payable	765,980	1,716,728	37,359	2,445,349	280,275
TOTAL GOVERNMENTAL ACTIVITIES	$ 75,767,862	$ 15,111,427	$ 17,065,264	$ 73,815,025	$ 17,128,470
BUSINESS-TYPE ACTIVITIES					
Compensated absences	$ 7,090	$ 44,100	$ 2,988	$ 48,202	$ 10,762

e. Legal Debt Margin

The City is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution 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.

9. LONG-TERM DEBT (Continued)

f. Advance Refunding

On March 4, 2004, the City issued $19,710,000 General Obligation Refunding Bond, Series 2004 to refund $19,035,000 of the General Obligation Corporate Purpose Bond, Series 1999 due as follows: $4,400,000 due December 1, 2010, $4,115,000 due December 1, 2011, $4,300,000 due December 1, 2012, $4,515,000 due December 1, 2013 and $1,705,000 due December 1, 2014. Through the refunding, the City reduced its debt service by $587,386 and had an economic gain of $501,762. Of the proceeds, $21,379,191 of the General Obligation Refunding Bonds, Series 2004 has been deposited into an irrevocable trust to provide for all future debt service payments on Series 1999 Bonds. Conditions for defeasance have been met and the liability has been removed from the financial statements. General Obligation Corporate Purpose Bond, Series 1999 bonds totaling $19,845,000 remain outstanding at December 31, 2006.

g. Noncommitment Debt

Conduit Debt

The City has issued Industrial Development Revenue Bonds (IDRBs) to provide financial assistance to private organizations for the construction and acquisition of industrial and commercial improvements deemed to be in the public interest. The bonds are secured solely by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as a liability in these financial statements. As of December 31, 2006, there was one series of IDRBs outstanding. The aggregate principal amount payable for the IDRBs outstanding was $1,256,595.

10. 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; natural disasters for which the City carries commercial insurance. The City has established a limited self-insurance program for workers' compensation and liability claims. The City is self-insured for the first $750,000 for liability claims and $400,000 for workers' compensation claims. Commercial insurance is carried for amounts in excess of the self-insured amounts. There has been no significant reduction in coverage in any program from coverage in the prior year. For all programs, settlement amounts have not exceeded insurance coverage for the current or three prior years. The City's self-insurance activities are reported in the Self-Insurance Retention Fund which is an internal service fund.

10. RISK MANAGEMENT (Continued)

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Reported liabilities are actuarially determined and include an amount for claims that have been incurred but not reported. The total claims liability as of December 31, 2006 was $3,009,410.

The City has purchased insurance from private insurance companies for employee health insurance. Risks covered include medical, dental, and other. Premiums have been displayed as expenditures/expenses in appropriate funds. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current or the three prior years.

A reconciliation of claims liability for the current year and that of the preceding year follows:

	Total	
	Fiscal Year Ended December 31	
	2006	2005
UNPAID CLAIMS, BEGINNING OF YEAR	$ 2,177,601	$ 1,500,691
Incurred claims (including IBNR)	2,848,120	2,208,452
Claim payments	(2,016,311)	(1,531,542)
UNPAID CLAIMS, END OF YEAR	$ 3,009,410	$ 2,177,601

11. CONTINGENT LIABILITIES

a. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City Attorney, 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 that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

11. CONTINGENT LIABILITIES (Continued)

c. Home Equity Assurance Program

In prior years the City allowed its residents to participate in a Home Equity Assurance Program wherein residents' home market values were guaranteed by the City not to depreciate. Each participating resident, after submitting an appraisal along with the application and appropriate fee, received a Certificate of Participation. There is no expiration date on the Certificates. Given the current real estate market in the City, the City has determined that it has no exposure to liability related to this program as of the date of this report.

d. Loan Guarantees - Berwyn Development Corporation (BDC)

During 2006 BDC maintained agreements with seven local financial institutions establishing a $4,200,000 line of credit to fund community renovation and business investment projects. The balance drawn under this credit line as December 31, 2006 as $3,302,326. The City is the guarantor of amounts drawn under this line of credit.

12. ECONOMIC DEVELOPMENT AND REDEVELOPMENT AGREEMENTS

In 2002, the City entered into a tax incentive agreement with an automobile dealership who wished to acquire two new automobile franchises. Under the terms of the agreement, the City would reimburse the vendor for its principal and interest payments incurred under the development loan in an amount equal to the municipal sales tax derived solely from sales and service revenue on the two new automobile dealerships. Payments were scheduled on a quarterly basis.

The City determined that the addition of two new automobile franchises substantially added to the City's tax base, increased employment opportunities and generated new tax revenue, and therefore the City was willing to reimburse the vendor for the costs of remodeling and rehabilitation to the extent of compliance with existing TIF laws. The City advanced the vendor $1,200,000 to fund the costs of the improvements under the first amendment to the incentive agreement dated April 29, 2002. The new automobile franchises were not able to generate enough revenue to meet expenses and, on November 18, 2004, the vendor filed for bankruptcy relief under Chapter 11 of Title 11 of the United States Code.

On August 10, 2005, the City agreed to enter into a second amendment to the economic incentive agreement with the vendor predicated on the repayment of the outstanding loan and the provision of a signed lease agreement for operation of the dealership. The vendor's liability to the City was repaid on April 24, 2005. Upon commencement of operation of the new dealership, the City agreed to reimburse the vendor for interest paid on the new debt to the extent that municipal sales tax exceeds $90,000 per annum (limited to one-third if interest due and owing under TIF law). The reimbursements are to be made monthly upon receipt of sales tax reports from the Illinois Department of Revenue and limited to $7,500 per month. The agreement terminates on December 31, 2017. $7,500 in payments were made to the vendor under the terms of this account in 2006

12. ECONOMIC DEVELOPMENT AND REDEVELOPMENT AGREEMENTS

Concurrent with the second amendment to the agreement, the City agreed to pay the Berwyn Development Corporation (BDC) the sum of $87,000 for sums disbursed to the vendor by the BDC under the previous agreements.

13. POST-EMPLOYMENT BENEFITS

The City offers post-employment health care benefits in accordance with Illinois Compiled Statutes and the personnel policy manual of the City. All employees who are eligible to receive a monthly pension benefit from one of the City's pension plans are eligible to purchase post-retirement health care benefits. Qualified dependents of eligible retirees may also continue to be covered by the City's plan.

In addition to providing the pension benefits described, the City provides certain health care benefits, in accordance with the personnel policy manual, to all employees who have worked for the City for a minimum of ten years and who receive a pension from the City through the Illinois Municipal Retirement Fund or Police or Firefighters' Pension Funds. The retiree pays 100% of the cost each month for retiree health insurance premiums. Currently, there are 19 participants eligible to receive benefits. For the fiscal year those costs total $264,600. Accordingly, no liability has been recorded for post-employment health care benefits. The benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan.

14. DEFINED BENEFIT PENSION PLANS

a. Plan Descriptions

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 the Police and Firefighters' Pension Plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police and Firefighters' Pension Plans issue separate reports on the pension plans and are available for inspection at City Hall. However, 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 from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund

All employees (other than those covered by the Police or Firefighters' plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 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.

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 the IMRF as specified by statute. The employer contribution for the year ended December 31, 2005 was 9.41% of covered payroll.

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40 - Article 5/3) and may be amended only by the Illinois legislature. Administrative costs are financed through investment earnings. The City accounts for the plan as a pension trust fund.

At December 31, 2006 the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	57
Terminated employees entitled to benefits but not yet receiving them	-
Current employees	
Vested	63
Nonvested	28
TOTAL	148

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% 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 pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% simple interest annually thereafter.

Covered employees are required 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. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the City has until 2033 to fully fund the past service cost for the Police Pension Plan. For the year ended December 31, 2005, the City's contribution was 8.43% of covered payroll.

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois Compiled Statutes (Chapter 40 - Article 5/4) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. At December 31, 2005, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	58
Terminated employees entitled to benefits but not yet receiving them	-
Current employees	
Vested	46
Nonvested	21
TOTAL	125

14. 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. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by 1/12 of 2.50% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly 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 retirement benefit. The monthly pension of a firefighter 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 paid upon reaching at least the age 55, by 3% of the original pension and 3% annually thereafter.

Covered employees are required to contribute 8.455% of their 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. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the City has until the year 2033 to fully fund the past services costs for the Firefighters' Pension Plan. For the year ended December 31, 2005 the City's contribution was 39.536% of covered payroll.

b. Summary of Significant Accounting Policies and Plan Asset Matters

The costs of administering the Police and Firefighters' Pension Plans are financed through employer and employee contributions.

The benefits and refunds of the Police and Firefighters' Pension Plans are recognized when due and payable in accordance with the terms of the Police and Firefighters' Pension Plans.

14. DEFINED BENEFIT PENSION PLANS (Continued)

c. Annual Pension Cost

	Illinois Municipal Retirement Fund	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2003	December 31, 2004	December 31, 2004
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	27 Years, Open	29 Years, Closed	29 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	1.00%	1.00%	1.00%
d) Post-Retirement Benefit Increases	None	3.00%	3.00%

14. DEFINED BENEFIT PENSION PLANS (Continued)

d. Net Pension Obligation

The City's annual pension cost and net pension obligation (asset) for the current year were as follows:

	*Police Pension	*Firefighters' Pension
Annual required contributions	$ 1,745,404	$ 1,675,564
Interest on net pension obligation	8,882	(3,741)
Adjustment to annual required contribution	(5,225)	2,201
Annual pension cost	1,749,061	1,674,024
Contributions made	1,768,163	1,729,719
Increase (decrease) in net pension obligation (asset)	(19,102)	(55,695)
Net pension obligation (asset) beginning of year	126,887	(53,441)
NET PENSION OBLIGATION (ASSET) END OF YEAR	$ 107,785	$ (109,136)

* An actuarial valuation was not performed or updated for the year audited for the Police Pension Fund and Firefighters' Pension Fund.

e. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

	Fiscal Year	Illinois Municipal Retirement Fund	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2004	$ 435,479	$ 1,749,061	$ 1,674,024
	2005	558,285	N/A	N/A
	2006	592,030	N/A	N/A
Actual contribution	2004	$ 435,479	$ 1,768,163	$ 1,729,719
	2005	558,285	1,863,929	1,859,590
	2006	592,030	1,897,007	2,034,480
Percentage of APC contributed	2004	100.00%	101.09%	103.30%
	2005	100.00%	N/A	N/A
	2006	100.00%	N/A	N/A

14. DEFINED BENEFIT PENSION PLANS (Continued)

e. Trend Information (Continued)

	Fiscal Year	Illinois Municipal Retirement Fund	Police Pension	Firefighters' Pension
NPO (Asset)	2004	$ -	$ 107,785	$ (109,136)
	2005	-	N/A	N/A
	2006	-	N/A	N/A

15. PRIOR PERIOD ADJUSTMENTS

The City has restated fund balances/net assets as of January 1, 2006 to account for:

The effect of the restatements on the individual funds are as follows:

	Major Governmental	Nonmajor Governmental
	General	Motor Fuel Tax
FUND BALANCES/NET ASSETS, JANUARY 1 (as previously reported	$ 6,505,920	$ 2,067,788
Restated for:		
a) Correct recording of interfund balances	(11,573)	38,179
b) Accounting correction for grant revenue recognition	24,185	-
c) Correct recording of compensated absences	(37,359)	-
	(24,747)	38,179
FUND BALANCES/NET ASSETS, JANUARY 1, RESTATED	$ 6,481,173	$ 2,105,967

The City also restated the beginning net assets for governmental activities by the following amounts: $1,863,030 to correct the cost of capital assets capitalized; $(27,125) to correct depreciation on capital assets; and $37,359 to correct compensated absences. The effect of the restatements on the net assets from governmental activities was $1,873,264.

The combined effect on fund balance/net assets for governmental activities on the Statement of Activities is $1,886,696.

15. PRIOR PERIOD ADJUSTMENTS (Continued)

The net assets of the Water and Sewer Fund were restated as of January 1, 2006 as follows:

NET ASSETS, JANUARY 1, (as previously reported)	$ 54,238,937
Restated for:	
a) Accounting corrections for revenues and expenses	199,806
NET ASSETS, JANUARY 1, RESTATED	$ 54,438,743

The net assets of the Firefighters' Pension Fund were restated as of January 1, 2006 as follows:

NET ASSETS, JANUARY 1, (as previously reported)	$ 16,340,306
Restated for:	
a) Accounting corrections for revenues and expenses	95,127
NET ASSETS, JANUARY 1, RESTATED	$ 16,435,433

16. SUBSEQUENT EVENTS

On May 22, 2007 the City declared its intention to issue general obligation bonds in order to refund certain existing debt as well as create new funds for various capital improvements. It is estimated that the City will issue $47,300,000, which will include $17,650,000 to fund the capital needs of the City. The issue is scheduled for mid-July 2007.

17. COMPONENT UNIT - BERWYN DEVELOPMENT CORPORATION (BDC)

a. Summary of Significant Accounting Policies

The purpose of the BDC is to serve the residents of the City of Berwyn as a charitable and educational organization in the following ways:

1) By encouraging communication between the local business community, various business organizations, government officials, educational and recreational bodies, civic and ethnic groups, local service providers and the community residents as a resource planning group for the purpose of identifying community problems and facilitating constructive solutions.

2) By producing and publishing material designed to educate residents about community resource and development issues and to promote community spirit and cooperation among the various ethnic and cultural parts of the City.

17. COMPONENT UNIT - BERWYN DEVELOPMENT CORPORATION (BDC) (Continued)

a. Summary of Significant Accounting Policies (Continued)

3) By encouraging local businesses and area residents to renovate and improve private property within the community so as to counteract the natural deterioration of the homes and commercial properties due to age and use.

4) By developing plans and resources intended to improve the overall economic conditions of the City and to encourage local business and employment opportunities.

The BDC is exempt from Federal income taxes under the provisions of IRC code section 501(c)(3); however, it remains subject to the payment of income taxes on net earnings from unrelated business income.

Method of Accounting

The financial statements of the BDC have been prepared on the accrual basis of accounting where revenues and expenses are recognized when earned or incurred.

Cash Equivalents

Cash equivalents consist of all restricted and unrestricted investments primarily composed of one checking, one money market and two certificates of deposit accounts.

Furniture and Equipment

Furniture and equipment are stated at their historic costs. Depreciation is computed using a straight-line method over the estimated economic useful asset life.

b. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of asset and liability accounts and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the reporting period. Actual results could vary from the estimates that were used.

c. Notes Receivable

There are currently eight notes funded through the line of credit. Draws against the line of credit to fund such notes amounted to $3,312,476 as of December 31, 2006.

17. COMPONENT UNIT - BERWYN DEVELOPMENT CORPORATION (BDC) (Continued)

d. Long-Term Debt - Notes Payable

During 2006 the BDC maintained agreements with seven local financial institutions establishing a $4,200,000 line of credit to fund community renovation and business investment projects. The balance of this credit line at December 31, 2006 is $3,302,326. The City is the guarantor of this line of credit and has final approval of all loans funded under this program.

e. Lease Commitments

The BDC expects to pay $500 per month for facilities rent during 2007.

f. Activities with the City of Berwyn Funding Authorizations

BDC continues its partnership with the City to being low interest lending assistance to local businesses. The BDC provides the required documentation and administers the loan program, as noted under point (c) above. The BDC manages the City loan program and such loans are reported as part of the City's annual audit. The BDC also manages the tax incremental finance projects (TIF) within the City's four TIF Redevelopment Districts on behalf and for the benefit of the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2006

	Original and Final Budget	Actual	Variance (Under) Over
REVENUES			
Property taxes	$ 8,770,000	$ 8,610,530	$ 159,470
Other taxes	16,992,658	17,605,472	(612,814)
Charges for services	5,174,775	5,171,263	3,512
Fines and fees	1,918,600	2,113,542	(194,942)
Licenses and permits	2,340,800	2,474,544	(133,744)
Intergovernmental	3,885,894	1,681,859	2,204,035
Investment income	3,000	139,950	(136,950)
Miscellaneous	597,184	697,301	(100,117)
Total revenues	39,682,911	38,494,461	1,188,450
EXPENDITURES			
Current			
General government	9,038,492	3,769,646	5,268,846
Public safety	21,836,131	28,963,856	(7,127,725)
Highways and streets	2,377,941	2,548,672	(170,731)
Sanitation	2,500,000	2,516,150	(16,150)
Economic development	1,845,230	551,716	1,293,514
Culture and recreation	3,221,969	3,620,208	(398,239)
Capital outlay	2,831,000	564,576	2,266,424
Debt service			
Principal	205,867	82,827	123,040
Interest and fiscal charges	-	28,231	(28,231)
Total expenditures	43,856,630	42,645,882	1,210,748
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,173,719)	(4,151,421)	(22,298)
OTHER FINANCING SOURCES (USES)			
Transfers in	230,000	1,760,000	(1,530,000)
Total other financing sources (uses)	230,000	1,760,000	(1,530,000)
NET CHANGE IN FUND BALANCE	$ (3,943,719)	(2,391,421)	$ (1,552,298)
FUND BALANCE, JANUARY 1		6,505,920	
Prior period adjustment		(24,747)	
FUND BALANCE, JANUARY 1, RESTATED		6,481,173	
FUND BALANCE, DECEMBER 31		$ 4,089,752	

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2006

	Original and Final Budget	Actual
REVENUES		
Property taxes	$ 1,200,000	$ 1,636,704
Investment income	15,000	82,339
Miscellaneous	10,000	-
Total revenues	1,225,000	1,719,043
EXPENDITURES		
Economic development	566,000	462,529
Total expenditures	566,000	462,529
NET CHANGE IN FUND BALANCE	$ 659,000	1,256,514
FUND BALANCE, JANUARY 1		7,257,090
FUND BALANCE, DECEMBER 31		$ 8,513,604

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2006

Actuarial Valuation Date December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2) - (1)	(5) Covered Payroll	UAAL (OAAL) As a Percentage of Covered Payroll (4) / (5)
2001	$ 12,308,123	$ 10,870,452	113.23%	$ (1,437,671)	$ 5,302,830	(27.11%)
2002	12,578,616	11,909,930	105.61%	(668,686)	5,378,422	(12.43%)
2003	12,989,614	13,311,522	97.58%	321,908	5,786,458	5.56%
2004	13,496,651	14,348,663	94.06%	852,012	5,814,144	14.65%
2005	11,613,334	13,100,333	88.65%	1,486,999	6,290,662	23.64%
2006	12,505,083	13,774,676	90.78%	1,269,593	6,291,500	20.18%

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

December 31, 2006

Actuarial Valuation Date January 1	(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	UAAL As a Percentage of Covered Payroll (4) / (5)
2001	$ 17,691,679	$ 39,184,902	45.15%	$ 21,493,223	$ 4,962,447	433.12%
2002	19,280,581	41,764,629	46.16%	22,484,048	5,150,191	436.57%
2003	20,479,784	44,406,190	46.12%	23,926,406	5,434,929	440.23%
2004	20,479,784	44,406,190	46.12%	23,926,406	5,434,929	440.23%
2005	24,288,337	51,067,214	47.56%	26,778,877	5,933,624	451.31%
2006	26,814,527	57,601,314	46.55%	30,786,787	6,135,034	501.82%

N/A - Information not available

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
FIREFIGHTERS' PENSION FUND

December 31, 2006

Actuarial Valuation Date January 1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (OAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
2001	$ 12,981,120	$ 36,674,508	35.40%	$ 23,693,388	$ 3,777,442	627.23%
2002	12,477,865	38,316,627	32.57%	25,838,762	4,004,612	645.23%
2003	14,315,724	39,496,577	36.25%	25,180,853	4,171,677	603.61%
2004	15,394,935	42,820,266	35.95%	27,425,331	4,271,136	642.11%
2005	15,422,404	46,005,391	33.52%	30,582,987	4,375,082	699.03%
2006	16,425,367	49,165,979	33.41%	32,740,612	4,636,587	706.14%

N/A - Information not available

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2006

Calendar Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2001	$ 219,537	$ 219,537	100.00%
2002	238,802	238,802	100.00%
2003	344,873	344,873	100.00%
2004	435,479	435,479	100.00%
2005	558,285	558,285	100.00%
2006	592,030	592,030	100.00%

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

December 31, 2006

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed	Net Pension Obligation (Asset)
2001	$ 1,608,000	$ 161,010	998.70%	N/A
2002	1,707,756	1,665,807	102.52%	$ 119,570
2003	1,736,728	1,665,807	104.26%	126,887
2004	1,768,163	1,749,061	101.09%	107,785
2005	1,859,590	1,981,989	93.82%	107,785
2006	1,893,048	2,288,703	82.71%	N/A

N/A - Information not available

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

December 31, 2006

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed	Net Pension Obligation (Asset)
2001	$ 632,231	$ 564,085	112.08%	$ (337,809)
2002	844,205	784,543	107.60%	38,623
2003	1,015,764	1,033,464	98.29%	(53,441)
2004	1,729,719	1,675,564	103.30%	(109,136)
2005	1,859,590	N/A	N/A	(109,136)
2006	2,034,480	2,431,808	N/A	N/A

N/A - Information not available

(See independent auditor's report.)

1. BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue Funds (except the Police Seizure, D.A.R.E. Education, Emergency 911 Telephone System, and Foreign Fire Insurance Funds), Debt Service, Enterprise, and Pension Trust Funds. All annual appropriations lapse at fiscal year end. No budget amendments were made for the current fiscal year and are reflected in these financial statements.

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

a. The Mayor submits to the City Council Members a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

b. Public hearings are conducted by the City to obtain taxpayer comments.

c. Subsequently, the budget is legally enacted through passage of an ordinance.

d. Formal budgetary integration is employed as a management control device during the year for all funds except the Police Seizure, D.A.R.E. Education, Emergency 911 Telephone System, Foreign Fire Insurance, and Infrastructure Bond.

e. Budgets, as described above, are adopted on a basis consistent with generally accepted accounting principles.

f. Legal level of budgetary control is at the department level in the general fund or fund level for all other funds.

g. Budgetary authority lapses at year end.

h. State law requires that “expenditures be made in conformity with the budget.” Transfers between line items in cost centers may be made by administrative action. Any amount to be transferred between cost centers and/or funds would require Council approval.

i. Budgeted amounts are as originally adopted, with the exceptions of Council approved budget amendments which are reflected in the financial statements.

2. EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

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

Fund	Excess
General Fund	
Mayor's Office	$ 56,100
City Clerk's Office	1,297
Treasurer's Office	326
Legal Department	39,571
Finance Department	372,962
Human Resources	7,497
Fire Department	3,367,169
Police Department	3,750,487
Neighborhood Affairs	10,069
Streets	129,579
Forestry	41,152
Garbage	16,150
Community Development	18,467
Library Department	282,594
Recreation	102,182
Youth Commission	13,463
Roosevelt Road TIF	837,981
Bond and Interest Debt Service	9,194,462
South Berwyn Corridor TIF	1,426,669

MAJOR GOVERNMENTAL FUNDS

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2006

	Original and Final Budget	Actual
REVENUES		
Property taxes	$ 10,300,000	$ 8,980,127
Investment income	12,000	32,695
Total revenues	10,312,000	9,012,822
EXPENDITURES		
Debt service		
Principal	3,435,500	15,700,000
Interest and fiscal charges	6,241,602	3,117,729
Bond issuance costs	-	53,835
Total expenditures	9,677,102	18,871,564
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	634,898	(9,858,742)
OTHER FINANCING SOURCES (USES)		
Transfers in	-	552,014
Transfers out	-	(1,500,000)
Bonds issued, at par	-	8,850,000
Total other financing sources (uses)	-	7,902,014
NET CHANGE IN FUND BALANCE	$ 634,898	(1,956,728)
FUND BALANCE (DEFICIT), JANUARY 1		(1,072,188)
FUND BALANCE (DEFICIT), DECEMBER 31		$ (3,028,916)

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2006

	Original and Final Budget	Actual
PROPERTY TAXES		
Property taxes - general	$ 8,770,000	$ 8,610,530
Total property taxes	8,770,000	8,610,530
OTHER TAXES		
Personal property replacement	-	218,026
State income	4,585,000	5,132,141
State sales	2,750,000	2,886,605
Home rule sales	2,027,000	1,957,207
Municipal utility	3,895,658	3,979,120
Real estate transfer	3,200,000	2,915,139
Liquor	166,000	169,765
Gas	201,000	208,602
Video	74,000	64,909
Parking lot	94,000	68,967
Pull tabs and jar games	-	4,991
Total other taxes	16,992,658	17,605,472
CHARGES FOR SERVICES		
Garbage fees	3,100,000	2,968,711
Commuter parking meters	57,000	61,022
Insurance contributions	293,000	-
Paramedic services	863,875	1,197,076
Recreation/athletic	316,500	347,284
Youth commission	15,000	150
Police and fire reports	25,500	26,522
Franchise fees	322,000	367,600
Funeral director fees	2,000	1,180
Towing fees	38,000	103,458
Zoning fees	1,000	2,375
Bus program	24,000	-
Range rental	12,000	9,100
Library rental	25,000	25,437
Other charges	79,900	61,348
Total charges for services	5,174,775	5,171,263
FINES AND FORFEITURES		
Court fines	208,000	191,209
Violation fines	1,414,000	1,508,302
Local ordinance fines	3,000	3,750
Adjudication court fines	148,000	216,333
Compliance tickets	120,000	107,985
False alarm fees	10,000	11,050
Other fines and fees	15,600	74,913
Total fines and forfeitures	1,918,600	2,113,542

(This schedule is continued on the following page.)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2006

	Original and Final Budget	Actual
LICENSES AND PERMITS		
Licenses	$ 520,000	$ 485,803
Permits	650,000	800,948
Automobile	1,011,100	1,039,073
Compliance	157,000	142,360
Pet tags	2,700	6,360
Total licenses and permits	2,340,800	2,474,544
INTERGOVERNMENTAL		
Highway maintenance	95,000	134,467
Library	300,000	341,767
Senior center	250,000	-
CDBG	574,269	548,121
Senior citizens programs	5,900	5,229
16th Street repaving	1,100,000	-
26th Street streetscaping	768,000	-
Public works	10,000	-
Youth in crisis	80,000	-
Fire department	461,725	220,041
Police	73,000	93,005
Badge	18,000	16,999
DCEO	-	227,845
Traffic safety	-	13,527
Outreach	150,000	80,858
Total intergovernmental	3,885,894	1,681,859
INVESTMENT INCOME		
Investment income	3,000	139,950
Total investment income	3,000	139,950
OTHER REVENUES		
Reimbursements	231,350	417,827
Other	365,834	279,474
Total other revenues	597,184	697,301
TOTAL REVENUES	$ 39,682,911	$ 38,494,461

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2006

	Final Budget	Actual
GENERAL GOVERNMENT		
Mayor's Office		
Personal services	$ 216,848	$ 258,505
Contractual services	11,800	12,206
Commodities and supplies	800	555
Miscellaneous	17,500	31,782
Total Mayor's Office	246,948	303,048
City Clerk's Office		
Personal services	211,618	214,124
Commodities and supplies	5,500	6,374
Maintenance and repairs	9,400	9,396
Miscellaneous	9,000	6,921
Total City Clerk's Office	235,518	236,815
Treasurer's Office		
Personal services	11,711	12,037
Total Treasurer's Office	11,711	12,037
City Council		
Personal services	180,374	184,365
Commodities and supplies	20,000	1,071
Miscellaneous	36,000	26,484
Total City Council	236,374	211,920
Legal Department		
Personal services	88,331	72,043
Contractual services	400,000	397,191
Commodities and supplies	500	2,168
Miscellaneous	-	57,000
Total Legal Department	488,831	528,402
Finance Department		
Personal services	683,264	670,144
Contractual services	60,500	476,792
Commodities and supplies	107,100	37,244
Maintenance and repairs	8,500	11,199
Utilities	31,500	48,324
Miscellaneous	24,000	44,123
Total Finance Department	914,864	1,287,826

(This schedule is continued on the following pages.)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2006

	Final Budget	Actual
GENERAL GOVERNMENT (Continued)		
Computer Service Department		
Personal services	$ 167,738	$ 150,152
Contractual services	78,000	112,852
Commodities and supplies	20,800	16,125
Maintenance and repairs	70,000	63,368
Equipment	189,000	142,645
Total Computer Service Department	525,538	485,142
Zoning Boards of Appeals		
Personal services	12,000	13,021
Commodities and supplies	3,350	1,021
Miscellaneous	1,500	1,335
Total Zoning Boards of Appeals	16,850	15,377
Fire and Police Commissioners		
Personal services	18,120	18,263
Miscellaneous	14,000	9,461
Total Fire and Police Commissioners	32,120	27,724
Human Resources		
Personal services	176,838	185,369
Contractual services	7,500	7,400
Commodities and supplies	1,500	566
Total Human Resources	185,838	193,335
Community Outreach		
Personal services	298,918	223,018
Contractual services	23,400	12,318
Commodities and supplies	16,500	4,499
Maintenance and repairs	9,200	7,173
Miscellaneous	30,640	33,841
Total Community Outreach	378,658	280,849
Committees		
Contractual services	90,000	86,277
Miscellaneous	11,500	27
Total committees	101,500	86,304

(This schedule is continued on the following pages.)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2006

	Final Budget	Actual
GENERAL GOVERNMENT (Continued)		
Interdepartmental charges		
Property and liability claims	$ 5,663,742	$ 100,867
Total interdepartmental charges	5,663,742	100,867
Total general government	9,038,492	3,769,646
PUBLIC SAFETY		
Fire Department		
Personal services	6,499,685	7,789,370
Pension contributions	-	2,053,896
Contractual services	1,127,505	1,261,527
Commodities and supplies	369,850	219,346
Maintenance and repairs	106,400	121,311
Equipment	27,000	52,159
Total Fire Department	8,130,440	11,497,609
Police Department		
Personal services	11,418,746	13,398,783
Pension contributions	-	1,893,048
Contractual services	198,276	139,128
Commodities and supplies	364,000	292,105
Maintenance and repairs	184,200	193,704
Equipment	11,000	10,444
Miscellaneous	271,000	270,497
Total Police Department	12,447,222	16,197,709
Neighborhood affairs		
Personal services	821,154	863,196
Contractual services	211,500	193,831
Commodities and supplies	19,500	35,491
Maintenance and repairs	91,315	133,808
Utilities	115,000	42,212
Total neighborhood affairs	1,258,469	1,268,538
Total public safety	21,836,131	28,963,856

(This schedule is continued on the following pages.)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2006

	Final Budget	Actual
HIGHWAYS AND STREETS		
Streets		
Personal services	$ 1,539,196	$ 1,733,097
Contractual services	25,748	66,406
Commodities and supplies	173,800	151,477
Maintenance and repairs	138,200	225,407
Utilities	180,000	10,136
Total streets	2,056,944	2,186,523
Forestry		
Personal services	287,997	316,522
Commodities and supplies	8,000	60
Maintenance and repairs	25,000	45,567
Total forestry	320,997	362,149
Total highways and streets	2,377,941	2,548,672
SANITATION		
Garbage		
Contractual services	2,500,000	2,516,150
Total garbage	2,500,000	2,516,150
Total sanitation	2,500,000	2,516,150
ECONOMIC DEVELOPMENT		
Community relations		
Personal services	1,363,462	52,158
Contractual services	3,500	-
Commodities and supplies	500	-
Miscellaneous	500	3,883
Total community relations	1,367,962	56,041
Community development		
Personal services	452,658	451,611
Contractual services	2,000	28,243
Commodities and supplies	12,700	6,871
Equipment	1,000	253
Repairs and maintenance	8,910	8,697
Total community development	477,268	495,675
Total economic development	1,845,230	551,716

(This schedule is continued on the following page.)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2006

	Final Budget	Actual
CULTURE AND RECREATION		
Library Department		
Personal services	$ 1,763,397	$ 1,893,269
Contractual services	135,000	137,033
Commodities and supplies	242,750	364,472
Maintenance and repair	15,500	26,008
Miscellaneous	10,800	29,259
Total Library Department	2,167,447	2,450,041
Recreation		
Personal services	743,822	844,859
Contractual services	41,000	26,627
Commodities and supplies	85,700	77,847
Maintenance and repairs	104,000	136,966
Utilities	9,000	20,436
Miscellaneous	71,000	49,969
Total recreation	1,054,522	1,156,704
Youth commission		
Personal services	-	12,877
Maintenance and repairs	-	586
Total youth commission	-	13,463
Total culture and recreation	3,221,969	3,620,208
CAPITAL OUTLAY		
Capital Improvement Department		
Equipment	2,831,000	564,576
Total Capital Improvement Department	2,831,000	564,576
Total capital outlay	2,831,000	564,576
DEBT SERVICE		
Principal	205,867	82,827
Interest and fiscal charges	-	28,231
Total debt service	205,867	111,058
TOTAL EXPENDITURES	$ 43,856,630	$ 42,645,882

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF BERWYN, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2006

	Special Revenue			
	Motor Fuel Tax	Police Seizure	D.A.R.E. Education	Emergency 911 Telephone System
ASSETS				
Cash and investments	$ 2,961,231	$ 661,090	$ 1,551	$ 151,582
Receivables				
Property taxes	-	-	-	-
Notes	-	-	-	-
Other	37,719	-	-	-
Due from other funds	-	-	-	-
Due from other governments	131,372	-	-	109,790
TOTAL ASSETS	$ 3,130,322	$ 661,090	$ 1,551	$ 261,372
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 206,545	$ -	$ -	$ 12,380
Retainage payable	10,565	-	-	-
Deferred revenue - other	-	-	-	-
Due to other funds	615,921	11,497	-	-
Total liabilities	833,031	11,497	-	12,380
FUND BALANCES				
Reserved				
Highways and streets	2,297,291	-	-	-
Public safety	-	649,593	1,551	248,992
Economic development	-	-	-	-
Unreserved				
Capital Projects Funds	-	-	-	-
Total fund balances	2,297,291	649,593	1,551	248,992
TOTAL LIABILITIES AND FUND BALANCES	$ 3,130,322	$ 661,090	$ 1,551	$ 261,372

Special Revenue				Capital Projects		
Foreign Fire Insurance	South Berwyn Corridor TIF	Roosevelt Road TIF	Ogden Avenue TIF	CDBG Projects	Infrastructure Bond	Totals
$ 22,193	$ 1,243,839	$ 908,343	$ 1,118,912	$ 55	$ 639,483	$ 7,708,279
-	19,360	358	7,056	-	-	26,774
-	-	-	-	1,158,388	-	1,158,388
-	-	-	-	-	-	37,719
-	182,810	581,228	1,631,847	-	-	2,395,885
-	-	-	-	676,988	-	918,150
$ 22,193	$ 1,446,009	$ 1,489,929	$ 2,757,815	$ 1,835,431	$ 639,483	$ 12,245,195
$ -	$ 7,535	$ 5,483	$ 31,085	$ 3,747	$ 82,413	$ 349,188
-	-	-	-	4,078	-	14,643
-	-	-	-	1,158,388	-	1,158,388
-	281,748	-	-	669,218	199,463	1,777,847
-	289,283	5,483	31,085	1,835,431	281,876	3,300,066
22,193	-	-	-	-	-	2,319,484
-	-	-	-	-	-	900,136
-	1,156,726	1,484,446	2,726,730	-	-	5,367,902
-	-	-	-	-	357,607	357,607
22,193	1,156,726	1,484,446	2,726,730	-	357,607	8,945,129
$ 22,193	$ 1,446,009	$ 1,489,929	$ 2,757,815	$ 1,835,431	$ 639,483	$ 12,245,195

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2006

	Special Revenue			
	Motor Fuel Tax	Police Seizure	D.A.R.E. Education	Emergency 911 Telephone System
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Other taxes	-	-	-	-
Intergovernmental	1,602,221	719,129	-	431,363
Investment income	132,356	1,877	-	-
Miscellaneous	-	450	750	-
Total revenues	1,734,577	721,456	750.00	431,363
EXPENDITURES				
Current				
Public safety	-	832,659	-	344,560
Highway and streets	1,283,253	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	115,184
Interest	-	-	-	4,816
Total expenditures	1,283,253	832,659	-	464,560
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	451,324	(111,203)	750.00	(33,197)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(260,000)	-	-	-
Bonds issued, at par	-	-	-	-
Total other financing sources (uses)	(260,000)	-	-	-
NET CHANGE IN FUND BALANCES	191,324	(111,203)	750.00	(33,197)
FUND BALANCES, JANUARY 1	2,067,788	760,796	801	282,189
Prior period adjustment	38,179	-	-	-
FUND BALANCES, JANUARY 1, RESTATED	2,105,967	760,796	801	282,189
FUND BALANCES, DECEMBER 31	$ 2,297,291	$ 649,593	$ 1,551	$ 248,992

Special Revenue				Capital Projects		
Foreign Fire Insurance	South Berwyn Corridor TIF	Roosevelt Road TIF	Ogden Avenue TIF	CDBG Projects	Infrastructure Bond	Totals
$ -	$ 1,177,805	$ 556,139	$ 971,048	$ -	$ -	$ 2,704,992
21,747	-	-	-	-	-	21,747
-	-	-	-	1,132,712	-	3,885,425
29	15,158	12,907	16,861	-	8,204	187,392
-	-	-	-	22,748	-	23,948
21,776	1,192,963	569,046	987,909	1,155,460	8,204	6,823,504
17,895	-	-	-	-	-	1,195,114
-	-	-	-	-	-	1,283,253
-	187,772	875,043	348,001	1,155,460	-	2,566,276
-	1,939,507	-	-	-	281,876	2,221,383
-	116,370	74,359	-	-	-	305,913
-	120,020	52,579	-	-	-	177,415
17,895	2,363,669	1,001,981	348,001	1,155,460	281,876	7,749,354
3,881	(1,170,706)	(432,935)	639,908	-	(273,672)	(925,850)
-	-	(78,570)	(473,444)	-	-	(812,014)
-	1,939,507	725,000	-	-	-	2,664,507
-	1,939,507	646,430	(473,444)	-	-	1,852,493
3,881	768,801	213,495	166,464	-	(273,672)	926,643
18,312	387,925	1,270,951	2,560,266	-	631,279	7,980,307
-	-	-	-	-	-	38,179
18,312	387,925	1,270,951	2,560,266	-	631,279	8,018,486
$ 22,193	$ 1,156,726	$ 1,484,446	$ 2,726,730	$ -	$ 357,607	$ 8,945,129

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2006

	Final Budget	Actual
REVENUES		
Intergovernmental		
Motor fuel tax allotments	$ 1,450,000	$ 1,602,221
Investment income	68,000	132,356
Total revenues	1,518,000	1,734,577
EXPENDITURES		
Highways and streets	2,088,600	1,283,253
Total expenditures	2,088,600	1,283,253
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(570,600)	451,324
OTHER FINANCING SOURCES (USES)		
Transfers in (out)	-	(260,000)
Total other financing sources (uses)	-	(260,000)
NET CHANGE IN FUND BALANCE	$ (570,600)	191,324
FUND BALANCE, JANUARY 1		2,067,788
Prior period adjustment		38,179
FUND BALANCE, JANUARY 1, RESTATED		2,105,967
FUND BALANCE, DECEMBER 31		$ 2,297,291

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SOUTH BERWYN CORRIDOR TIF FUND

For the Year Ended December 31, 2006

	Final Budget	Actual
REVENUES		
Taxes	$ 850,000	$ 1,177,805
Investment income	3,000	15,158
Total revenues	853,000	1,192,963
EXPENDITURES		
Economic development	937,000	187,772
Capital outlay	-	1,939,507
Debt service		
Principal	-	116,370
Interest and fiscal charges	-	120,020
Total expenditures	937,000	2,363,669
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(84,000)	(1,170,706)
OTHER FINANCING SOURCES (USES)		
Bonds issued, at par	-	1,939,507
Total other financing sources (uses)	-	1,939,507
NET CHANGE IN FUND BALANCE	$ (84,000)	768,801
FUND BALANCE, JANUARY 1		387,925
FUND BALANCE, DECEMBER 31		$ 1,156,726

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROOSEVELT ROAD TIF FUND

For the Year Ended December 31, 2006

	Final Budget	Actual
REVENUES		
Taxes	$ 440,000	$ 556,139
Investment income	2,000	12,907
Total revenues	442,000	569,046
EXPENDITURES		
Economic development	164,000	875,043
Debt service		
Principal	-	74,359
Interest and fiscal charges	-	52,579
Total expenditures	164,000	1,001,981
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	278,000	(432,935)
OTHER FINANCING SOURCES (USES)		
Transfers in (out)	-	(78,570)
Bonds issued, at par	-	725,000
Total other financing sources (uses)	-	646,430
NET CHANGE IN FUND BALANCE	$ 278,000	213,495
FUND BALANCE, JANUARY 1		1,270,951
FUND BALANCE, DECEMBER 31		$ 1,484,446

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OGDEN AVENUE TIF FUND

For the Year Ended December 31, 2006

	Final Budget	Actual
REVENUES		
Taxes	$ 850,000	$ 971,048
Investment income	4,500	16,861
Total revenues	854,500	987,909
EXPENDITURES		
Economic development	762,000	348,001
Total expenditures	762,000	348,001
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	92,500	639,908
OTHER FINANCING SOURCES (USES)		
Transfers in (out)	-	(473,444)
Total other financing sources (uses)	-	(473,444)
NET CHANGE IN FUND BALANCE	$ 92,500	166,464
FUND BALANCE, JANUARY 1		2,560,266
FUND BALANCE, DECEMBER 31		$ 2,726,730

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2006

	Final Budget	Actual
REVENUES		
Intergovernmental		
Grants	$ 1,524,250	$ 1,132,712
Miscellaneous		
Project income	-	22,748
Total revenues	1,524,250	1,155,460
EXPENDITURES		
Economic development	1,516,450	1,155,460
Total expenditures	1,516,450	1,155,460
NET CHANGE IN FUND BALANCE	$ 7,800	-
FUND BALANCE, JANUARY 1		-
FUND BALANCE, DECEMBER 31		$ -

(See independent auditor's report.)

FIDUCIARY FUNDS

CITY OF BERWYN, ILLINOIS

COMBINING STATEMENT OF NET ASSETS
PENSION TRUST FUNDS

December 31, 2006

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and investments			
Cash and cash equivalents	$ 79,516	$ 2,657,830	$ 2,737,346
Investments			
U.S. Government Securities	14,038,639	606,473	14,645,112
U.S. Government Agencies	-	1,507,226	1,507,226
Certificates of deposit	-	5,340,909	5,340,909
Equities	3,845,442	-	3,845,442
Life insurance contracts	7,616	614,340	621,956
Mutual funds	11,481,819	6,991,049	18,472,868
Total cash and investments	29,453,032	17,717,827	47,170,859
Receivables			
Accrued interest	176,174	81,353	257,527
Due from governmental funds	-	19,416	19,416
Total receivables	176,174	100,769	276,943
Prepaids	1,125	-	1,125
Total assets	29,630,331	17,818,596	47,448,927
LIABILITIES			
Accounts payable	7,998	-	7,998
Payroll tax payable	-	352	352
Due to governmental funds	30,558	96,265	126,823
Total liabilities	38,556	96,617	135,173
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 29,591,775	$ 17,721,979	$ 47,313,754

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

COMBINING STATEMENT OF CHANGES IN NET ASSETS
PENSION TRUST FUNDS

For the Year Ended December 31, 2006

	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Contributions			
Employer	$ 1,893,048	$ 2,034,480	$ 3,927,528
Participants	648,905	447,307	1,096,212
Total contributions	2,541,953	2,481,787	5,023,740
Investment income			
Net appreciation in fair value of investments	1,467,328	460,508	1,927,836
Interest earned	706,449	517,461	1,223,910
Less investment expenses	(62,323)	(46,785)	(109,108)
Total investment income	2,111,454	931,184	3,042,638
Total additions	4,653,407	3,412,971	8,066,378
DEDUCTIONS			
Administrative	43,918	26,724	70,642
Pension benefits and refunds	2,125,821	2,099,701	4,225,522
Total deductions	2,169,739	2,126,425	4,296,164
NET INCREASE	2,483,668	1,286,546	3,770,214
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
January 1	27,108,107	16,340,306	43,448,413
Prior period adjustment	-	95,127	95,127
January 1, Restated	27,108,107	16,435,433	43,543,540
December 31	$ 29,591,775	$ 17,721,979	$ 47,313,754

(See independent auditor's report.)

SUPPLEMENTAL DATA

CITY OF BERWYN, ILLINOIS

PROPERTY TAX ASSESSED VALUATIONS, RATES, AND EXTENSIONS

Last Nine Levy Years

Tax Levy Year	1998		1999		2000		2001		2002	
Assessed Valuation		$ 423,765,622		$ 453,465,787		$ 475,367,541		$ 477,333,102		$ 639,069,777
	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
Tax Extensions										
Corporate	0.3440	$ 1,457,954	0.3215	$ 1,457,954	0.2417	$ 1,148,954	0.2415	$ 1,198,992	0.2016	$ 1,288,382
Bond and Interest	1.7921	7,594,203	2.0583	9,324,712	2.0077	9,543,821	2.0529	10,193,076	1.6535	10,567,237
Police Pension	0.3179	1,347,240	0.3312	1,501,740	0.3484	1,656,240	0.3565	1,770,321	0.2770	1,770,321
Fire Pension	0.3145	1,332,820	0.3280	1,487,320	0.3454	1,641,820	0.3557	1,766,200	0.2764	1,766,200
IMRF	0.0571	242,050	0.0534	242,050	0.0509	242,050	0.0642	318,888	0.0514	328,455
Street and Bridge	0.0462	195,700	0.0432	195,700	0.0412	195,700	0.0394	195,700	0.0321	205,289
Playground and Recreation	0.0363	153,655	0.0339	153,655	0.0323	153,655	0.0325	161,185	0.0255	162,797
Liability Insurance	0.2480	1,050,981	0.1545	700,781	0.1149	546,281	0.1378	684,460	0.1405	898,012
Forestry	0.0142	60,147	0.0130	60,147	0.0127	60,147	0.0121	60,500	0.0096	61,552
Library	0.2382	1,009,400	0.2317	1,050,600	0.2535	1,205,100	0.2500	1,241,150	0.2000	1,278,385
TOTAL TAX EXTENSIONS	3.4085	$ 14,444,150	3.5687	$ 16,174,659	3.4487	$ 16,393,768	3.5426	$ 17,590,472	2.8676	$ 18,326,630
TAX COLLECTIONS		$ 14,080,314		$ 16,174,612		$ 16,629,699		$ 16,967,283		$ 18,033,487
COLLECTION OF EXTENSION		97.48%		100.00%		101.44%		96.46%		98.40%

(This schedule is continued on the following page.)

CITY OF BERWYN, ILLINOIS

PROPERTY TAX ASSESSED VALUATIONS, RATES, AND EXTENSIONS (Continued)

Last Nine Levy Years

Tax Levy Year	2003		2004		2005		2006	
Assessed Valuation		$ 632,000,051		$ 647,367,739		$ 802,248,035		$ 801,413,358
	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
Tax Extensions								
Corporate	0.2138	$ 1,351,513	0.2088	$ 1,351,513	0.1636	$ 1,312,149	0.0493	$ 395,104
Bond and Interest	1.6657	10,527,526	1.6404	10,619,451	1.1374	9,125,088	1.1521	9,233,389
Police Pension	0.2938	1,857,066	0.2863	1,857,066	0.2398	1,923,606	0.2790	2,236,154
Fire Pension	0.2932	1,852,743	0.2862	1,852,743	0.2634	2,113,224	0.3034	2,431,808
IMRF	0.0545	344,549	0.0532	344,549	0.0417	334,514	0.0417	334,514
Street and Bridge	0.0341	215,348	0.0333	215,348	0.0261	209,076	0.0261	209,076
Playground and Recreation	0.0270	170,774	0.0264	170,774	0.0207	165,800	0.0207	165,800
Hospitalization Insurance	0.1491	942,014	0.1455	942,014	0.1520	1,219,260	0.1597	1,280,223
Forestry	0.0102	64,568	0.0100	64,568	0.0078	62,687	0.0078	62,687
Library	0.2122	1,341,025	0.2072	1,341,025	0.1672	1,341,025	0.1757	1,408,076
TOTAL TAX EXTENSIONS	2.9536	$ 18,667,126	2.8973	$ 18,759,051	2.2197	$ 17,806,429	2.2155	$ 17,756,831
TAX COLLECTIONS		$ 17,773,476		$ 18,834,722		$ 17,531,870		$ -
COLLECTION OF EXTENSION		95.21%		100.40%		98.46%		0.00%

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 1998

December 31, 2006

Date of Issue	November 1, 1998
Date of Maturity	November 15, 2010
Authorized Issue	$ 19,880,000
Denomination of Bonds	$ 5,000
Interest Rates	5.00%
Principal Maturity Date	November 15
Interest Dates	May 15 and November 15
Payable at	The American National Bank Global Corporate Trust

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Fiscal Year	Tax Levy Principal	Tax Levy Interest	Tax Levy Total	Interest Due on May 15	Amount	Interest Due on November 15	Amount
2006	2007	$ 2,885,000	$ 653,000	$ 3,538,000	2007	$ 326,500	2007	$ 326,500
2007	2008	3,130,000	508,750	3,638,750	2008	254,375	2008	254,375
2008	2009	3,390,000	352,250	3,742,250	2009	176,125	2009	176,125
2009	2010	3,655,000	182,750	3,837,750	2010	91,375	2010	91,375
		$ 13,060,000	$ 1,696,750	$ 14,756,750		$ 848,375		$ 848,375

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 1999

December 31, 2006

Date of Issue	February 1, 1999
Date of Maturity	December 1, 2018
Authorized Issue	$ 65,000,000
Denomination of Bonds	$ 5,000
Interest Rates	3.0% - 5.25%
Principal Maturity Date	December 1
Interest Dates	June 1 and December 1
Payable at	The American National Bank Global Corporate Trust

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Maturity Dates	Tax Levy Principal*	Tax Levy Interest	Tax Levy Total	Interest Due on June 1	Amount	Interest Due on December 1	Amount
2006	2007	$ 3,865,000	$ 833,576	$ 4,698,576	2007	$ 416,788	2007	$ 416,788
2007	2008	4,040,000	675,110	4,715,110	2008	337,555	2008	337,555
2008	2009	4,210,000	507,450	4,717,450	2009	253,725	2009	253,725
2009	2010	-	328,526	328,526	2010	164,263	2010	164,263
2010	2011	-	328,526	328,526	2011	164,263	2011	164,263
2011	2012	-	328,526	328,526	2012	164,263	2012	164,263
2012	2013	-	328,526	328,526	2013	164,263	2013	164,263
2013	2014	-	328,526	328,526	2014	164,263	2014	164,263
2014	2015	1,795,000	328,526	2,123,526	2015	164,263	2015	164,263
2015	2016	1,880,000	252,238	2,132,238	2016	126,119	2016	126,119
2016	2017	1,980,000	172,338	2,152,338	2017	86,169	2017	86,169
2017	2018	2,075,000	88,188	2,163,188	2018	44,094	2018	44,094
		$ 19,845,000	$ 4,500,056	$ 24,345,056		$ 2,250,028		$ 2,250,028

* Maturities in fiscal years 2010 to 2014 were refunded by issuance of General Obligation Refunding Bonds, Series 2004

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2001

December 31, 2006

Date of Issue	June 15, 2001
Date of Maturity	December 1, 2011
Authorized Issue	$ 3,890,000
Denomination of Bonds	$ 5,000
Interest Rates	3.2% - 4.6%
Principal Maturity Date	December 1
Interest Dates	June 1 and December 1
Payable at	The American National Bank Global Corporate Trust

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Fiscal Year	Tax Levy Principal	Tax Levy Interest	Tax Levy Total	Interest Due on June 1	Amount	Interest Due on December 1	Amount
2006	2007	$ 90,000	$ 21,948	$ 111,948	2007	$ 10,974	2007	$ 10,974
2007	2008	95,000	18,168	113,168	2008	9,084	2008	9,084
2008	2009	100,000	14,082	114,082	2009	7,041	2009	7,041
2009	2010	105,000	9,732	114,732	2010	4,866	2010	4,866
2010	2011	110,000	5,060	115,060	2011	2,530	2011	2,530
		$ 500,000	$ 68,990	$ 568,990		$ 34,495		$ 34,495

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2002A

December 31, 2006

Date of Issue	April 3, 2002
Date of Maturity	December 1, 2016
Authorized Issue	$ 3,295,150
Denomination of Bonds	$ 5,000
Interest Rates	3.0% - 5.25%
Principal Maturity Date	December 1
Interest Dates	June 1 and December 1 through 2010, December 1 thereafter
Payable at	The American National Bank Global Corporate Trust

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Fiscal Year	Tax Levy Principal	Tax Levy Interest	Tax Levy Total	Interest Due on June 1	Amount	Interest Due on December 1	Amount
2006	2007	$ 350,000	$ 60,830	$ 410,830	2007	$ 30,415	2007	$ 30,415
2007	2008	365,000	47,356	412,356	2008	23,678	2008	23,678
2008	2009	380,000	32,756	412,756	2009	16,378	2009	16,378
2009	2010	395,000	16,986	411,986	2010	8,493	2010	8,493
TOTAL TERM BONDS		$ 1,490,000	$ 157,928	$ 1,647,928		$ 78,964		$ 78,964

Fiscal Year	Principal	Accreted Interest	Original Principal		Interest Accretion
2002	$ -	$ -	$ -	2002	$ 45,062
2003	-	-	-	2003	70,880
2004	-	-	-	2004	74,473
2005	-	-	-	2005	78,247
2006	-	-	-	2006	82,214
2007	-	-	-	2007	86,381
2008	-	-	-	2008	90,760
2009	-	-	-	2009	95,362
2010	-	-	-	2010	100,197
2011	410,000	149,498	260,502	2011	105,256
2012	410,000	164,020	245,980	2012	90,889
2013	410,000	179,498	230,502	2013	75,421
2014	415,000	195,656	219,344	2014	58,577
2015	410,000	205,308	204,692	2015	40,203
2016	415,000	220,880	194,120	2016	20,938
TOTAL CAPITAL APPRECIATION BONDS	$ 2,470,000	$ 1,114,860	$ 1,355,140		$ 1,114,860

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2002B

December 31, 2006

Date of Issue	April 3, 2002
Date of Maturity	December 1, 2020
Authorized Issue	$ 940,000
Denomination of Bonds	$ 5,000
Interest Rates	3.2% - 5.1%
Principal Maturity Date	December 1
Interest Dates	June 1 and December 1
Payable at	The American National Bank Global Corporate Trust

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Fiscal Year	Tax Levy Principal	Tax Levy Interest	Tax Levy Total	Interest Due on June 1	Amount	Interest Due on December 1	Amount
2006	2007	$ 40,000	$ 36,970	$ 76,970	2007	$ 18,485	2007	$ 18,485
2007	2008	45,000	35,370	80,370	2008	17,685	2008	17,685
2008	2009	45,000	33,570	78,570	2009	16,785	2009	16,785
2009	2010	45,000	31,636	76,636	2010	15,818	2010	15,818
2010	2011	50,000	29,700	79,700	2011	14,850	2011	14,850
2011	2012	50,000	27,550	77,550	2012	13,775	2012	13,775
2012	2013	55,000	25,200	80,200	2013	12,600	2013	12,600
2013	2014	55,000	22,616	77,616	2014	11,308	2014	11,308
2014	2015	60,000	20,030	80,030	2015	10,015	2015	10,015
2015	2016	60,000	17,090	77,090	2016	8,545	2016	8,545
2016	2017	65,000	14,150	79,150	2017	7,075	2017	7,075
2017	2018	70,000	10,966	80,966	2018	5,483	2018	5,483
2018	2019	70,000	7,396	77,396	2019	3,698	2019	3,698
2019	2020	75,000	3,826	78,826	2020	1,913	2020	1,913
		$ 785,000	$ 316,070	$ 1,101,070		$ 158,035		$ 158,035

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2004

December 31, 2006

Date of Issue	March 4, 2004
Date of Maturity	December 1, 2014
Authorized Issue	$ 19,710,000
Actual Issue	$ 5,000
Interest Rates	2.0% - 5.0%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Cole Taylor Bank

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Fiscal Year	Tax Levy Principal	Tax Levy Interest	Tax Levy Totals	Interest Due on June 1	Amount	Interest Due on December 1	Amount
2006	2007	$ 75,000	$ 871,438	$ 946,438	2007	$ 435,719	2007	$ 435,719
2007	2008	75,000	869,938	944,938	2008	434,969	2008	434,969
2008	2009	75,000	868,062	943,062	2009	434,031	2009	434,031
2009	2010	4,480,000	866,000	5,346,000	2010	433,000	2010	433,000
2010	2011	4,145,000	686,800	4,831,800	2011	343,400	2011	343,400
2011	2012	4,280,000	521,000	4,801,000	2012	260,500	2012	260,500
2012	2013	4,480,000	307,000	4,787,000	2013	153,500	2013	153,500
2013	2014	1,660,000	83,000	1,743,000	2014	41,500	2014	41,500
		$ 19,270,000	$ 5,073,238	$ 24,343,238		$ 2,536,619		$ 2,536,619

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2006

December 31, 2006

Date of Issue	October 31, 2006
Date of Maturity	October 1, 2007
Authorized Issue	$ 8,800,000
Interest Rates	4.35%
Interest Dates	October 1, 2007
Principal Maturity Date	October 1, 2007
Payable at	Northern Trust Company

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Fiscal Year	Tax Levy			Interest Due on			
		Principal	Interest	Total	May 1	Amount	November 1	Amount
2006	2007	$ 8,850,000	$ 352,894	$ 9,202,894	2006	$ 176,447	2006	$ 176,447

(See independent auditor's report.)