

CITY OF BERWYN, ILLINOIS
ANNUAL FINANCIAL REPORT
For the Year Ended
December 31, 2007

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, 2007, 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 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 Berwyn Development Corporation, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 basic 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, 2007, 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 April 4, 2008 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.

A handwritten signature in cursive script that reads "Sibish LLP".

Aurora, Illinois
April 4, 2008

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

Michael A. O'Connor
Mayor



A Century of Progress with Pride

6700 West 26th Street Berwyn, Illinois 60402-0701 Telephone: (708) 788-2660 Fax: (708) 788-0273
www.berwyn-il.gov

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, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found in the introductory section of this report.

Financial Highlights

The assets of the City of Berwyn exceeded its liabilities at the close of the most recent fiscal year by (\$866,059) (deficit net assets). The City has deficit unrestricted net assets of (\$21,533,594) at year end.

In 2007, the City's total net assets decreased by \$5,794,611 (exclusive of prior period adjustments). This decrease is primarily 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. However the governmental activities also experienced a loss in 2007 of \$1,404,527. This is due to a significant loss in real estate transfer taxes, which are heavily driven by the real estate market.

As of the close of the current fiscal year the City's governmental funds reported combined ending fund balances of \$38,174,752, an increase of \$20,148,050 in comparison with the prior year.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$69,626 which is less than 1% 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 and 4 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 seventeen 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, the Debt Service Fund and 2007 Bond Fund, which are considered to be major funds. Data from the other thirteen 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 5 and 7 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 9 - 11 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 12 and 13 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 14 – 50 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 51 - 61 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 62 - 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. Please note that the 2006 results have been restated per footnote K found on page 48.

The table below shows the comparison between 2006 and 2007 Statement of Net Assets for both governmental and business-type activities:

City of Berwyn Net Assets

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Current assets	\$ 65,228,081	\$ 42,773,270	\$ 5,170,570	\$ 5,330,119	\$ 70,398,651	\$ 48,103,389
Capital assets	54,491,993	56,422,012	42,046,853	45,996,581	96,538,846	102,418,593
Total assets	119,720,074	99,195,282	47,217,423	51,326,700	166,937,497	150,521,982
Current liabilities	24,253,748	22,126,397	370,611	69,928	24,624,359	22,196,325
Long-term liabilities	96,332,385	76,530,417	28,326	48,202	96,360,711	76,578,619
Total liabilities	120,586,133	98,656,814	398,937	118,130	120,985,070	98,774,944
Invested in capital assets net of related debt	7,399,270	1,003,809	42,046,853	45,996,581	49,446,123	47,000,390
Restricted	13,268,265	14,154,458	-	-	13,268,265	14,154,458
Unrestricted	(21,533,594)	(14,619,799)	4,771,633	5,211,989	(16,761,961)	(9,407,810)
Total net assets	\$ (866,059)	\$ 538,468	\$ 46,818,486	\$ 51,208,570	\$ 45,952,427	\$ 51,747,038

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

Governmental activities

The City's governmental activities current assets increased from 2006 by approximately \$22.5 million. This increase was due to the issuance of long term debt for future capital projects of \$21.4 million. There was a corresponding increase in the City's long-term obligations also due to the issuance of new bonds.

Capital assets within the governmental activities decreased in 2007 due to depreciation charges of \$3.7 million, offset by additions of \$2.5 million net of amounts moved from construction in progress.

The City's invested in capital assets net of related debt increased \$6.4 million due debt repayment.

Business-type activities

There were no large additions to capital assets in the business-type activities. The decreased in net capital assets is due to depreciation. Likewise the invested in capital asset net of related debt decreased in 2007 due to the depreciation of assets.

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 the current and previous year results of operations:

City of Berwyn Changes in Net Assets

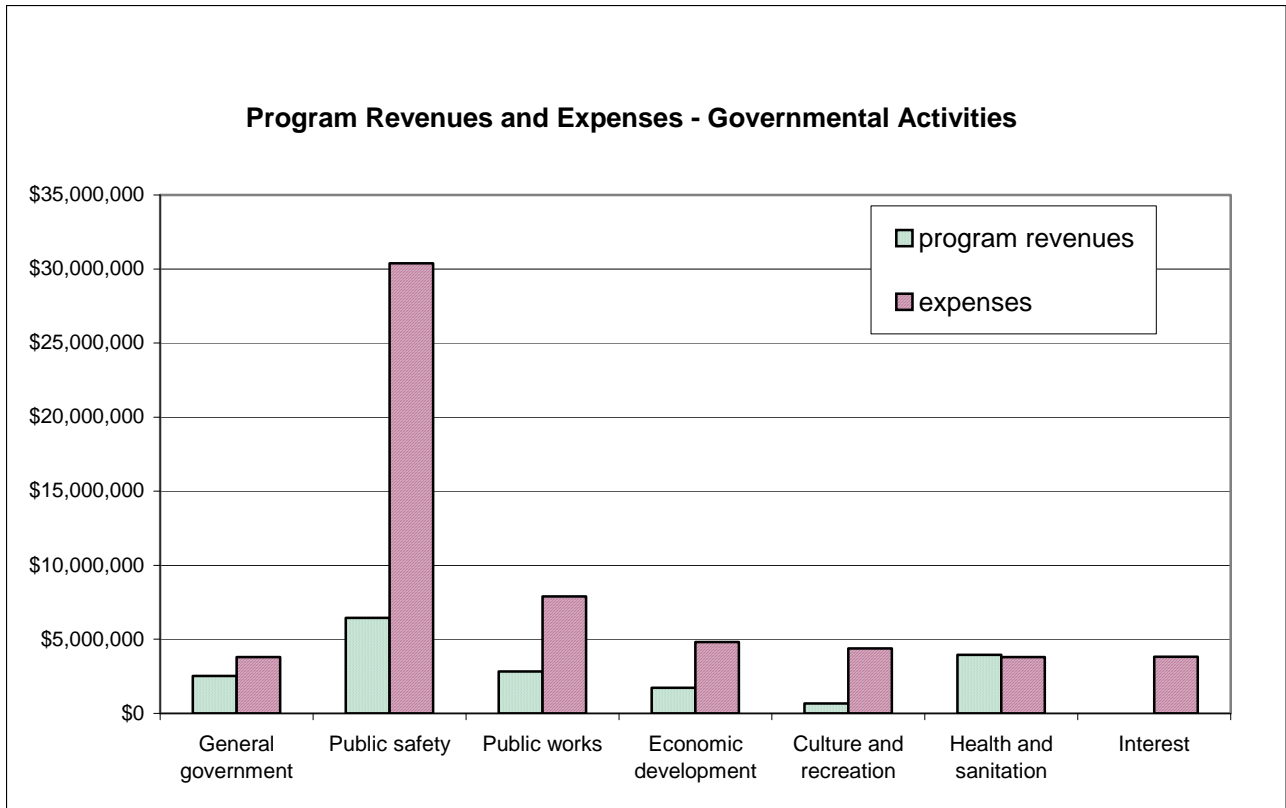
	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 12,760,778	\$ 10,727,813	\$ 4,958,994	\$ 5,075,487	\$ 17,719,772	\$ 15,803,300
Operating grants & contributions	4,108,493	2,859,123	-	-	4,108,493	2,859,123
Capital grants & contributions	1,275,193	2,277,698	-	-	1,275,193	2,277,698
General revenues						
Property taxes	21,029,820	21,932,353	-	-	21,029,820	21,932,353
Other taxes	17,227,059	17,627,220	-	-	17,227,059	17,627,220
Other revenues	1,083,191	625,623	57,429	-	1,140,620	625,623
Total revenues	57,484,534	56,049,830	5,016,423	5,075,487	62,500,957	61,125,317
Expenses:						
General government	3,784,866	4,102,604	-	-	3,784,866	4,102,604
Public safety	30,386,975	31,898,438	-	-	30,386,975	31,898,438
Highways & streets	7,911,236	4,070,337	-	-	7,911,236	4,070,337
Sanitation	3,793,645	2,532,495	-	-	3,793,645	2,532,495
Culture & recreation	4,378,740	3,821,004	-	-	4,378,740	3,821,004
Economic development	4,822,636	5,553,608	-	-	4,822,636	5,553,608
Interest on long-term debt	3,810,963	3,230,567	-	-	3,810,963	3,230,567
Water & sewer	-	-	9,406,507	8,390,827	9,406,507	8,390,827
Total expenses	58,889,061	55,209,053	9,406,507	8,390,827	68,295,568	63,599,880
Change in Net Assets	(1,404,527)	840,777	(4,390,084)	(3,315,340)	(5,794,611)	(2,474,563)
Net assets Jan 1, as restated	538,468	(36,021,285)	51,208,570	54,438,743	51,747,038	18,417,458
Restatement	-	35,718,976	-	85,167	-	35,804,143
Net assets Dec 31	\$ (866,059)	\$ 538,468	\$ 46,818,486	\$ 51,208,570	\$ 45,952,427	\$ 51,747,038

Significant Changes in the Statement of Activities

Government activities

The City's change in net assets decreased from the previous year. This decrease is mainly due to increases in expenses of \$3.7 million offset by a smaller increase in revenues of \$1.4 million. Generally speaking the City's expenses increased due to inflationary cost increases. Salaries increased on average 3 - 4%. 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 2006 to 2007:

	Governmental activities		Change	% Chg
	2007	2006		
Revenues:				
Program revenues:				
Charges for services	\$ 12,760,778	\$ 10,727,813	\$ 2,032,965	19%
Operating grants & contributions	4,108,493	2,859,123	1,249,370	44%
Capital grants & contributions	1,275,193	2,277,698	(1,002,505)	-44.01%
General revenues				
Property taxes	21,029,820	21,932,353	(902,533)	-4%
Other taxes	17,227,059	17,627,220	(400,161)	-2%
Other revenues	1,083,191	625,623	457,568	73%
Total revenues	<u>\$ 57,484,534</u>	<u>\$ 56,049,830</u>	<u>\$ 1,434,704</u>	<u>3%</u>

Significant changes:

The City's charges for services increased from \$10.7 million to \$12.7 million in 2007. 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 increases violation fines of \$580,000, paramedic billings of \$366,000, garbage fees of \$972,000 and charges to the water fund of \$350,000. These increases were offset by a decrease of approximately \$200,000 in building and local improvement permits.

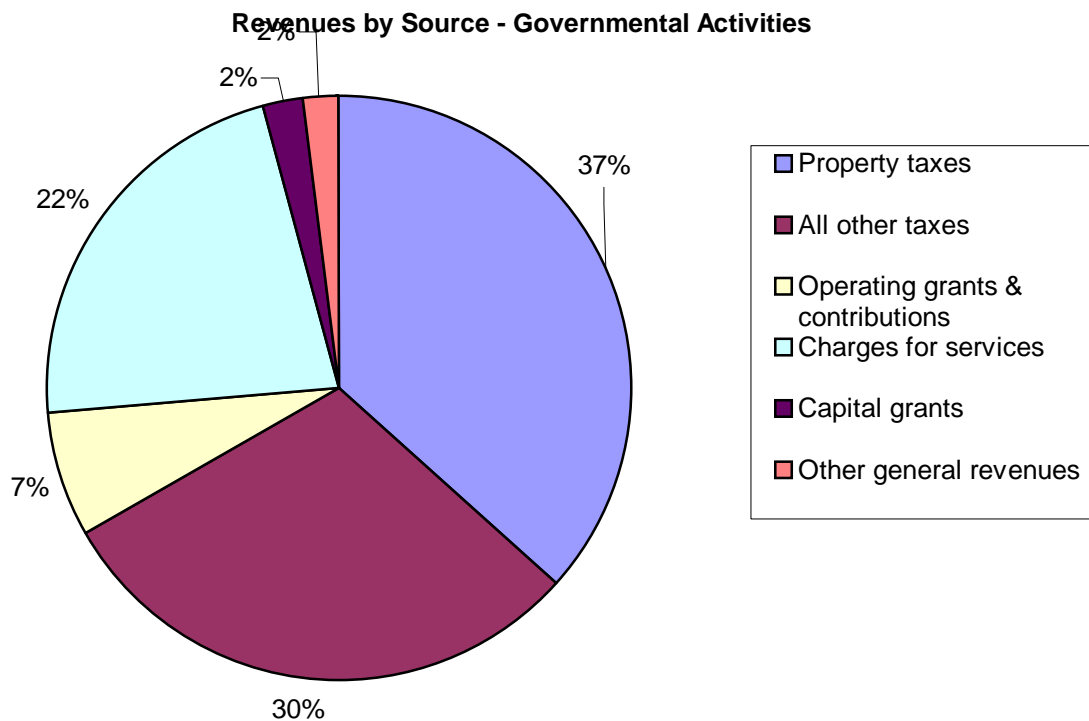
The City's operating grants increased from 2006 and the capital grants decreased mainly due to a reclassification of grants from operating to capital.

The City's property taxes overall decreased in 2007 due to a decrease in tax collections made in 2007. Historically the City has collected over 97% of our tax levy and collected approximately 98.5% of our levy in 2006. However due to the declining real estate market and a large increase in the number of foreclosures the City's collection rate dropped in 2007 to just over 94%. A four percent difference in tax collections for the City is approximately \$850,000. Due to the high collection percentage the City has had in the past no allowance for uncollected taxes had been added to the property tax bills. Given the 2007 experience, the City did add a 3% allowance to the 2007 tax levy to be collected in 2008. It is estimated that this will help the City stay closer to budgeted amounts in the future for this revenue stream.

The real estate market and general economic conditions also greatly impacted the City's real estate transfer taxes. In 2006 the City received \$2.9 million from a tax on the sale of real property within the City. Due to the decline in real estate sales, the City's transfer taxes were just \$1.6 million in 2007. Other tax revenues such as sales and income taxes have remained strong and helped offset some of this decline so that overall other taxes only decreased about \$400,000 from 2006.

Composition of Revenues:

The graph below shows the full composition of governmental activities revenues.



The City's governmental activities are supported mainly by property taxes, followed by all other taxes. These percentages shifted slightly from 2006 when property taxes accounted for 40% of all revenues and charges for services were only 19%.

Governmental activities - Expenses

The table below shows the change in expenses from 2006 to 2007:

Changes in Governmental Activities Expenses

	Governmental activities		Change	% Chg
	2007	2006		
Expenses:				
General government	\$ 3,784,866	\$ 4,102,604	\$ (317,738)	-8%
Public safety	30,386,975	31,898,438	(1,511,463)	-5%
Public works	7,911,236	4,070,337	3,840,899	94%
Economic development	4,822,636	5,553,608	(730,972)	-13%
Culture and recreation	4,378,740	3,821,004	557,736	15%
Health and sanitation	3,793,645	2,532,495	1,261,150	50%
Interest on long-term debt	3,810,963	3,230,567	580,396	18%
Total expenses	<u>\$ 58,889,061</u>	<u>\$ 55,209,053</u>	<u>\$ 3,680,008</u>	<u>7%</u>

Significant changes:

As previously mentioned salaries increased 3-4% in 2007. Other significant increase and decreased are addressed below.

General government category decreased due to a reclassification of community outreach expenses out of general government and to be shown more properly as culture and recreation. The Community Outreach fund primarily provides services to seniors within the City, total expenses for this department were \$343,000 in 2007.

The public safety expenses decreased \$1.5 million from 2006. The 2006 amounts were artificially high due to a change in how compensated absences were recorded. Approximately \$1.6 million of expenses included in the public safety function in 2007 were related to this change. The public safety expenses in 2006 also included the building department which has been reclassified to the public works function. The building department primarily has building permits, inspections and internal facility maintenance. The total expenses for the building department in 2007 were \$1.7 million. These decreases within the public safety function were offset by the wage increases mentioned above resulting in approximately \$700,000 in additional expenses. Additionally the pension expenses for the police and fire pensions increased approximately \$500,000 in 2007.

Public works increased \$3.8 million from 2006. \$1.7 million was due to the reclassification of the building department, previously mentioned. The remaining increase is due to the retroactive reporting of infrastructure assets in the City's financial statements. The public works function includes depreciation on the City's roads and other infrastructure assets. In 2007 \$2.64 million was charged to depreciation for the public works function, compared to \$259,000 in 2006.

Economic development expenses fluctuate annually as the majority of the City's TIF projects are reported within this function. In 2006 the City incurred \$1.9 million in expenses as a developer incentive condominium project which decreased to \$1.0 million in 2007. The size and number of these projects changes annually.

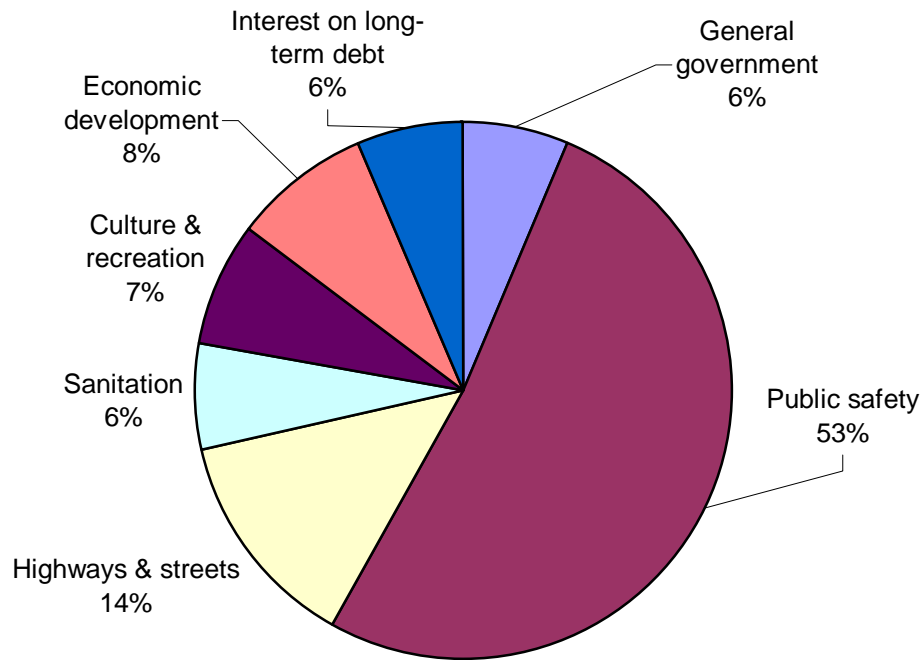
Culture and recreation increased due to the reclassification of the Community Outreach expenses mentioned above.

At the end of 2006, the City's contract for refuse and recycling expired. While this contract was renegotiated there was a substantial increase received from the City's contractor. The City signed a 10 year agreement which limits the annual increase to be received in future years.

Composition of expenses:

As in the prior year, the City's largest area of expense continues to be public safety, accounting for over 53% of governmental expenses. The percentage of public safety expenses compared to other categories decreased in 2007 by about 5%, mainly due to the reclassification of certain departments.

Governmental Activities - Expense Composition



Business-type activities

	Business-type activities		Change	% Chg
	2007	2006		
Revenues:				
Program revenues:				
Charges for services	\$ 4,958,994	\$ 5,075,487	\$ (116,493)	-2%
Expenses:				
Water & sewer	\$ 9,406,507	\$ 8,390,827	\$ 1,015,680	12%

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 \$4.3 million.

Water and sewer usage charges for 2007 decreased slightly from 2006. This is due to a change in the way penalties are reported. Utility bills mailed to customers include garbage fees, however in past years penalties on late payments were all reported in the water utility. During 2007 these penalties were allocated between the water and garbage fees based on billings. This resulted in a decrease to utility program revenues.

Expenses within the water utility increased in 2007 primarily for three reasons. First, the utility had not been charged for workmen's compensation or general liability costs in past years. Beginning in 2007, an allocation of these costs is made to all departments with employees. The allocation is based in part on historical trend analysis of claims incurred and in part based on total expenses. This charge for 2007 was \$246,000. The utility also wrote off a large receivable in 2007 incurring \$341,000 of additional expenses for this write off. The final reason for the increase was an increase in interdepartmental charges. Business-type activities are those intended to be financed by user fees which should cover all costs of operations. The business-type activities enjoy the benefit of utilizing employee and other resources of governmental type activities employees. As such the City established an allocation of expenses for these shared services. This charge was expanded in 2007 to cover a shared portion of all general government expenses.

In November of 2007 the City passed a 5% increase to water rates in order to begin funding depreciation charges within the business type activities. The City plans to increase these rates annually so that over the long term when capital assets are in need of replacement funds will be available on hand.

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	Debt Service	2007 Bond	Nonmajor Governmental Funds
Revenues	\$ 36,961,504	\$ 1,702,925	\$ 8,785,760	\$ 499,886	\$ 9,291,032
Expenditures	43,430,424	691,070	11,360,973	159,052	10,651,447
Other Financing Sources (Uses) net	<u>3,583,707</u>	<u>-</u>	<u>4,284,222</u>	<u>21,375,000</u>	<u>(43,020)</u>
Net change in fund balance	(2,885,213)	1,011,855	1,709,009	21,715,834	(1,403,435)
Fund balance, beginning as restated	<u>3,596,885</u>	<u>8,513,604</u>	<u>(3,028,916)</u>	<u>-</u>	<u>8,945,129</u>
Fund balance, ending	<u>\$ 711,672</u>	<u>\$ 9,525,459</u>	<u>\$ (1,319,907)</u>	<u>\$ 21,715,834</u>	<u>\$ 7,541,694</u>

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. The 2006 audit was completed in November 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. The City is now current with the financial record keeping and is in a position to be able to make informed financial decisions moving forward. During the 2007 year the City also experienced a significant loss of revenue with real estate transfer taxes and collections of property taxes down from past years.

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 less than \$1.0 million. 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. Some of the ways the City has looked to improve its financial position in 2008 is the increasing of property taxes. The City is a home-rule community which means there are no limits on property tax increases. The City passed a 5% property tax increase for the 2007 levy year to be collected in 2008. Additionally a 3% allowance for uncollectible taxes was included on the levy. The City believes these steps will assist in meeting our revenue needs in future years. The City also restructured our debt burden during 2007. This restructure which will be completed in 2008 will result in a decrease of approximately \$3 million in our annual debt service levy needs. The City previously needed to allocate over 50% of our tax levy dollars to pay principal and interest on debt, due to aggressive repayment schedules. This restructure will allow the City to reallocate levy dollars from debt service needs to operating funds.

The Cermak Road TIF fund's fund balance increased from 2006 by \$1.0 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 Debt Service Fund had a net change in fund balances of \$1.7 million. 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 of the funds held as working cash were transferred from the Debt Service 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 Debt Service 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 Debt Service Fund and is in the process of completing a plan to address the remainder.

The 2007 Bond Fund increased fund balance by \$21.7 million due to the issuance of bonds. The City plans to build a parking garage, a new fire station and complete several other capital projects with those funds.

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 \$4.8 million. The total decrease in net assets was \$4.4 million. 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. Revenues within this fund are from charges to other funds of the City. Expenses are in the form of claim payments, third party claim processing fees, insurance costs and liability reserve funding. During 2007 the City's claims decreased from \$2.8 million to \$2.4 million. This decrease is primarily due to an adequate liability reserve for claims incurred but not yet paid. Revenues within the internal service fund increased to \$3.27 million from \$2.54 million in 2006. During 2007 the City passed a new funding policy related to the internal service fund. The new policy requires the City to fund the internal service fund at 115% of the prior year's expenses. The City believes this will gradually eliminate the deficit within this fund. While the deficit is primarily related to an estimate of potential future claims, which may or may not be settled for the amounts estimated, the City believes that a larger reserve should exist within this fund and has acted to begin rebuilding the equity within the internal service fund.

General Fund Budgetary Highlights

The City's ordinances require it to periodically review and amend the budget on an annual basis. Currently the City Council, department heads and Mayor's office receive monthly financial information. As part of this review and during preparation for the subsequent years' budget, each department's budget to actual reports are analyzed to determine whether an amendment may be necessary during the year.

The City made one budget amendment during 2007. The primary purpose for the amendment was because the City implemented a new policy related to the internal service fund during the year. The new policy requires the internal service fund to be funded at 115% of the prior year's claims. Additionally the City began properly allocating these charges to each department, rather than budgeting the claims directly in the General Fund. This new policy was implemented in order to begin eliminating the deficit within the internal service fund. Due to this change, each department was charged for an allocated amount of worker's compensation and general liability costs which had not been included in the original budget. This amendment also reflected some additional capital purchases made during the year which had not been budgeted or foreseen at the time the budget was passed.

The table below summarizes the City's final budget compared to actual results for the current year.

	General Fund			
	Final Budget	Actual	Change	% Chg
Revenues				
Property taxes	\$ 7,115,366	\$ 6,749,063	\$ (366,303)	-5%
Other taxes	17,705,000	16,831,852	(873,148)	-5%
Charges for services	5,655,000	5,939,672	284,672	5%
Fines and fees	3,365,000	3,428,535	63,535	2%
Licenses and permits	2,469,500	2,444,530	(24,970)	-1%
Intergovernmental	787,500	287,417	(500,083)	-64%
Investment income	12,000	78,095	66,095	551%
Miscellaneous	801,462	1,202,340	400,878	50%
Total Revenues	37,910,828	36,961,504	(949,324)	-3%
Expenditures				
Current				
General government	5,685,349	3,628,208	(2,057,141)	-36%
Public safety	28,446,914	29,521,702	1,074,788	4%
Highways and streets	4,476,551	4,426,578	(49,973)	-1%
Sanitation	3,846,000	3,793,645	(52,355)	-1%
Economic development	878,289	352,768	(525,521)	-60%
Culture and recreation	1,295,365	1,196,135	(99,230)	-8%
Capital outlay	715,771	437,640	(278,131)	-39%
Debt Service	423,527	73,748	(349,779)	-83%
Total expenditures	45,767,766	43,430,424	(2,337,342)	-5%

Significant changes from budget

Revenues

General Fund property taxes were lower than budget by \$366,303 or 5%. This was due to lower collections than the City has experience in past years, as previously mentioned. Other taxes were also less than budgeted due to the decline in the real estate market. The City experienced a decrease in real estate transfer taxes of \$1.4 million. Fortunately this was offset by increased municipal utility and state sales taxes.

Charges for services were over budget primarily due to an increase in ambulance revenues due to an increase in rates from previous years and higher demand for services.

Intergovernmental revenues were less than budget due to a reclassification of grant revenue. During 2007 the City moved all Community Development Block Grant revenues and expenditures into that separate special revenue fund. Previously approximately \$500,000 of revenues and expenditures were reported within the General Fund and likewise budgeted within the General Fund. The budget for economic development expenditures were also under budget because of this change.

Miscellaneous revenues consist mainly of cable franchise fees and interdepartmental charges. Cable franchise fees were conservatively budgeted as the City does not know in advance how much to expect from this revenue stream. In 2007 the City received \$105,000 more than budgeted for this revenue.

Interdepartmental charges are made to the water and sewer utility for shared salary costs from human resources, finance, legal and information technology departments. During 2007 the salary for water clerks was moved to the finance department to recognize that the individuals report to the finance department. However their time is solely spent on the utility. Due to this change, the interdepartmental charge was increased to cover the salaries of these individual, which had previously been charged directly to the water utility.

Expenditures

The general government function within the General Fund was under budget due to the change in allocation of internal service fund charges. \$1,995,600 was budgeted within this function for all workmen's compensation and general liability claims and premiums. The City is now allocating these charges to each department individually.

During 2007, the City also changed how benefits are charged to each department. The City began using a benefit rate to charge benefits to each department. Most departments receive a 41% of salaries charge to cover benefit costs. The police and fire departments are charged 25% as their pension costs are separately reported benefits rather than incorporated into this benefit rate. At year end the City then does a true up to make sure all benefit costs incurred were charged out to all departments. Due to the change in methodology the benefits within the police department were budgeted at less than charged. The 2008 budget was put together to include this new method.

Capital outlay within the General Fund was under budget due to the timing of implementation of a new telephone system. The majority of this project was moved to 2008, total budgeted project costs were \$307,250. The debt service function was also under budget as the budgeted purchase of a fire truck was moved to the grant fund as this purchase was funded by a grant received in 2007. This purchase was budgeted at \$266,527.

Capital Asset and Debt Administration

Significant change - Capital assets

During 2007 the City retroactively reported its infrastructure assets as required by Governmental Accounting Standards Board Statement No. 34. The table below summarizes the City's capital asset balances at year end for 2007 and includes the 2006 amounts as restated for the implementation of this standard.

City of Berwyn Capital Assets (net of accumulate depreciation)

	Governmental activities		Business-type activites		Total	
	2007	(Restated) 2006	2007	2006	2007	2006
Land	\$ 9,234,218	\$ 9,234,218	\$ 24,600	\$ 24,600	\$ 9,258,818	\$ 9,258,818
CIP	755,992	801,493	-	-	755,992	801,493
Buildings	8,534,230	8,333,636	326,540	340,597	8,860,770	8,674,233
Equipment	887,423	621,225		100,587	887,423	721,812
Land improvements	1,269,895	1,119,675	82,689	97,723	1,352,584	1,217,398
Vehicles	2,249,954	2,633,993	84,630	-	2,334,584	2,633,993
Infrastructure	31,560,280	33,677,772	41,528,394	45,433,074	73,088,674	79,110,846
Total	<u>\$ 54,491,992</u>	<u>\$ 56,422,012</u>	<u>\$ 42,046,853</u>	<u>\$ 45,996,581</u>	<u>\$ 96,538,845</u>	<u>\$ 102,418,593</u>

The City continued to invest in all categories of capital assets during 2007. Some of the larger additions were: purchase of public safety cameras, funded through a grant, (\$237,000), purchase of a street sweeper (\$145,000), completion of roofing and parking lot projects at the library (\$113,000 and \$271,000) and another project at the senior center (\$263,000). The City also began work on the Windsor Street fire station. This station is being completely remodeled. The majority of that project was also grant funded. These increases in capital assets were offset by depreciation charges of \$3,680,000.

There were no significant additions or deletions within the business-type activities. Additional information on the City's capital assets can be found in Note III.C. in the notes to the financial statements of this report.

Significant change – Long-term debt

The changes to the City's long-term obligations are summarized below.

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 86,297,397	\$ 65,506,016	\$ -	\$ -	\$ 86,297,397	\$ 65,506,016
Installment notes payable	2,244,258	2,962,516	-	-	2,244,258	2,962,516
Unamortized premiums	2,420,729	1,488,817	-	-	2,420,729	1,488,817
Unamortized loss on refunding	(1,587,340)	(1,704,886)	-	-	(1,587,340)	(1,704,886)
Capital Leases	318,877	468,203	-	-	318,877	468,203
Claims Payable	2,856,475	3,009,410	-	-	2,856,475	3,009,410
Net pension obligation	161,158	107,785	-	-	161,158	107,785
Net OPEB Obligation	337,575	-	-	-	337,575	-
IMRF early retirement liability	994,173	101,525	-	-	994,173	101,525
Compensated absences	2,289,082	2,445,346	28,325	48,202	2,317,407	2,493,548
Total	<u>\$ 96,332,384</u>	<u>\$ 74,384,732</u>	<u>\$ 28,325</u>	<u>\$ 48,202</u>	<u>\$ 96,360,709</u>	<u>\$ 74,432,934</u>

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.

During 2007 the City began restructuring its outstanding general obligation debt. The City's previous repayment schedules were overly aggressive and put the City in the position of having over 50% of its annual tax burden needed to fund principal and interest payments. The details of this refunding along with additional information on the City's long-term debt can be found in Note III.E in the notes to the financial statements.

The City also borrowed over \$17 million in 2007 for some substantial capital projects scheduled to begin in 2008. Some of the more significant capital projects are the building of a parking garage near the City's downtown train station. The City believes additional parking for commuters and area businesses will bring additional economic growth to the area. Approximately \$9.5 million has been earmarked for this project. The City is also in the beginning stages of demolishing and rebuilding one of its oldest fire stations. The existing fire station was built back in the 1940's and is nestled in a residential area. The plan calls for demolition of the existing station to allow for the new 10,200 SF two-story fire station to be constructed.

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.

Due to the decline in the local real estate market, the City experienced a decrease in revenues from real estate transfer taxes during 2007. Within the 2008 budget the City has reduced the amount expected from this revenue stream from \$3.0 million in 2007, and budgeted only \$1.5 million in 2008. One way in which the City made up for this decrease was by doing a property tax increase in 2008. The 2008 budget includes a 5% increase in property taxes. This change along with the restructure of the City's debt to shift tax levy from the debt service fund to the general fund, allowed the City to pass a balanced budget in 2008. Total General Fund expenditures were increased only slightly from the previous year by 4%. The majority of the increase in expenditures is due to salary increases with our union employees. The City also set up a contingency line within the 2008 budget of \$250,000. It is believed that the contingency line will assist in keeping the 2008 actual results balanced in case of unforeseen decreases in revenue or increases in expenditures. While the City's financial results for 2007 were not as good as desired, we believe that the 2008 budget will help get the City back on track for reaching its longer term financial and fund balance goals.

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.

CITY OF BERWYN, ILLINOIS

STATEMENT OF NET ASSETS

December 31, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Development Corporation
ASSETS				
Cash and investments	\$ 37,418,236	\$ 803,304	\$ 38,221,540	\$ 997,844
Receivables, net of allowance where applicable				
Property tax	20,917,387	-	20,917,387	-
Sales tax	742,587	-	742,587	-
Home rule sales tax	530,668	-	530,668	-
Income tax	864,846	-	864,846	-
Utility tax	616,556	-	616,556	-
Accounts Interest	1,419,248	739,675	2,158,923	33,625
Prepaid expenses	10,000	-	10,000	5,796
Due (to) from other funds	(1,822,413)	1,822,413	-	-
Due (to) from fiduciary funds	(649,152)	-	(649,152)	-
Due from other governments	776,627	-	776,627	-
Notes receivable	2,009,676	-	2,009,676	2,954,987
Deferred charges	984,703	-	984,703	-
Net pension asset	111,274	-	111,274	-
Advances (to) from other funds	(1,802,278)	1,802,278	-	-
Land held for resale	3,055,804	-	3,055,804	-
Capital assets, not being depreciated	9,990,210	24,600	10,014,810	-
Capital assets, being depreciated (net of accumulated depreciation)	44,501,783	42,022,253	86,524,036	83,098
Total Assets	119,720,074	47,217,423	166,937,497	4,075,350
LIABILITIES				
Accounts payable	1,389,173	334,189	1,723,362	41,628
Accrued payroll	929,133	36,422	965,555	-
Accrued interest payable	375,931	-	375,931	-
Unearned revenue	21,345,629	-	21,345,629	-
Other liabilities	213,882	-	213,882	168,907
Noncurrent liabilities				
Due within one year	5,025,869	7,293	5,033,162	2,825,817
Due in more than one year	91,306,516	21,033	91,327,549	-
Total Liabilities	120,586,133	398,937	120,985,070	3,036,352
NET ASSETS				
Invested in capital assets, net of related debt	7,399,270	42,046,853	49,446,123	83,098
Restricted for				
Public safety	716,692	-	716,692	-
Public works	1,896,780	-	1,896,780	-
Economic development	10,654,793	-	10,654,793	19,636
Unrestricted (deficit)	(21,533,594)	4,771,633	(16,761,961)	936,264
TOTAL NET ASSETS (DEFICIT)	\$ (866,059)	\$ 46,818,486	\$ 45,952,427	\$ 1,038,998

See accompanying notes to the financial statements.

CITY OF BERWYN, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2007

FUNCTIONS/PROGRAMS	Net (Expense) Revenue and Change in Net Assets							Component Unit Berwyn Development Corporation
	Expenses	Program Revenues			Primary Government			
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT								
Governmental Activities								
General government	\$ 3,784,866	\$ 2,532,861	\$ -	\$ -	\$ (1,252,005)	\$ -	\$ (1,252,005)	\$ -
Public safety	30,386,975	4,699,882	679,436	1,075,994	(23,931,663)	-	(23,931,663)	-
Public works	7,911,236	1,076,749	1,542,999	199,199	(5,092,289)	-	(5,092,289)	-
Economic development	4,822,636	-	1,731,841	-	(3,090,795)	-	(3,090,795)	-
Culture and recreation	4,378,740	510,459	154,217	-	(3,714,064)	-	(3,714,064)	-
Health and sanitation	3,793,645	3,940,827	-	-	147,182	-	147,182	-
Interest	3,810,963	-	-	-	(3,810,963)	-	(3,810,963)	-
Total Governmental Activities	<u>58,889,061</u>	<u>12,760,778</u>	<u>4,108,493</u>	<u>1,275,193</u>	<u>(40,744,597)</u>	<u>-</u>	<u>(40,744,597)</u>	<u>-</u>
Business-Type Activities								
Water and sewer	9,406,507	4,958,994	-	-	-	(4,447,513)	(4,447,513)	-
TOTAL PRIMARY GOVERNMENT	<u>\$ 68,295,568</u>	<u>\$ 17,719,772</u>	<u>\$ 4,108,493</u>	<u>\$ 1,275,193</u>	<u>(40,744,597)</u>	<u>(4,447,513)</u>	<u>(45,192,110)</u>	<u>-</u>
COMPONENT UNIT								
Berwyn Development Corporation	\$ 1,277,639	\$ 1,618,618	\$ -	\$ -	-	-	-	340,979
General Revenues								
Taxes								
Property					21,029,820	-	21,029,820	-
Sales					2,886,108	-	2,886,108	-
Home rule sales					2,011,687	-	2,011,687	-
Income					5,518,357	-	5,518,357	-
Replacement					257,851	-	257,851	-
Municipal utility					4,178,301	-	4,178,301	-
Real estate transfer					1,565,735	-	1,565,735	-
Other					809,020	-	809,020	-
Investment income					1,019,673	57,429	1,077,102	-
Miscellaneous					63,518	-	63,518	-
Total general revenues					<u>39,340,070</u>	<u>57,429</u>	<u>39,397,499</u>	<u>-</u>
CHANGE IN NET ASSETS					(1,404,527)	(4,390,084)	(5,794,611)	340,979
NET ASSETS, JANUARY 1, RESTATED					<u>538,468</u>	<u>51,208,570</u>	<u>51,747,038</u>	<u>698,019</u>
NET ASSETS (DEFICIT), DECEMBER 31					<u>\$ (866,059)</u>	<u>\$ 46,818,486</u>	<u>\$ 45,952,427</u>	<u>\$ 1,038,998</u>

See accompanying notes to the financial statements.

CITY OF BERWYN, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2007

	<u>General</u>	<u>Cermak Road TIF</u>	<u>Debt Service</u>	<u>2007 Bond</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and investments	\$ -	\$ 5,498,561	\$ 26,283	\$ 22,008,342	\$ 8,610,506	\$ 36,143,692
Receivables (net, where applicable, of allowances for uncollectibles)						
Property taxes	11,102,132	152,723	6,902,409	-	2,760,123	20,917,387
Sales taxes	742,587	-	-	-	-	742,587
Home rule sales tax	530,668	-	-	-	-	530,668
Income taxes	864,846	-	-	-	-	864,846
Utility tax	616,556	-	-	-	-	616,556
Accounts	1,386,248	-	-	-	33,000	1,419,248
Interest	3,195	13,470	3,101	8,388	14,278	42,432
Prepaid items	10,000	-	-	-	-	10,000
Due from other funds	23,592	-	-	-	-	23,592
Due from other governments	85,488	-	-	-	691,139	776,627
Notes receivable	632,046	-	-	-	1,377,630	2,009,676
Advances to other funds	-	850,000	-	-	-	850,000
Land held for resale	-	3,055,804	-	-	-	3,055,804
Total Assets	<u>15,997,358</u>	<u>9,570,558</u>	<u>6,931,793</u>	<u>22,016,730</u>	<u>13,486,676</u>	<u>68,003,115</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	869,559	45,099	-	41,107	433,408	1,389,173
Accrued payroll	1,389,719	-	-	-	117,525	1,507,244
Deferred revenues	10,747,243	-	6,449,422	259,789	4,114,175	21,570,629
Due to other funds	1,416,131	-	-	-	429,874	1,846,005
Due to fiduciary funds	649,152	-	-	-	-	649,152
Other liabilities	213,882	-	-	-	-	213,882
Advances from other funds	-	-	1,802,278	-	850,000	2,652,278
Total liabilities	<u>15,285,686</u>	<u>45,099</u>	<u>8,251,700</u>	<u>300,896</u>	<u>5,944,982</u>	<u>29,828,363</u>
FUND BALANCES						
Reserved						
Notes receivable	632,046	-	-	-	-	632,046
Advances	-	850,000	-	-	-	850,000
Prepaid items	10,000	-	-	-	-	10,000
Land held for resale	-	3,055,804	-	-	-	3,055,804
Public safety	-	-	-	-	605,418	605,418
Public works	-	-	-	-	1,896,780	1,896,780
Economic development	-	5,619,655	-	-	5,035,138	10,654,793
Unreserved (deficit)						
General Fund	69,626	-	-	-	-	69,626
Special Revenue Funds	-	-	-	-	(248,969)	(248,969)
Debt Service Fund	-	-	(1,319,907)	-	-	(1,319,907)
Capital Projects Funds	-	-	-	21,715,834	253,327	21,969,161
Total fund balances	<u>711,672</u>	<u>9,525,459</u>	<u>(1,319,907)</u>	<u>21,715,834</u>	<u>7,541,694</u>	<u>38,174,752</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,997,358</u>	<u>\$ 9,570,558</u>	<u>\$ 6,931,793</u>	<u>\$ 22,016,730</u>	<u>\$ 13,486,676</u>	<u>\$ 68,003,115</u>

See accompanying notes to the 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, 2007

FUND BALANCES OF GOVERNMENTAL FUNDS	\$	38,174,752
Amounts reported for governmental activities in the		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		54,491,993
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements		225,000
The net pension asset is not a current financial resource and, therefore, is not reported in the governmental funds		111,274
The net other post employment benefits obligation is not a current use of funds and, therefore, is not reported in the governmental funds		(337,575)
The net pension obligation is not a current use of funds and, therefore, is not reported in the governmental funds		(161,158)
The unamortized bond discount and unamortized bond issuance cost is not a current financial resource and, therefore, is not reported in the governmental funds		984,703
The unamortized bond premium is not a current financial resource and, therefore, is not reported in the governmental funds		(2,420,729)
The unamortized loss on refunding is not a current financial use of funds and, therefore, is not reported in the governmental funds		1,587,340
Interest payable is not due and payable in the current period and therefore, not reported in the governmental funds		(375,931)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds		(91,565,677)
The unrestricted net assets (deficit) of the internal service funds are included in the governmental activities in the statement of net assets		<u>(1,580,051)</u>
NET ASSETS (DEFICIT) OF GOVERNMENTAL ACTIVITIES	\$	<u>(866,059)</u>

See accompanying notes to the financial statements.

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

	<u>General</u>	<u>Cermak Road TIF</u>	<u>Debt Service</u>	<u>2007 Bond</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property taxes	\$ 6,749,063	\$ 1,537,256	\$ 8,725,298	\$ -	\$ 4,018,203	\$ 21,029,820
Other taxes	16,831,852	-	-	-	20,056	16,851,908
Licenses and permits	2,444,530	-	-	-	-	2,444,530
Charges for services	5,939,672	-	-	-	26,650	5,966,322
Fines and forfeitures	3,428,535	-	-	-	33,542	3,462,077
Intergovernmental	287,417	-	-	84,361	4,846,488	5,218,266
Investment income	78,095	165,669	60,462	415,525	281,495	1,001,246
Miscellaneous	1,202,340	-	-	-	64,598	1,266,938
Total Revenues	<u>36,961,504</u>	<u>1,702,925</u>	<u>8,785,760</u>	<u>499,886</u>	<u>9,291,032</u>	<u>57,241,107</u>
EXPENDITURES						
Current						
General government	3,628,208	-	-	-	-	3,628,208
Public safety	29,521,702	-	-	-	649,741	30,171,443
Public works	4,426,578	-	-	-	1,095,908	5,522,486
Economic development	352,768	691,070	-	-	3,777,670	4,821,508
Culture and recreation	1,196,135	-	-	-	2,892,998	4,089,133
Health and sanitation	3,793,645	-	-	-	-	3,793,645
Capital outlay	437,640	-	-	159,052	1,494,130	2,090,822
Debt service						
Principal	51,737	-	7,305,000	-	493,472	7,850,209
Interest and fiscal charges	22,011	-	3,288,874	-	247,528	3,558,413
Bond issuance costs	-	-	767,099	-	-	767,099
Total Expenditures	<u>43,430,424</u>	<u>691,070</u>	<u>11,360,973</u>	<u>159,052</u>	<u>10,651,447</u>	<u>66,292,966</u>
Excess (deficiency) of revenues over expenditures	<u>(6,468,920)</u>	<u>1,011,855</u>	<u>(2,575,213)</u>	<u>340,834</u>	<u>(1,360,415)</u>	<u>(9,051,859)</u>
OTHER FINANCING SOURCES (USES)						
Bonds issued, at par	12,907,586	-	15,277,414	21,375,000	-	49,560,000
Premium on issuance of long term debt	-	-	1,146,682	-	-	1,146,682
Payment to escrow agent	-	-	(12,802,600)	-	-	(12,802,600)
Payment on short term debt	-	-	(8,850,000)	-	-	(8,850,000)
Proceeds on capital lease	145,827	-	-	-	-	145,827
Transfers in	951,302	-	9,512,726	-	1,457,654	11,921,682
Transfers out	<u>(10,421,008)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,500,674)</u>	<u>(11,921,682)</u>
Total Other Financing Sources (Uses)	<u>3,583,707</u>	<u>-</u>	<u>4,284,222</u>	<u>21,375,000</u>	<u>(43,020)</u>	<u>29,199,909</u>
NET CHANGE IN FUND BALANCES	(2,885,213)	1,011,855	1,709,009	21,715,834	(1,403,435)	20,148,050
FUND BALANCES, JANUARY 1 (as restated)	<u>3,596,885</u>	<u>8,513,604</u>	<u>(3,028,916)</u>	<u>-</u>	<u>8,945,129</u>	<u>18,026,702</u>
FUND BALANCES (DEFICIT) DECEMBER 31	<u>\$ 711,672</u>	<u>\$ 9,525,459</u>	<u>\$ (1,319,907)</u>	<u>\$ 21,715,834</u>	<u>\$ 7,541,694</u>	<u>\$ 38,174,752</u>

See accompanying notes to the 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, 2007

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 20,148,050
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	1,827,192
The loss on disposal of capital assets is shown as an increase of expense on the statement of activities	(76,829)
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	(50,852,509)
The accretion on capital appreciation bonds does not require the use of current financial resources and, therefore, is not reported in the governmental funds	(86,381)
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	29,400,209
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	(3,680,384)
Other post employment benefits are recognized when paid within the governmental funds however, they are recognized as earned in the government-wide financial statements	(337,575)
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	225,000
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Change in pension obligation	(51,235)
Change in accrued interest payable	(103,555)
Amortization of discount and issuance costs	(57,256)
Capitalization of issuance costs	767,099
Amortization of accounting loss on refunding	(220,127)
Capitalization of accounting loss on refunding	102,600
Amortization of bond premium	214,769
Change in compensated absences	454,103
Change in IMRF liability	16,352
The change in net assets of certain activities of internal service funds is reported with governmental activities	905,950
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ (1,404,527)

See accompanying notes to the financial statements.

CITY OF BERWYN, ILLINOIS

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

December 31, 2007

	<u>Business-Type Water and Sewer</u>	<u>Governmental Activities Internal Service</u>
CURRENT ASSETS		
Cash and investments	\$ 803,304	\$ 1,274,544
Receivables		
Accounts (net of allowance)	739,675	-
Interest	2,900	1,880
Due from other funds	<u>1,822,413</u>	<u>-</u>
Total Current Assets	<u>3,368,292</u>	<u>1,276,424</u>
NONCURRENT ASSETS		
Advance to other funds	1,802,278	-
Capital assets		
Capital assets, not being depreciated	24,600	-
Capital assets, net of accumulated depreciation	<u>42,022,253</u>	<u>-</u>
Net Capital Assets	<u>42,046,853</u>	<u>-</u>
Total Noncurrent Assets	<u>43,849,131</u>	<u>-</u>
Total Assets	<u>47,217,423</u>	<u>1,276,424</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	334,189	-
Claims payable	-	427,502
Accrued payroll	36,422	-
Compensated absences	<u>7,293</u>	<u>-</u>
Total Current Liabilities	<u>377,904</u>	<u>427,502</u>
LONG-TERM LIABILITIES		
Claims payable	-	2,428,973
Compensated absences payable	<u>21,033</u>	<u>-</u>
Total Long-Term Liabilities	<u>21,033</u>	<u>2,428,973</u>
Total Liabilities	<u>398,937</u>	<u>2,856,475</u>
NET ASSETS		
Invested in capital assets	42,046,853	-
Unrestricted (deficit)	<u>4,771,633</u>	<u>(1,580,051)</u>
Total Net Assets	<u>\$ 46,818,486</u>	<u>\$ (1,580,051)</u>

See accompanying notes to the financial statements.

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

	Business-Type Water and Sewer	Governmental Activities Internal Service
	<u> </u>	<u> </u>
OPERATING REVENUES		
Charges for services		
Billings	\$ 4,623,923	\$ -
Penalties	228,402	-
Plumbing inspections	35,882	-
Water and sewer taps	22,030	-
Internal service charges	-	3,275,340
Other revenue	<u>48,757</u>	<u>-</u>
 Total Operating Revenues	 <u>4,958,994</u>	 <u>3,275,340</u>
OPERATING EXPENSES		
Salaries and benefits	916,828	-
Internal service fund charge	246,565	-
Cost of water	2,824,024	-
Contractual services	50,502	543,037
Utilities and cost of water	102,144	-
Repairs and maintenance	316,963	-
Commodities and supplies	78,165	-
Interdepartmental charges	579,888	1,844,781
Bad debt expense	341,700	-
Depreciation	<u>3,949,728</u>	<u>-</u>
 Total Operating Expenses	 <u>9,406,507</u>	 <u>2,387,818</u>
 Operating income	 (4,447,513)	 887,522
NONOPERATING INCOME		
Investment income	<u>57,429</u>	<u>18,428</u>
 CHANGE IN NET ASSETS	 (4,390,084)	 905,950
 NET ASSETS (DEFICIT), JANUARY 1 as restated	 <u>51,208,570</u>	 <u>(2,486,001)</u>
 NET ASSETS (DEFICIT), DECEMBER 31	 <u>\$ 46,818,486</u>	 <u>\$ (1,580,051)</u>

See accompanying notes to the financial statements.

CITY OF BERWYN, ILLINOIS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2007

	Business-Type Water and Sewer	Governmental Activities Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 4,928,866	\$ 3,275,340
Payments to suppliers	(2,968,849)	(2,540,753)
Payments to employees	(951,517)	-
Payments for interfund services used	<u>(582,802)</u>	<u>-</u>
Net cash from operating activities	<u>425,698</u>	<u>734,587</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Addition of interfund receivable	(1,513,596)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
none	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	<u>54,529</u>	<u>16,548</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,033,369)	751,135
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>1,836,673</u>	<u>523,409</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 803,304</u>	<u>\$ 1,274,544</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	(4,447,513)	887,522
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	3,949,728	-
Changes in assets and liabilities		
Accounts receivable	311,572	-
Due from other governments	334,018	-
Accounts payable	315,496	-
Accrued payroll and compensated absences	(34,689)	-
Due to other funds	(2,914)	-
Claims payable	<u>-</u>	<u>(152,935)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 425,698</u>	<u>\$ 734,587</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
none		

See accompanying notes to the financial statements.

CITY OF BERWYN, ILLINOIS

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

December 31, 2007

ASSETS

Cash and investments	
Cash and cash equivalents	\$ 1,636,521
Investments	
Certificates of deposit	4,123,283
U.S. Treasury securities	10,612,034
U.S. Agency securities	9,350,531
Money market	577,884
Equities	7,720,483
	9,923,129
Insurance contracts	97,889
Mutual funds	<u>7,577,878</u>
 Total Cash and Investments	 <u>51,619,632</u>
 Receivables	
Accrued interest	285,989
Due from governmental funds	<u>649,152</u>
 Total receivables	 <u>935,141</u>
 Total Assets	 <u>52,554,773</u>

LIABILITIES

Accounts payable	4,499
Payroll tax payable	<u>206</u>
 Total Liabilities	 <u>4,705</u>

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

\$ 52,550,068

CITY OF BERWYN, ILLINOIS

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS**

For the Year Ended December 31, 2007

ADDITIONS

Contributions	
Employer	\$ 4,455,001
Participants	1,602,503
Total Contributions	<u>6,057,504</u>
Investment income	
Net appreciation in fair value of investments	2,405,017
Interest earned	1,476,269
Less investment expenses	<u>(69,586)</u>
Total Investment Income	<u>3,811,700</u>
Total Additions	<u>9,869,204</u>

DEDUCTIONS

Administrative	87,521
Pension benefits and refunds	<u>4,545,368</u>
Total Deductions	<u>4,632,889</u>

NET INCREASE 5,236,315

NET ASSETS HELD IN TRUST FOR
PENSION BENEFITS - January 1 47,313,753

**NET ASSETS HELD IN TRUST FOR
PENSION BENEFITS - December 31** \$ 52,550,068

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

I. 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.

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 five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary and two 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.

istricts on behalf and for the benefit of the City.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (continued)

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.

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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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:

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.

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

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

2007 Bond Fund is used to account for the capital portions of the 2007 Bonds to be used for capital project purposes.

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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

I. 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, 2007 for debt and equity securities. Mutual funds, investment funds and insurance separate accounts are valued at contract value as of December 31, 2007.

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.

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

I. 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), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost 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:

Vehicles	5 - 20 years
Equipment	5 - 15 years
Land improvements	18 - 25 years
Buildings	15 - 50 years
Infrastructure	17 - 75 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 forfeited 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.

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 - 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, certain employees are eligible to have their sick leave paid out. 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, 2007, the City reported \$578,000 within its General Fund and \$7,300 within its Water and Sewer Fund related to sick leave purchased back in 2008.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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 Grant, Police Seizure, D.A.R.E. Education, Emergency 911 Telephone System, CDBG, and Foreign Fire Insurance Funds), Debt Service, Enterprise, and Pension Trust Funds. Capital Projects Funds were not budgeted in 2007. All annual appropriations lapse at fiscal year end. The budgeted amounts presented include any amendments made. Supplemental budget appropriations during the year were as follows:

Fund	Amount
General	\$ 12,694,064
Motor Fuel Tax	300,000
South Berwyn Corridor TIF	1,205,000
Roosevelt Road TIF	30,000
Ogden Avenue TIF	500,000
Total	\$ 14,729,064

B. Excess of Expenditures Over Appropriations

The following General Fund departments and other individual funds had an excess of expenditures over appropriations for the year ending December 31, 2007:

Fund	Amount
General Fund Department	
Treasurer's Office	\$ 74
Legal	15,983
Finance	31,851
Information Technology	16,044
Fire	188,959
Police	881,722
Fire and Police Commission	4,107
Streets	136,136
Forestry	18,091
Debt Service Fund	4,865,003
Library Fund	62,746
Motor Fuel Tax Fund	129,683
Roosevelt Road TIF	153,342

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Balances

The Debt Service Fund had a deficit fund balance of \$1,319,907. It is anticipated this deficit will be funded in 2008.

The City's Internal Service Fund had deficit net assets as of December 31, 2007 of \$1,580,051. This deficit is primarily due to the accrual of claims payable not expected to be paid out in 2008. The City has adopted a funding policy to eliminate this deficit over time.

The Library Fund had a deficit fund balance of \$33,093 it is anticipated this deficit will be funded in 2008.

The Grant Fund had a deficit fund balance of \$225,000 due to state grant funding uncertainty. It is anticipated that the deficit will be funded in 2008.

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

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

City Deposits and Investments

The City's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 21,716,191	\$ 21,041,212	Custodial credit deposits
Illinois Funds	17,975,958	17,975,958	Credit and interest rate
Certificates of deposit	4,289,195	4,289,195	Custodial credit deposits
US Treasuries	10,612,034	10,612,034	Custodial credit investments and interest rate risk
US Agencies	9,350,531	9,350,531	Custodial credit investments, credit, concentration of credit and interest rate risk
Insurance company contracts	97,889	97,889	
Money market	577,884	577,884	Credit and interest rate
Equities	17,643,612	17,643,612	Credit and interest rate
Money market mutual funds	<u>7,577,878</u>	<u>7,577,878</u>	Credit and interest rate
Total cash and investments	<u>\$ 89,841,172</u>	<u>\$ 89,166,193</u>	
Reconciliation to financial statements			
Per statement of net assets			
Cash and investments	\$ 38,221,540		
Per statement of net assets - Fiduciary Funds			
Pension Trust Funds	<u>51,619,632</u>		
Total cash and investments	<u>\$ 89,841,172</u>		

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.

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

City Deposits and Investments (Continued)

Custodial Credit Risk

Deposits - Custodial credit risk for 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. As of December 31, 2007, \$51,033 of the City's bank balances remained uninsured and uncollateralized.

Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the 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. As of December 31, 2007, none of the City's investments were exposed to custodial credit risk as related to investments as all investments were uninsured, registered in the name of the City, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the City's name.

Credit Risk

Credit Risk – is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

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.

Interest Rate Risk

As of December 31, 2007, the City's investments matured as follows:

<u>Investment Type</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Illinois Funds	less than 1 year	<u>\$ 17,975,958</u>

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.

Concentration of 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, 2007, 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.

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

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.

Custodial Credit Risk

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, 2007, the deposits were collateralized in accordance with the investment policy.

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.

Interest Rate Risk

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 policy also specifies a target duration of six years for all fixed income securities with a 25% allowable deviation from this target.

As of December 31, 2007, the Fund's investments matured as follows:

Investment Type	Fair Value	Maturity in years			
		Less than 1	1 - 5	6 - 10	Over 10
US Treasuries	\$ 9,989,003	\$ 1,408,526	\$ 4,066,053	\$ 2,913,797	\$ 1,600,627
US Agencies	6,140,696	602,250	2,274,514	1,910,253	1,353,679
Money market mutual funds	1,797,361	1,797,361	-	-	-
Total	\$ 17,927,060	\$ 3,808,137	\$ 6,340,567	\$ 4,824,050	\$ 2,954,306

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

Police Pension Deposits and Investments (Continued)

Credit Risk

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in 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.

Concentration of Credit Risk

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. At December 31, 2007, the Police Pension Fund had greater than five percent of its overall portfolio invested in the following:

<u>Investment</u>	<u>Amount invested</u>	<u>Percentage of total portfolio</u>
Federal Home Loan Mortgage Corp	\$ 2,637,130	5.40%
Federal National Mortgage Bank	2,776,324	5.68%

The Police Pension Fund's investment policy requires diversification of investments to avoid unreasonable risk. The Police Pension Fund's investment policy provides the following guidelines as related to the composition of investments:

<u>Type of security</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Equities	20%	40%	45%
Fixed income	55%	55%	95%
Cash	3%	5%	15%

As of December 31, 2007 the Police Pension Fund was not in compliance with this portion of their investment policy.

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

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.

Custodial Credit Risk

The Firefighters' Pension Fund policy does not require collateralization. However, all deposits at December 31, 2007 are covered by Federal Depository Insurance.

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.

Interest Rate Risk

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.

As of December 31, 2007, the Fund's investments matured as follows:

Investment Type	Fair Value	Maturity in years			
		Less than 1	1 - 5	6 - 10	Over 10
US Treasuries	\$ 623,031	\$ 199,672	\$ 423,359	\$ -	\$ -
Certificates of deposit	4,123,283	1,691,633	2,333,833	97,817	-
US Agencies	3,209,835	497,382	1,120,412	729,782	862,259
Annuities - life ins	89,975	89,975	-	-	-
Money market mutual funds	5,780,517	5,780,517	-	-	-
Total	\$ 13,826,641	\$ 8,259,179	\$ 3,877,604	\$ 827,599	\$ 862,259

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

Firefighters' Pension Deposits and Investments (Continued)

Credit Risk

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.

Concentration of Credit Risk

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, 2007, 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%

At December 31, 2007, the Firefighters' Pension Fund had \$2,952,877 (15.42%) invested in equity based mutual funds in excess of the investment policy stated maximum.

B. RECEIVABLES

Property Taxes

Property taxes for 2007 attach as an enforceable lien on January 1, 2007 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, 2008 and October 1, 2008 and are payable in two installments, on or about April 1, 2008 and November 1, 2008. The County collects such taxes and remits them periodically.

CDBG Rehabilitation Notes Receivable

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 CDBG Fund, are used to make additional rehabilitation loans. Loan activity for the current year is summarized as follows:

	Interest rates	Beginning balance	Loans made	Repayments	Loan write- offs	Ending balance
CDBG Rehab Loans	0%	\$ 1,158,387	\$ 219,243	-	-	\$ 1,377,630

The entire balance of the CDBG Rehab loans are included in unearned revenue..

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. RECEIVABLES (Continued)

Berwyn Development Corporation Notes Receivable

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, 2007 are as follows:

<u>Original Loan</u>	<u>Beginning Balance</u>	<u>Loans Issued</u>	<u>Principal Paid</u>	<u>Ending Balance</u>	<u>Current Portion</u>
\$ 100,000	\$ 24,359	\$ -	\$ 10,796	\$ 13,563	\$ 13,563
320,000	216,023	-	17,110	198,913	18,149
30,000	5,425	-	5,425	-	-
35,000	33,152	-	2,746	30,406	5,000
390,000	363,163	-	14,726	348,437	14,747
39,000	37,050	-	37,050	-	-
45,000	-	45,000	4,273	40,727	8,435
<u>\$ 959,000</u>	<u>\$ 679,172</u>	<u>\$ 45,000</u>	<u>\$ 92,126</u>	<u>\$ 632,046</u>	<u>\$ 59,894</u>

\$100,000 note receivable in 120 consecutive monthly principal and interest payments of \$957 commencing January 1, 1999. Interest is calculated on unpaid balances at a variable rate of prime minus 1% adjusted each December 1.

\$320,000 note receivable in 180 consecutive principal and interest payments commencing July 20, 2001. Interest is calculated on unpaid balances at 3.5% per annum.

\$30,000 note receivable in 60 consecutive principal and interest payments of \$553 commencing November 15, 2002. Interest accrues on unpaid balances at 4% per annum.

\$35,000 note receivable in 83 consecutive payments of \$417 commencing May 31, 2007 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.

\$390,000 note receivable in 152 consecutive payments commencing November 1, 2006 through June 1, 2019. Interest accrues on unpaid balances at a variable rate adjusted each December 1. As of year end the interest rate on this note was 10% per annum.

\$39,000 note receivable in 59 consecutive principal and interest payments of \$650 commencing October 1, 2007 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. As of year end the interest rate on this note was 6.5%

\$45,000 note receivable in 60 consecutive principal and interest payments of \$829 commencing August 18, 2007 and one final payment of all outstanding liabilities on July 18, 2012. Interest accrues on unpaid balances at a 4% per annum.

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. RECEIVABLES (Continued)

Accounts Receivable

The accounts receivable as disclosed on the government-wide financial statements were comprised of the following:

Description	Governmental Activities	Business-Type Activities
Ambulance	\$ 2,198,208	\$ -
Utility billings	-	1,166,675
Allowance for uncollectible	(1,060,000)	(427,000)
Garbage	155,636	-
Franchise fee	83,690	-
Other	41,714	-
Total	<u>\$ 1,419,248</u>	<u>\$ 739,675</u>

Deferred/Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Description	Unavailable	Unearned	Total
Subsequent year's tax levy	\$ -	\$ 19,693,977	\$ 19,693,977
CDBG loan program	-	1,377,630	1,377,630
Grant advances	225,000	274,022	499,022
Total	<u>\$ 225,000</u>	<u>\$ 21,345,629</u>	<u>\$ 21,570,629</u>

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

Primary Government	Restated Balance January 1	Additions	Retirements	Balance December 31
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 9,234,218	\$ -	\$ -	\$ 9,234,218
CIP	801,493	706,768	752,269	755,992
Total Capital Assets Not Being Depreciated	10,035,711	706,768	752,269	9,990,210
Capital Assets Being Depreciated				
Vehicles	5,410,928	322,638	201,480	5,532,086
Equipment	1,200,090	488,410	67,895	1,620,605
Land improvements	3,178,191	375,244	5,763	3,547,672
Buildings	10,680,719	531,035	4,943	11,206,811
Infrastructure	52,224,409	155,368	-	52,379,777
Total Capital Assets Being Depreciated	72,694,337	1,872,695	280,081	74,286,951
Less Accumulated Depreciation for:				
Vehicles	2,776,935	651,964	146,767	3,282,132
Equipment	578,865	202,314	47,997	733,182
Land improvements	2,058,516	223,883	4,622	2,277,777
Buildings	2,347,083	329,363	3,866	2,672,580
Infrastructure	18,546,637	2,272,860	-	20,819,497
Total Accumulated Depreciation	26,308,036	3,680,384	203,252	29,785,168
Total Capital Assets Being Depreciated, Net	46,386,301	(1,807,689)	76,829	44,501,783
Total Governmental Activities	<u>\$ 56,422,012</u>	<u>\$ (1,100,921)</u>	<u>\$ 829,098</u>	<u>\$ 54,491,993</u>

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

Function	Amount
Governmental Activities	
General government	\$ 50,869
Public safety	606,889
Public works	2,643,360
Culture and recreation	379,266
Total Governmental Activities	<u>\$ 3,680,384</u>

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. CAPITAL ASSETS (Continued)

Primary Government	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	<u>24,600</u>	<u>-</u>	<u>-</u>	<u>24,600</u>
Capital Assets Being Depreciated				
Vehicles	167,013	-	19,680	147,333
Land improvements	251,291	-	-	251,291
Buildings	633,151	-	-	633,151
Infrastructure	<u>108,700,100</u>	<u>-</u>	<u>-</u>	<u>108,700,100</u>
Total Capital Assets Being Depreciated	<u>109,751,555</u>	<u>-</u>	<u>19,680</u>	<u>109,731,875</u>
Less Accumulated Depreciation for:				
Vehicles	66,426	15,957	19,680	62,703
Land improvements	153,568	15,034	-	168,602
Buildings	292,554	14,057	-	306,611
Infrastructure	<u>63,267,026</u>	<u>3,904,680</u>	<u>-</u>	<u>67,171,706</u>
Total Accumulated Depreciation	<u>63,779,574</u>	<u>3,949,728</u>	<u>19,680</u>	<u>67,709,622</u>
Total Capital Assets Being Depreciated, Net	<u>45,971,981</u>	<u>(3,949,728)</u>	<u>-</u>	<u>42,022,253</u>
Total Business-Type Activities	<u>\$ 45,996,581</u>	<u>\$ (3,949,728)</u>	<u>\$ -</u>	<u>\$ 42,046,853</u>

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. INTERFUND DISCLOSURES

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Emergency 911	\$ 23,592	Salary reimbursement
Water and Sewer Fund	General Fund	1,416,131	Cash subsidy
Water and Sewer Fund	Grant Fund	257,282	Cash subsidy
Water and Sewer Fund	CDBG Fund	<u>149,000</u>	Cash subsidy
Total Water and Sewer Fund		<u>1,822,413</u>	
Subtotal - Fund Financial Statements		1,846,005	
Less: Fund eliminations		<u>(23,592)</u>	
Total - Internal Balances - Government-Wide Statement of Net Assets		<u>\$ 1,822,413</u>	

All interfund balances are expected to be repaid during 2008.

Due To/From Fiduciary Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Police Pension	\$ 524,037	Tax collections
General Fund	Fire Pension	<u>125,115</u>	Tax collections
Total - Internal Balances - Government-Wide Statement of Net Assets		<u>\$ 649,152</u>	

These interfunds are related to tax collections made in December and remitted in January or January collections remitted to the fiduciary funds in February. All of these interfunds were repaid during 2008.

Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Water and Sewer Fund	Debt Service Fund	\$ 1,802,278
Cermak TIF Fund	South Berwyn TIF	<u>850,000</u>
Subtotal - Fund Financial Statements		2,652,278
Less: Fund eliminations		<u>(850,000)</u>
Total - Internal Balances - Government-Wide Statement of Net Assets		<u>\$ 1,802,278</u>

The advance to the Debt Service Fund was established as a cash subsidy due to tax collections not yet made at year end. These funds are expected to be repaid in 2008.

The advance to South Berwyn TIF was established in order to fund a developer agreement. The repayment schedule calls for principal payments of \$200,000 in November, 2008, \$300,000 in November, 2009 and \$350,000 in November, 2010. Interest is paid bi-annually at 5.179% of the outstanding balance.

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. INTERFUND DISCLOSURES (Continued)

Transfers

Transfers between funds during the year were as follows:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Emergency 911	\$ 69,914	Reimbursement of salaries
General Fund	Ogden Avenue TIF	97,500	Past year's expenditures
General Fund	Motor Fuel Tax	<u>783,888</u>	Reimbursement of salaries
Total General Fund		<u>951,302</u>	
Debt Service Fund	Roosevelt Road TIF	76,970	Debt service
Debt Service Fund	Ogden Avenue TIF	472,402	Debt service
Debt Service Fund	General Fund	<u>8,963,354</u>	Debt service
Total Debt Service Fund		9,512,726	
Community Outreach	General Fund	278,288	Operating subsidy
Grant Fund	General Fund	139,539	Non-covered project expenditures
CDBG Fund	General Fund	3,433	Operating subsidy
Library	General Fund	<u>1,036,394</u>	Operating subsidy
Subtotal - Fund Financial Statements		11,921,682	
Less: Fund eliminations		<u>(11,921,682)</u>	
Total Transfers - Government-wide Statement of Activities		<u>\$ -</u>	

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General obligation debt	\$ 65,506,016	\$ 49,646,381	\$ 28,855,000	\$ 86,297,397	\$ 3,710,000
Installment notes payable	2,494,313	-	250,056	2,244,257	229,520
Unamortized premiums	1,488,817	1,146,682	214,769	2,420,730	n/a
Unamortized loss on refunding	<u>(1,704,866)</u>	<u>(102,600)</u>	<u>(220,127)</u>	<u>(1,587,339)</u>	n/a
Total bonds and notes payable	67,784,280	50,690,463	29,099,698	89,375,045	3,939,520

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. LONG-TERM OBLIGATIONS (Continued)

	(Restated) Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Other Liabilities:					
Capital leases	468,203	145,827	295,153	318,877	80,736
Claims payable	3,009,409	1,847,666	2,000,600	2,856,475	427,502
Net pension obligation	107,785	53,373	-	161,158	-
Net OPEB obligation	-	458,184	120,609	337,575	-
IMRF early retirement liability	1,010,525	75,817	92,169	994,173	-
Compensated absences	<u>2,445,349</u>	<u>834,933</u>	<u>991,200</u>	<u>2,289,082</u>	<u>578,111</u>
 Total Other Liabilities	 <u>7,041,271</u>	 <u>3,415,800</u>	 <u>3,499,731</u>	 <u>6,957,340</u>	 <u>1,086,349</u>
 Total Governmental Long-Term Obligations	 <u>\$ 74,825,551</u>	 <u>\$ 54,106,263</u>	 <u>\$ 32,599,429</u>	 <u>\$ 96,332,385</u>	 <u>\$ 5,025,869</u>
 Business-Type Activities					
Compensated absences	<u>\$ 48,202</u>	<u>\$ 13,923</u>	<u>\$ 33,800</u>	<u>\$ 28,325</u>	<u>\$ 7,293</u>

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund general obligation bonds. All general obligation debt is backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

General obligation bonds currently outstanding are as follows:

	Date of Issue	Interest Rate	Final Maturity	Original Amount	Balance 12/31/07
Governmental Activities					
General Obligation Debt					
Corporate purpose	11/1/98	5.00%	10/15/10	\$ 19,880,000	\$ 10,175,000
	2/1/99	3.90-5.25	12/1/18	65,000,000	7,730,000
	6/15/01	3.20-4.60	12/1/11	3,890,000	410,000
	10/31/06	4.35	10/1/07	8,850,000	-
	8/15/07	5.00	12/1/27	28,165,000	28,165,000
Capital appreciation bonds	4/3/02	3.00-5.25	12/1/10	3,295,140	2,932,397
Refunding bonds	3/4/04	2.00-5.00	12/1/14	19,710,000	14,745,000
Taxable bonds	4/3/02	3.20-5.10	12/1/20	940,000	745,000
	8/15/07	5.62-5.71	12/1/22	21,395,000	<u>21,395,000</u>
 Total Government Activities General Obligation Debt					 <u>\$ 86,297,397</u>

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. LONG-TERM OBLIGATIONS (Continued)

Installment Notes Payable

The City entered into a \$423,000 promissory note dated September 23, 2003 (as amended September 23, 2006) 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 2007 totaled \$20,536. This note was paid in full in 2007. Debt service on the note is an expenditure of the Emergency 911 Telephone System 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 8.50%. The total amount outstanding under the agreement at December 31, 2007 was \$1,667,976. Principal payments made in 2007 totaled \$155,161. 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 8.50%. The total amount outstanding under the agreement at December 31, 2007 was \$576,282. Principal payments made in 2007 totaled \$74,359. Debt service on the agreement is an expenditure of the Roosevelt Road TIF Fund.

Debt service requirements to maturity for general obligation debt and installment notes payable are as follows:

	Governmental Activities General Obligation Debt		Governmental Activities Installment Notes Payable	
	Principal	Interest	Principal	Interest
2008	\$ 3,710,000	\$ 4,239,833	\$ 229,520	\$ 183,446
2009	3,990,000	2,829,996	229,520	163,937
2010	8,680,000	3,867,367	229,520	144,428
2011	2,805,000	3,481,822	229,520	124,918
2012	2,870,000	3,368,812	229,520	105,409
2013 - 2017	16,900,000	14,505,094	980,290	266,591
2018 - 2022	17,835,000	9,661,301	116,367	5,382
2023 - 2027	27,715,000	4,292,000	-	-
Accretion balance	1,792,397	-	-	-
Totals	<u>\$ 86,297,397</u>	<u>\$ 46,246,225</u>	<u>\$ 2,244,257</u>	<u>\$ 994,111</u>

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. LONG-TERM OBLIGATIONS (Continued)

The annual requirements to amortize to maturity capital appreciation bonds outstanding as of December 31, 2007 are as follows:

	Principal	Interest Accretion
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	20,938
	<u>2,470,000</u>	<u>677,603</u>
Totals	<u>\$ 2,470,000</u>	<u>\$ 677,603</u>
Accretion to date	<u>\$ 1,792,397</u>	

Capital Leases - lessee

The City entered into a \$478,840 lease financing agreement on June 23, 2004 for the acquisition of a fire truck which is included in capital assets of the governmental activities. An initial payment of \$152,000 was made on June 23, 2004. This lease was paid in full in 2007. Principal payments made in 2007 totaled \$243,416. Debt service on the agreement is an expenditure of the Grant Fund.

The City entered into a lease financing agreement in November 2006 for the purchase of two ambulances which are included in capital assets of the governmental activities. 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, 2007 was \$99,687. Principal payments made in 2007 totaled \$30,250. 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 wheel loader which is included in capital assets of the governmental activities. 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, 2007 was \$74,916. Principal payments made in 2007 totaled \$19,335. Debt service on the agreement is an expenditure of the General Fund.

The City entered into a \$145,827 lease financing agreement in November 2007 for the purchase of a street sweeper which is included in capital assets of the governmental activities. The balance of the financed amount is due in monthly installments, including interest at 4.85%. The total amount outstanding under the agreement at December 31, 2007 was \$143,674. Principal payments made in 2007 totaled \$2,153. Debt service on the agreement is an expenditure of the General Fund.

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. LONG-TERM OBLIGATIONS (Continued)

Capital Leases - lessee (Continued)

The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2007, are as follows:

	Governmental Activities	
	Capital leases payable	
	Principal	Interest
2008	\$ 80,736	\$ 15,595
2009	87,437	11,347
2010	89,997	6,333
2011	30,664	2,239
2012	30,043	719
Totals	<u>\$ 318,877</u>	<u>\$ 36,233</u>

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.

Advance Refundings

Current Year Defeasance of Debt

On August 15, 2007, the City issued \$28,165,000 in tax-exempt bonds and \$21,395,000 in taxable bonds. A portion of each of these debt issuances were used to advance refund portions of the 1999 and 2004 general obligation bonds respectively. The details of each transaction are listed below:

Tax exempt bond refunding

\$28,165,000 in general obligation bonds were issued in 2007 with an average interest rate of 4.59%. Of these proceeds, \$8,284,750 (including \$71,242 of cash on hand) were used to advance refund portions of the City's 1999 general obligation bonds with an average interest rate of 4.23%. These proceeds were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1999 general obligation bonds refunded. As a result \$8,250,000 of the 1999 general obligation bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. LONG-TERM OBLIGATIONS (Continued)

Advance Refundings (Continued)

The cash flow requirements on the refunded bonds and notes prior to the advance refunding was \$8,948,803 from 2007 through 2009. The cash flow requirements on the portion of the 2007 tax exempt bonds used to refund the 1999 bonds are \$15,461,235 from 2007 through 2027. The advance refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$297,554. The City refunded these bonds at a loss in order to restructure the annual debt service payments.

Taxable bond refunding

\$21,395,000 in general obligation bonds were issued in 2007 with an average interest rate of 4.57%. Of these proceeds, \$4,517,850 (including \$42,653 of cash on hand) were used to advance refund portions of the City's 2004 general obligation bonds with an average interest rate of 4.33%. These proceeds were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2004 general obligation bonds refunded. As a result \$4,450,000 of the 2004 general obligation bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

The cash flow requirements on the refunded bonds and notes prior to the advance refunding was \$5,605,750 from 2007 through 2013. The cash flow requirements on the portion of the 2007 tax exempt bonds used to refund the 2004 bonds are \$7,721,435 from 2007 through 2022. The advance refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$319,892. The City refunded these bonds at a loss in order to restructure the annual debt service payments.

Prior-Year Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2007, \$19,845,000 of bonds outstanding are considered defeased.

Unamortized Loss on Refunding

Deferred amounts on refunding arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deduction from debt payable in the government-wide and proprietary fund statements. Amortization for 2007 was \$220,127 which is reported in the governmental activities.

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, 2007, there was one series of IDRBs outstanding. The aggregate principal amount payable for the IDRBs outstanding as of June 30, 2007 was \$1,226,399.

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. 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.

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, 2007 was \$3,682,675.

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:

		Beginning Balance	Incurred Claims	Claims Paid/ Settled	Ending Balance
2006	\$	2,177,600	\$ 2,848,120	\$ (2,016,311)	\$ 3,009,409
2007		3,009,409	1,847,666	(2,000,600)	2,856,475

G. CONTINGENT LIABILITIES

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.

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.

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. CONTINGENT LIABILITIES (Continued)

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.

Loan Guarantees - Berwyn Development Corporation (BDC)

During 2007, 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 of December 31, 2007 is \$2,954,987. Of this balance, \$2,244,258 is reported as installment notes payable within the City's long-term obligations as these loans were made to the City. The City is the guarantor of amounts drawn under this line of credit.

H. 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. \$75,000 in payments were made to the vendor under the terms of this account in 2007

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.

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

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. The retiree pays 100% of the cost each month for retiree health insurance premiums. Additionally, public safety officers who qualify for duty disability have their health insurance paid by the City for the remainder of their life. The City funds these post-employment benefits on a pay-as-you-go basis, accordingly no liability is recognized within the fund financial statements. However, a liability is recorded for the unfunded liability on the government-wide financial statements on a go forward basis beginning in January 1, 2007 as allowed under Governmental Accounting Standards Board Statement No. 45.

Eligibility for these benefits as of December 31, 2007 was as follows:

Membership	Participants
Retirees and beneficiaries currently receiving benefits	24
Terminated employees entitled to benefits but not yet receiving them	-
Current employees	
Vested	339
Nonvested	-
	-
Total	363

Actuarial Assumptions and Methods

Actuarial valuation date	December 31, 2007
Actuarial cost method	Entry-age
Asset valuation method	Market
Amortization method	Level Percentage of Pay, Closed
Remaining amortization period	30 Years
Rate of return on (includes inflation at 3.0%)	5.0%
Projected healthcare inflation rate	8.0% initial and ultimate
Percentage of employees assumed to elect benefit	100.0%

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Net OPEB Obligation

The City's annual pension cost and net OPEB obligation (asset) for the year ended December 31, 2007 was as follows:

Annual required contributions	\$	458,184
Interest on net pension obligation		-
Adjustment to annual required contribution		-
Annual pension cost		458,184
Contributions made		120,609
Increase in net pension obligation		337,575
Net OPEB obligation beginning of year		-
NET OPEB OBLIGATION END OF YEAR	\$	337,575

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The City implemented GASB Statement No. 45 as of January 1, 2007. Due to this timing only one year is presented.

Annual OPEB cost	2007	\$	458,184
Actual contribution	2007		120,609
Percentage of Annual OPEB cost contributed	2007		26.32%
Net OPEB Obligation	2007		337,575

J. DEFINED BENEFIT PENSION PLANS

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.

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

J. DEFINED BENEFIT PENSION PLANS (Continued)

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, 2007 was 10.71% 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:

Membership	Participants
Retirees and beneficiaries currently receiving benefits	60
Terminated employees entitled to benefits but not yet receiving them	-
Current employees	
Vested	68
Nonvested	30
Total	158

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 2.5% of final salary for each year of service up to 30 years, to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of final salary for each year of service.

Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty, or otherwise the greater of 50% of final salary or the employee's retirement benefit. Employees disabled in the line of duty receive 65% of final salary.

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

J. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Descriptions (Continued)

Police Pension Plan (Continued)

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. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as 3.00% of the amount of the pension payable at the time of the increase.

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, 2006, the City's contribution was 31.9% 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, 2006, the Firefighters' Pension Plan membership consisted of:

Membership	Participants
Retirees and beneficiaries currently receiving benefits	60
Terminated employees entitled to benefits but not yet receiving them	-
Current employees	
Vested	48
Nonvested	18
Total	126

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 an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service. The 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.

Surviving spouses receive 100% of the final salary for fatalities resulting from an act of duty, or otherwise the greater of 54% of final salary or the monthly retirement pension that the deceased firefighter was receiving at the time of death. Surviving children received 12% of final salary. The maximum family survivor benefit is 75% of final salary. Employees disabled in the line of duty receive 65% of final salary.

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

J. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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 9.455% 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, 2006 the City's contribution was 46.5% of covered payroll.

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.

Annual Pension Cost

	Illinois Retirement Fund	Municipal Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2005	December 31, 2006	December 31, 2006
Actuarial cost method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset valuation method	5 year Market	Smoothed Market	Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Remaining amortization period	27 Years, Open	27 Years, Closed	27 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	0.40 – 10.0%	0.00%	0.00%
d) Post-retirement benefit increases	3.00%	3.00%	3.00%
* Increase includes inflation at		3.00%	3.00%

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

J. DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Obligation

The City's annual pension cost and net pension obligation (asset) for the year ended December 31, 2006 were as follows:

	Police Pension	Firefighters' Pension
Annual required contributions	\$ 1,981,989	\$ 2,130,357
Interest on net pension obligation	7,009	(7,640)
Adjustment to annual required contribution	(4,360)	4,752
Annual pension cost	1,984,638	2,127,469
Contributions made	1,923,606	2,129,607
Increase (decrease) in net pension obligation (asset)	61,032	(2,138)
Net pension obligation (asset) beginning of year	100,126	(109,136)
NET PENSION OBLIGATION (ASSET) END OF YEAR	\$ 161,158	\$ (111,274)

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)	2005	\$ 558,285	\$ 1,749,061	\$ 1,674,024
	2006	592,030	1,984,638	2,127,469
	2007	725,616	1,984,638	2,127,469
Actual contribution	2005	558,285	1,859,590	1,859,590
	2006	592,030	1,923,606	2,034,480
	2007	725,616	2,126,885	2,327,797
Percentage of APC contributed	2005	100.00%	106.32%	111.09%
	2006	100.00%	96.92%	95.63%
	2007	100.00%	107.17%	109.42%
NPO (Asset)	2005	-	100,126	(109,136)
	2006	-	100,126	(109,136)
	2007	-	161,158	(111,274)

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

J. DEFINED BENEFIT PENSION PLANS (Continued)

In past years the City has allowed individual employees to retire early through IMRF and has funded the purchase of this option. The payments for these twelve early retirees are being made on an annual basis of 1.36% of the City's payroll to the IMRF system. This liability accrues interest at varying annual rates, 7.50% for 2007. The outstanding balance of \$994,173 is recorded as a noncurrent liability within the government-wide financial statements.

K. PRIOR PERIOD ADJUSTMENTS

The City has restated fund equity as of January 1, 2007 as follows:

Description	General Fund	Water and Sewer Utility
Receivable amount incorrectly recorded	\$ (669,219)	\$ -
Receivable not previously recorded	<u>176,352</u>	<u>85,167</u>
Total effects of restatements	(492,867)	85,167
EQUITY AS PREVIOUSLY REPORTED	<u>4,089,752</u>	<u>51,123,403</u>
EQUITY AS RESTATED	<u>\$ 3,596,885</u>	<u>\$ 51,208,570</u>

The City has restated net assets as of January 1, 2007 as follows:

Description	Governmental Activities	Business-Type Activities
Receivable amount improperly recorded	\$ (669,219)	\$ -
Receivable not previously recorded	176,352	85,167
Reporting of IMRF early retirement liability	(1,010,525)	
Retroactive reporting of infrastructure assets		
Additions to capital assets	55,736,283	-
Additions to accumulated depreciation	<u>(18,513,915)</u>	<u>-</u>
Total effects of restatements	35,718,976	85,167
NET ASSETS AS PREVIOUSLY REPORTED	<u>(35,180,508)</u>	<u>51,123,403</u>
NET ASSETS AS RESTATED	<u>\$ 538,468</u>	<u>\$ 51,208,570</u>

III. DETAILED NOTES ON ALL FUNDS (Continued)

L. COMPONENT UNIT - BERWYN DEVELOPMENT CORPORATION (BDC)

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.
- 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.

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.

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

Cash and investments

The BDC's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 612,676	\$ 734,772	Custodial credit risk
Certificates of deposit	385,168	385,168	Custodial credit risk
Total Cash and Investments	<u>\$ 997,844</u>	<u>\$ 1,119,940</u>	

The BDC does not have an investment policy.

Custodial Credit Risk

Deposits - Custodial credit risk for is the risk that in the event of bank failure, the City's deposits may not be returned to it.

As of December 31, 2007, \$819,940 of the BDC's demand deposits and CD balances were uninsured and uncollateralized.

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 \$2,954,987 as of December 31, 2007.

Long-Term Debt - Notes Payable

During 2007, 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, 2007 is \$2,825,817. The City is the guarantor of this line of credit and has final approval of all loans funded under this program.

Lease Commitments

The BDC rents office space under a lease, which expires September, 2008. The lease contains an optional renewal term of five years. Total rent paid during 2007 was \$6,000 and under the current agreement the monthly payment is \$500. Under the renewal term the rent payment would be \$575 per month.

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, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	\$ 7,115,366	\$ 7,115,366	\$ 6,749,063	\$ (366,303)
Other taxes	17,705,000	17,705,000	16,831,852	(873,148)
Licenses and permits	2,469,500	2,469,500	2,444,530	(24,970)
Charges for services	5,655,000	5,655,000	5,939,672	284,672
Fines and forfeitures	3,365,000	3,365,000	3,428,535	63,535
Intergovernmental	787,500	787,500	287,417	(500,083)
Investment income	12,000	12,000	78,095	66,095
Miscellaneous	801,462	801,462	1,202,340	400,878
Total Revenues	<u>37,910,828</u>	<u>37,910,828</u>	<u>36,961,504</u>	<u>(949,324)</u>
EXPENDITURES				
Current				
General government	5,564,642	5,685,349	3,628,208	2,057,141
Public safety	26,239,802	28,446,914	29,521,702	(1,074,788)
Public works	3,620,094	4,476,551	4,426,578	49,973
Economic development	777,289	878,289	352,768	525,521
Culture and recreation	1,158,931	1,295,365	1,196,135	99,230
Health and sanitation	3,806,000	3,846,000	3,793,645	52,355
Capital outlay	513,771	715,771	437,640	278,131
Debt service				
Principal	356,527	423,527	51,737	371,790
Interest and fiscal charges	-	-	22,011	(22,011)
Total Expenditures	<u>42,037,056</u>	<u>45,767,766</u>	<u>43,430,424</u>	<u>2,337,342</u>
Excess (deficiency) of revenues over expenditures	(4,126,228)	(7,856,938)	(6,468,920)	1,388,018
OTHER FINANCING SOURCES (USES)				
Bonds issued, at par	-	-	12,907,586	12,907,586
Proceeds on capital lease	120,000	120,000	145,827	25,827
Transfers in	5,370,603	5,370,603	951,302	(4,419,301)
Transfers out	<u>(1,351,784)</u>	<u>(10,315,138)</u>	<u>(10,421,008)</u>	<u>(105,870)</u>
Total Other Financing Sources (Uses)	<u>4,138,819</u>	<u>(4,824,535)</u>	<u>3,583,707</u>	<u>8,408,242</u>
NET CHANGE IN FUND BALANCE	<u>\$ 12,591</u>	<u>\$ (12,681,473)</u>	<u>(2,885,213)</u>	<u>\$ 9,796,260</u>
FUND BALANCE, JANUARY 1 (as restated)			<u>3,596,885</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 711,672</u>	

See accompanying notes to the required supplementary information.

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Property taxes - increment	\$ 1,605,000	\$ 1,537,256	\$ (67,744)
Investment income	<u>85,000</u>	<u>165,669</u>	<u>80,669</u>
Total Revenues	<u>1,690,000</u>	<u>1,702,925</u>	<u>12,925</u>
EXPENDITURES			
Economic Development			
TIF expenditures	171,054	181,438	(10,384)
Main Street	109,690	32,632	77,058
TIF management services - BDC	<u>477,000</u>	<u>477,000</u>	<u>-</u>
Total Expenditures	<u>757,744</u>	<u>691,070</u>	<u>66,674</u>
NET CHANGE IN FUND BALANCE	<u>\$ 932,256</u>	1,011,855	<u>\$ 79,599</u>
FUND BALANCE, JANUARY 1		<u>8,513,604</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 9,525,459</u>	

See accompanying notes to the required supplementary information.

CITY OF BERWYN, ILLINOIS
SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2007

Actuarial Valuation Date December 31	(1) Actuarial Value of Assets	(2) Actuarial 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)
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%
2007	13,065,195	14,057,973	92.94%	992,778	6,775,125	14.65%

See accompanying notes to the required supplementary information.

CITY OF BERWYN, ILLINOIS

**SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND**

December 31, 2007

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)
2002	\$ 19,280,581	\$ 41,764,629	46.16%	\$ 22,484,048	\$ 5,150,191	436.57%
2003	20,479,785	44,406,190	46.12%	23,926,405	5,434,929	440.23%
2004	20,479,785	44,406,190	46.12%	23,926,405	5,434,929	440.23%
2005	24,288,337	51,067,214	47.56%	26,778,877	5,933,624	451.31%
2006	24,288,337	51,067,214	47.56%	26,778,877	5,933,624	451.31%
2007	29,622,334	59,560,560	49.73%	29,938,226	6,758,728	442.96%

See accompanying notes to the required supplementary information.

CITY OF BERWYN, ILLINOIS

**SCHEDULE OF FUNDING PROGRESS
FIREFIGHTERS' PENSION FUND**

December 31, 2007

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)
2002	\$ 13,362,267	\$ 36,710,984	36.40%	\$ 23,348,717	\$ 3,909,087	597.29%
2003	13,362,267	36,710,984	36.40%	23,348,717	3,909,087	597.29%
2004	13,362,267	36,710,984	36.40%	23,348,717	3,909,087	597.29%
2005	15,394,935	46,074,445	33.41%	30,679,510	4,375,082	701.23%
2006	15,394,935	46,074,445	33.41%	30,679,510	4,375,082	701.23%
2007	17,721,979	51,221,802	34.60%	33,499,823	4,730,881	708.11%

* - Actuarial evaluations were conducted for the years beginning 2001, 2005, and 2007.

CITY OF BERWYN, ILLINOIS

**SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS**

December 31, 2007

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)
2007	\$ -	\$ 6,597,566	0.00%	\$ 6,597,566	NA	NA

See accompanying notes to the required supplementary information.

CITY OF BERWYN, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

December 31, 2007

<u>Calendar Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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%
2007	725,616	725,616	100.00%

See accompanying notes to the required supplementary information.

CITY OF BERWYN, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND**

December 31, 2007

<u>Fiscal Year*</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (Asset)</u>
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%	100,126
2005	1,859,590	1,749,061	106.32%	100,126
2006	1,923,606	1,984,638	96.92%	161,158
2007	2,126,885	1,984,638	107.17%	NA

* - Actuarial evaluations were conducted for the years ended 2002, 2004, and 2006

CITY OF BERWYN, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND**

December 31, 2007

<u>Fiscal Year*</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2002	\$ 844,205	\$ 1,351,936	62.44%	\$ (53,441)
2003	1,015,764	1,351,936	75.13%	(53,441)
2004	1,729,719	1,351,936	127.94%	(53,441)
2005	1,859,590	1,674,024	111.09%	(109,136)
2006	2,034,480	1,674,024	121.53%	(109,136)
2007	2,327,797	2,127,469	109.42%	(111,274)

* - Actuarial evaluations were conducted for the years ended 2000, 2004, and 2006

CITY OF BERWYN, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFITS**

December 31, 2007

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2007	\$ 120,609	\$ 458,184	26.32%	\$ 337,575

See accompanying notes to the required supplementary information.

CITY OF BERWYN, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2007

I. BUDGETS

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting. 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.
- 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.

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

The following department had an excess of actual expenditures/expenses over budget at the department level for the fiscal year:

Fund	Amount
General Fund Department	
Treasurer's Office	\$ 74
Legal	15,983
Finance	31,851
Information Technology	16,044
Fire	188,959
Police	881,722
Fire and Police Commission	4,107
Streets	136,136
Forestry	18,091

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Property taxes - debt service	\$ 9,294,960	\$ 8,725,298	\$ (569,662)
Investment income	24,000	60,462	36,462
 Total Revenues	 <u>9,318,960</u>	 <u>8,785,760</u>	 <u>(533,200)</u>
EXPENDITURES			
Debt Service			
Principal	3,440,000	7,305,000	(3,865,000)
Interest and fiscal charges	2,512,406	3,288,874	(776,468)
Bond issuance costs	543,564	767,099	(223,535)
Total Expenditures	<u>6,495,970</u>	<u>11,360,973</u>	<u>(4,865,003)</u>
 Exceeds (deficiency) of revenues over expenditures	 <u>2,822,990</u>	 <u>(2,575,213)</u>	 <u>(5,398,203)</u>
OTHER FINANCING SOURCES (USES)			
Bonds issued, at par	23,533,421	15,277,414	(8,256,007)
Premium on issuance of long term debt	-	1,146,682	1,146,682
Payment to escrow agent	(22,836,857)	(12,802,600)	10,034,257
Payment on current refunding	-	(8,850,000)	(8,850,000)
Transfers in - Roosevelt Road TIF	58,485	76,970	18,485
Transfers in - Ogden Avenue TIF	435,951	472,402	36,451
Transfers in - General Fund	-	8,963,354	8,963,354
Transfers out - General Fund	<u>(4,013,990)</u>	<u>-</u>	<u>4,013,990</u>
Total Other Financing Sources (Uses)	<u>(2,822,990)</u>	<u>4,284,222</u>	<u>7,107,212</u>
 NET CHANGE IN FUND BALANCE	 <u>\$ -</u>	 1,709,009	 <u>\$ 1,709,009</u>
 FUND BALANCE, JANUARY 1		 <u>(3,028,916)</u>	
 FUND BALANCE, DECEMBER 31		 <u>\$ (1,319,907)</u>	

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
PROPERTY TAXES				
Property taxes - general	\$ 7,115,366	\$ 7,115,366	\$ 6,749,063	\$ (366,303)
OTHER TAXES				
Personal property replacement	220,000	220,000	257,851	37,851
State income	5,230,000	5,230,000	5,518,357	288,357
State sales	2,900,000	2,900,000	2,886,108	(13,892)
Home rule sales	1,900,000	1,900,000	2,011,687	111,687
Municipal utility	4,000,000	4,000,000	4,178,301	178,301
Liquor	170,000	170,000	162,672	(7,328)
Real estate transfer	3,000,000	3,000,000	1,565,735	(1,434,265)
Gas	145,000	145,000	146,093	1,093
Parking lot	70,000	70,000	43,854	(26,146)
Video	65,000	65,000	56,183	(8,817)
Pull tabs and jar games	5,000	5,000	5,011	11
Total Other Taxes	17,705,000	17,705,000	16,831,852	(873,148)
LICENSES AND PERMITS				
Vehicle				
Recreation vehicle	4,500	4,500	4,140	(360)
Motorcycle	7,000	7,000	6,751	(249)
Trucks	140,000	140,000	144,729	4,729
Passenger vehicles	895,000	895,000	933,111	38,111
Licenses				
Business	300,000	300,000	346,749	46,749
Liquor	190,000	190,000	194,053	4,053
Pet	7,000	7,000	7,540	540
Permits				
Commuter parking	106,000	106,000	120,366	14,366
Electrical	46,000	46,000	48,675	2,675
Municipal parking	24,000	24,000	15,959	(8,041)
Building	125,000	125,000	59,436	(65,564)
Certificate of compliance	90,000	90,000	51,770	(38,230)
Local improvement	400,000	400,000	362,936	(37,064)
Service charge and escrow default	90,000	90,000	72,015	(17,985)
Electrical sign inspection	45,000	45,000	76,300	31,300
Total Licenses and Permits	2,469,500	2,469,500	2,444,530	(24,970)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget
CHARGES FOR SERVICES				
Public safety				
Police reports	\$ 25,000	\$ 25,000	\$ 25,751	\$ 751
Paramedic service collections	800,000	800,000	1,236,221	436,221
Paramedic MRI transport	315,000	315,000	326,700	11,700
False alarms	10,000	10,000	7,270	(2,730)
Range rental	10,000	10,000	3,655	(6,345)
Sanitation				
Garbage fees	3,900,000	3,900,000	3,675,579	(224,421)
Recycling rebate	108,000	108,000	99,440	(8,560)
Recreation				
Athletics	100,000	100,000	111,262	11,262
Adult programs	32,000	32,000	22,725	(9,275)
Children's programs	105,000	105,000	130,040	25,040
Pool	75,000	75,000	99,431	24,431
Concession stand	28,000	28,000	28,293	293
Other				
Commuter parking meters	62,000	62,000	59,878	(2,122)
Sale of gas	60,000	60,000	49,985	(10,015)
Sidewalk construction	-	-	15,225	15,225
Miscellaneous charges for services	25,000	25,000	48,217	23,217
	<u>5,655,000</u>	<u>5,655,000</u>	<u>5,939,672</u>	<u>284,672</u>
Total Charges For Services				
FINES AND FORFEITURES				
Late penalties	-	-	165,808	165,808
Towing fees	125,000	125,000	341,980	216,980
Court fines	210,000	210,000	239,031	29,031
Violation fines	2,870,000	2,870,000	2,091,445	(778,555)
After the fact fines	50,000	50,000	71,480	21,480
Compliance tickets	110,000	110,000	186,780	76,780
Local ordinance fines	-	-	159,475	159,475
Adjudication court fines	-	-	172,536	172,536
	<u>3,365,000</u>	<u>3,365,000</u>	<u>3,428,535</u>	<u>63,535</u>
Total Fines and Forfeitures				

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

(concluded)

	Original Budget	Final Budget	Actual	Variance with Final Budget
INTERGOVERNMENTAL				
Community development block grant	\$ 515,000	\$ 515,000	\$ -	\$ (515,000)
Highway maintenance	85,000	85,000	88,218	3,218
Aerial fire truck	187,500	187,500	-	(187,500)
Miscellaneous	-	-	199,199	199,199
Total Intergovernmental	<u>787,500</u>	<u>787,500</u>	<u>287,417</u>	<u>(500,083)</u>
INVESTMENT INCOME	12,000	12,000	78,095	66,095
OTHER REVENUES				
Franchises	290,000	290,000	395,207	105,207
Cell tower rental	25,000	25,000	30,846	5,846
Interdepartmental charges - water	259,662	259,662	579,888	320,226
Reimbursements	119,000	119,000	130,381	11,381
Other	107,800	107,800	66,018	(41,782)
Total Other Revenues	<u>801,462</u>	<u>801,462</u>	<u>1,202,340</u>	<u>400,878</u>
TOTAL REVENUES	<u>\$ 37,910,828</u>	<u>\$ 37,910,828</u>	<u>\$ 36,961,504</u>	<u>\$ (949,324)</u>

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT				
Mayor's Office				
Salaries and benefits	\$ 159,543	\$ 159,543	\$ 147,697	\$ 11,846
Internal service fund charges	-	-	8,365	(8,365)
Administrative expenses	7,500	7,500	6,726	774
Main Street	10,000	10,000	-	10,000
Other general	2,100	2,100	2,678	(578)
Copier maintenance	11,400	11,400	11,522	(122)
Total Mayor's Office	<u>190,543</u>	<u>190,543</u>	<u>176,988</u>	<u>13,555</u>
City Clerk's Office				
Salaries and benefits	173,481	173,481	138,178	35,303
Internal service fund charges	-	-	6,970	(6,970)
Codification	16,000	16,000	4,605	11,395
Record retention	8,000	8,000	3,852	4,148
Other general	7,800	7,800	7,490	310
Copier maintenance	9,400	9,400	9,541	(141)
Total City Clerk's Office	<u>214,681</u>	<u>214,681</u>	<u>170,636</u>	<u>44,045</u>
Treasurer's Office				
Salaries and benefits	11,735	15,735	12,610	3,125
Internal service fund charges	-	360	359	1
Other general	-	800	4,000	(3,200)
Total Treasurer's Office	<u>11,735</u>	<u>16,895</u>	<u>16,969</u>	<u>(74)</u>
City Council				
Salaries and benefits	194,522	194,522	157,026	37,496
Internal service fund charges	-	-	6,285	(6,285)
Ward expenditures	36,000	36,000	26,624	9,376
Other general	10,000	10,000	1,359	8,641
Total City Council	<u>240,522</u>	<u>240,522</u>	<u>191,294</u>	<u>49,228</u>
Legal Department				
Salaries and benefits	62,660	62,660	83,691	(21,031)
Internal service fund charges	-	-	15,831	(15,831)
Adjudication program	57,000	57,000	63,540	(6,540)
Other general	2,043	2,043	2,722	(679)
Professional services	400,000	400,000	371,902	28,098
Total Legal Department	<u>521,703</u>	<u>521,703</u>	<u>537,686</u>	<u>(15,983)</u>

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT (CONT.)				
Finance Department				
Salaries and benefits	\$ 855,130	\$ 920,130	\$ 963,046	\$ (42,916)
Internal service fund charges	-	28,547	28,547	-
Vehicle registration service	35,000	35,000	23,963	11,037
Municipal revenue based fee	240,000	240,000	236,613	3,387
Other general	25,500	47,500	40,581	6,919
Postage, printing and publications	25,000	25,000	18,704	6,296
Telephone	41,500	41,500	51,292	(9,792)
Professional services	27,000	27,000	32,815	(5,815)
Payroll fees	30,000	30,000	30,744	(744)
Copier maintenance	11,000	11,000	11,223	(223)
Total Finance Department	<u>1,290,130</u>	<u>1,405,677</u>	<u>1,437,528</u>	<u>(31,851)</u>
Human Resources Department				
Salaries and benefits	167,383	167,383	148,184	19,199
Internal service fund charges	-	-	5,653	(5,653)
Job advertising	12,000	12,000	5,591	6,409
Other general	6,000	6,000	2,498	3,502
Total Human Resources Department	<u>185,383</u>	<u>185,383</u>	<u>161,926</u>	<u>23,457</u>
Information Technology Department				
Salaries and benefits	159,145	159,145	164,261	(5,116)
Internal service fund charges	-	-	14,303	(14,303)
Network infrastructure	160,000	160,000	184,278	(24,278)
Hardware purchases	115,000	115,000	103,436	11,564
Hardware maintenance	35,000	35,000	24,801	10,199
Software purchases	40,000	40,000	41,166	(1,166)
Software maintenance	35,000	35,000	34,154	846
Other general	29,000	29,000	30,761	(1,761)
Professional services	130,000	130,000	122,029	7,971
Total Information Technology Department	<u>703,145</u>	<u>703,145</u>	<u>719,189</u>	<u>(16,044)</u>
Statutory				
Claims and premiums insurance coverages	1,995,600	1,995,600	-	1,995,600
Auditing expenditures	195,000	195,000	206,295	(11,295)
Notary bonds	9,200	9,200	9,697	(497)
Other general	7,000	7,000	-	7,000
Total Statutory	<u>2,206,800</u>	<u>2,206,800</u>	<u>215,992</u>	<u>1,990,808</u>
Total General Government	<u>5,564,642</u>	<u>5,685,349</u>	<u>3,628,208</u>	<u>2,057,141</u>

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget
PUBLIC SAFETY				
Fire Department				
Salaries and benefits	\$ 7,092,176	\$ 7,242,176	\$ 7,378,520	\$ (136,344)
Pension expenditures	2,431,808	2,431,808	2,327,797	104,011
Internal service fund charges	-	589,152	589,152	-
Collection service fees	60,000	60,000	74,740	(14,740)
Other general	82,600	82,600	77,221	5,379
Telephone	17,500	17,500	7,846	9,654
Utilities	67,000	67,000	55,956	11,044
Training, dues, and education	25,000	25,000	28,184	(3,184)
Professional services	1,000,000	1,000,000	1,174,574	(174,574)
Repairs and maintenance	104,000	104,000	127,459	(23,459)
Copier maintenance	9,400	9,400	9,542	(142)
Equipment purchases	59,000	59,000	29,375	29,625
Turnout gear	20,000	20,000	16,229	3,771
Total Fire Department	<u>10,968,484</u>	<u>11,707,636</u>	<u>11,896,595</u>	<u>(188,959)</u>
Police Department				
Salaries and benefits	12,388,902	12,488,902	13,402,176	(913,274)
Pension expenditures	2,236,154	2,236,154	2,126,885	109,269
Internal service fund charges	-	1,364,960	1,364,959	1
Other general	94,000	94,000	99,761	(5,761)
Postage, printing, and publications	13,500	13,500	14,719	(1,219)
Telephone	64,000	64,000	80,758	(16,758)
Utilities	141,000	141,000	169,702	(28,702)
Training, dues, and education	45,000	45,000	34,321	10,679
Supplies	56,800	56,800	61,316	(4,516)
Repairs and maintenance	180,000	180,000	209,263	(29,263)
Copier maintenance	27,070	27,070	29,248	(2,178)
Total Police Department	<u>15,246,426</u>	<u>16,711,386</u>	<u>17,593,108</u>	<u>(881,722)</u>
Fire and Police Commission				
Salaries and benefits	16,492	19,492	20,179	(687)
Other general	8,400	8,400	11,820	(3,420)
Total Fire and Police Commission	<u>24,892</u>	<u>27,892</u>	<u>31,999</u>	<u>(4,107)</u>
Total Public Safety	<u>26,239,802</u>	<u>28,446,914</u>	<u>29,521,702</u>	<u>(1,074,788)</u>

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget
PUBLIC WORKS				
Building Department				
Salaries and benefits	\$ 819,711	\$ 819,711	\$ 621,916	\$ 197,795
Internal service fund charges	-	752,792	752,792	-
Electrical and plumbing inspection	40,000	40,000	76,123	(36,123)
Other general	45,500	45,500	58,911	(13,411)
Postage, printing and publications	9,000	9,000	6,406	2,594
Utilities	63,500	63,500	29,292	34,208
Professional services	140,000	140,000	86,976	53,024
Repairs and maintenance	66,000	66,000	99,320	(33,320)
Copier maintenance	9,500	9,500	10,067	(567)
Total Building Department	<u>1,193,211</u>	<u>1,946,003</u>	<u>1,741,803</u>	<u>204,200</u>
Street Department				
Salaries and benefits	1,514,994	1,514,994	1,605,189	(90,195)
Internal service fund charges	-	84,223	84,223	-
Stock expenditures	6,000	6,000	11,900	(5,900)
Engineering CDBG	-	-	17,337	(17,337)
Other general	79,650	79,650	128,038	(48,388)
Telephone	10,500	10,500	3,909	6,591
Utilities	121,300	121,300	119,253	2,047
External gas and oil	62,000	62,000	15,595	46,405
Engineering	-	-	350	(350)
Repairs and maintenance	127,000	127,000	121,399	5,601
Copier maintenance	2,700	2,700	2,106	594
Landscape maintenance	53,000	53,000	88,204	(35,204)
Total Street Department	<u>1,977,144</u>	<u>2,061,367</u>	<u>2,197,503</u>	<u>(136,136)</u>
Forestry Department				
Salaries and benefits	388,219	388,219	422,661	(34,442)
Internal service fund charges	-	19,442	19,442	-
Other general	4,120	4,120	1,473	2,647
Repairs and maintenance	57,400	57,400	43,696	13,704
Total Forestry	<u>449,739</u>	<u>469,181</u>	<u>487,272</u>	<u>(18,091)</u>
Total Public Works	<u>3,620,094</u>	<u>4,476,551</u>	<u>4,426,578</u>	<u>49,973</u>

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget
ECONOMIC DEVELOPMENT				
Zoning Boards of Appeals				
Salaries and benefits	\$ 12,600	\$ 13,600	\$ 13,012	\$ 588
Other general	2,850	2,850	2,634	216
Total Zoning Boards of Appeals	<u>15,450</u>	<u>16,450</u>	<u>15,646</u>	<u>804</u>
 Committees and Planning Department				
Berwyn Development Corporation	86,000	86,000	86,000	-
Main Street	47,010	47,010	12,117	34,893
Regional Housing Authority	125,000	125,000	125,000	-
West Central Municipal Conference	13,000	13,000	16,260	(3,260)
Historical Society	5,000	5,000	5,000	-
Utility tax rebate	-	75,000	57,199	17,801
100th Anniversary celebration	-	25,000	19,878	5,122
Other general	22,500	22,500	15,668	6,832
Total Committees and Planning Department	<u>298,510</u>	<u>398,510</u>	<u>337,122</u>	<u>61,388</u>
 Community Development Department				
Salaries and benefits	443,229	443,229	-	443,229
Other general	8,400	8,400	-	8,400
Telephone	8,100	8,100	-	8,100
Copier maintenance	3,600	3,600	-	3,600
Total Community Development Department	<u>463,329</u>	<u>463,329</u>	<u>-</u>	<u>463,329</u>
 Total Economic Development	<u>777,289</u>	<u>878,289</u>	<u>352,768</u>	<u>525,521</u>
 CULTURE AND RECREATION				
Recreation Department				
Salaries and benefits	781,275	881,275	779,798	101,477
Internal service fund charges	-	36,434	36,434	-
Special events	32,000	32,000	31,366	634
Concession stand	28,000	28,000	15,002	12,998
Other general	34,050	34,050	52,214	(18,164)
Postage, printing, and publications	8,000	8,000	3,344	4,656
Telephone	6,000	6,000	5,641	359
Utilities	39,600	39,600	63,095	(23,495)
Supplies	76,000	76,000	64,083	11,917
Repairs and maintenance	117,000	117,000	118,283	(1,283)
Copier maintenance	12,000	12,000	12,465	(465)
Total Recreation Department	<u>1,133,925</u>	<u>1,270,359</u>	<u>1,181,725</u>	<u>88,634</u>

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

(concluded)

	Original Budget	Final Budget	Actual	Variance with Final Budget
CULTURE AND RECREATION (CONT.)				
Community Relations Department				
Salaries and benefits	\$ 20,006	\$ 20,006	\$ 13,642	\$ 6,364
Special events	1,000	1,000	-	1,000
Other general	4,000	4,000	768	3,232
Total Community Relations Department	<u>25,006</u>	<u>25,006</u>	<u>14,410</u>	<u>10,596</u>
 Total Culture and Recreation	 <u>1,158,931</u>	 <u>1,295,365</u>	 <u>1,196,135</u>	 <u>99,230</u>
HEALTH AND SANITATION				
Garbage - Professional services	<u>3,806,000</u>	<u>3,846,000</u>	<u>3,793,645</u>	<u>52,355</u>
CAPITAL OUTLAY				
Capital Improvement Department				
Public works sweeper	-	-	145,827	(145,827)
City hall renovation	64,250	94,250	70,750	23,500
Senior center project	-	40,000	-	40,000
Telephone system	307,250	307,250	-	307,250
Kronos timekeeping system	38,000	38,000	46,510	(8,510)
City council chamber AV upgrade	25,000	25,000	-	25,000
Fiber wiring preparation	74,300	74,300	68,602	5,698
Windows - CDBG	4,971	4,971	5,771	(800)
Public Works capital repairs	-	69,000	89,770	(20,770)
Recreation pool repairs	-	-	10,410	(10,410)
Library capital improvements	-	63,000	-	63,000
Total Capital Outlay	<u>513,771</u>	<u>715,771</u>	<u>437,640</u>	<u>278,131</u>
DEBT SERVICE				
Statutory equipment leases				
Principal	90,000	90,000	-	90,000
Fire Department equipment lease				
Principal	266,527	266,527	-	266,527
Interest and fiscal charges	-	-	-	-
Public Works vehicle lease				
Principal	-	30,000	21,487	8,513
Interest and fiscal charges	-	-	15,813	(15,813)
Ambulance lease				
Principal	-	37,000	30,250	6,750
Interest and fiscal charges	-	-	6,198	(6,198)
Total Debt Service	<u>356,527</u>	<u>423,527</u>	<u>73,748</u>	<u>349,779</u>
 TOTAL GENERAL FUND EXPENDITURES	 <u>\$ 42,037,056</u>	 <u>\$ 45,767,766</u>	 <u>\$ 43,430,424</u>	 <u>\$ 2,337,342</u>

NONMAJOR GOVERNMENTAL FUNDS

CITY OF BERWYN, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2007

	Special Revenue						Grants
	Community Outreach	Library	Motor Fuel Tax	South Berwyn Corridor TIF	Roosevelt Road TIF	Ogden Avenue TIF	
ASSETS							
Cash and investments	\$ 26,954	\$ 47,224	\$ 1,982,971	\$ 1,638,220	\$ 1,551,931	\$ 2,526,985	\$ -
Receivables							
Property taxes	-	2,567,404	-	43,922	39,468	109,329	-
Notes	-	-	-	-	-	-	-
Interest	-	577	-	3,880	3,552	5,073	-
Accounts	-	-	-	-	33,000	-	-
Due from other governments	-	-	125,596	-	-	-	283,988
TOTAL ASSETS	\$ 26,954	\$ 2,615,205	\$ 2,108,567	\$ 1,686,022	\$ 1,627,951	\$ 2,641,387	\$ 283,988
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 8,855	\$ 56,860	\$ 211,787	\$ 11,757	\$ 38,341	\$ 20,124	\$ 12,473
Accrued payroll	8,975	94,126	-	-	-	-	-
Deferred revenue	-	2,497,312	-	-	-	-	239,233
Due to other funds	-	-	-	-	-	-	257,282
Advance from other funds	-	-	-	850,000	-	-	-
Total liabilities	17,830	2,648,298	211,787	861,757	38,341	20,124	508,988
FUND BALANCES							
Reserved							
Public safety	-	-	-	-	-	-	-
Public works	-	-	1,896,780	-	-	-	-
Economic development	-	-	-	824,265	1,589,610	2,621,263	-
Unreserved (deficit)							
Special Revenue Funds	9,124	(33,093)	-	-	-	-	(225,000)
Capital Projects Funds	-	-	-	-	-	-	-
Total fund balances	9,124	(33,093)	1,896,780	824,265	1,589,610	2,621,263	(225,000)
TOTAL LIABILITIES AND FUND BALANCES	\$ 26,954	\$ 2,615,205	\$ 2,108,567	\$ 1,686,022	\$ 1,627,951	\$ 2,641,387	\$ 283,988

CITY OF BERWYN, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2007

(concluded)

	Special Revenue						Totals
	D.A.R.E. Education	Police Seizure	Emergency 911 Telephone System	Foreign Fire Insurance	CDBG	Infrastructure Bond	
ASSETS							
Cash and investments	\$ -	\$ 312,508	\$ 244,866	\$ 25,957	\$ -	\$ 252,890	\$ 8,610,506
Receivables							
Property taxes	-	-	-	-	-	-	2,760,123
Notes	-	-	-	-	1,377,630	-	1,377,630
Interest	-	246	481	32	-	437	14,278
Accounts	-	-	-	-	-	-	33,000
Due from other governments	-	-	71,407	-	210,148	-	691,139
TOTAL ASSETS	\$ -	\$ 312,754	\$ 316,754	\$ 25,989	\$ 1,587,778	\$ 253,327	\$ 13,486,676
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 26,487	\$ -	\$ 46,724	\$ -	\$ 433,408
Accrued payroll	-	-	-	-	14,424	-	117,525
Deferred revenue	-	-	-	-	1,377,630	-	4,114,175
Due to other funds	-	-	23,592	-	149,000	-	429,874
Advance from other funds	-	-	-	-	-	-	850,000
Total liabilities	-	-	50,079	-	1,587,778	-	5,944,982
FUND BALANCES							
Reserved							
Public safety	-	312,754	266,675	25,989	-	-	605,418
Public works	-	-	-	-	-	-	1,896,780
Economic development	-	-	-	-	-	-	5,035,138
Unreserved							
Special Revenue Funds	-	-	-	-	-	-	(248,969)
Capital Projects Funds	-	-	-	-	-	253,327	253,327
Total fund balances	-	312,754	266,675	25,989	-	253,327	7,541,694
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 312,754	\$ 316,754	\$ 25,989	\$ 1,587,778	\$ 253,327	\$ 13,486,676

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

	Special Revenue						Grants
	Community Outreach	Library	Motor Fuel Tax	South Berwyn Corridor TIF	Roosevelt Road TIF	Ogden Avenue TIF	
REVENUES							
Property taxes	\$ -	\$ 1,332,966	\$ -	\$ 1,125,440	\$ 504,601	\$ 1,055,196	\$ -
Other taxes	-	-	-	-	-	-	-
Charges for services	-	26,650	-	-	-	-	-
Fines and forfeitures	-	33,542	-	-	-	-	-
Intergovernmental	34,597	66,101	1,542,999	-	-	-	841,676
Investment income	-	4,475	116,030	47,539	36,657	41,228	-
Miscellaneous	40,021	15,995	-	-	-	-	-
Total Revenues	74,618	1,479,729	1,659,029	1,172,979	541,258	1,096,424	841,676
EXPENDITURES							
Current							
Public safety	-	-	-	-	-	-	181,940
Public works	-	-	1,095,908	-	-	-	-
Economic development	-	-	-	1,181,087	229,320	631,989	51,449
Culture and recreation	343,782	2,549,216	-	-	-	-	-
Capital outlay	-	-	179,744	-	-	-	706,630
Debt service							
Principal	-	-	-	155,161	74,359	-	243,416
Interest and fiscal charges	-	-	-	169,192	55,445	-	22,780
Total Expenditures	343,782	2,549,216	1,275,652	1,505,440	359,124	631,989	1,206,215
Excess (deficiency) of revenues over expenditures	(269,164)	(1,069,487)	383,377	(332,461)	182,134	464,435	(364,539)
OTHER FINANCING SOURCES (USES)							
Transfers in	278,288	1,036,394	-	-	-	-	139,539
Transfers (out)	-	-	(783,888)	-	(76,970)	(569,902)	-
Total Other Financing Sources (Uses)	278,288	1,036,394	(783,888)	-	(76,970)	(569,902)	139,539
NET CHANGE IN FUND BALANCES	9,124	(33,093)	(400,511)	(332,461)	105,164	(105,467)	(225,000)
FUND BALANCES, JANUARY 1	-	-	2,297,291	1,156,726	1,484,446	2,726,730	-
FUND BALANCES, DECEMBER 31	\$ 9,124	\$ (33,093)	\$ 1,896,780	\$ 824,265	\$ 1,589,610	\$ 2,621,263	\$ (225,000)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

(concluded)

	Special Revenue				Capital Projects		Totals
	D.A.R.E. Education	Police Seizure	Emergency 911 Telephone System	Foreign Fire Insurance	CDBG	Infrastructure Bond	
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,018,203
Other taxes	-	-	-	20,056	-	-	20,056
Charges for services	-	-	-	-	-	-	26,650
Fines and forfeitures	-	-	-	-	-	-	33,542
Intergovernmental	-	286,913	393,810	-	1,680,392	-	4,846,488
Investment income	54	18,457	4,790	293	-	11,972	281,495
Miscellaneous	521	-	-	-	-	8,061	64,598
Total Revenues	<u>575</u>	<u>305,370</u>	<u>398,600</u>	<u>20,349</u>	<u>1,680,392</u>	<u>20,033</u>	<u>9,291,032</u>
EXPENDITURES							
Current							
Public safety	2,126	297,658	151,464	16,553	-	-	649,741
Public works	-	-	-	-	-	-	1,095,908
Economic development	-	-	-	-	1,683,825	-	3,777,670
Culture and recreation	-	-	-	-	-	-	2,892,998
Capital outlay	-	344,551	138,892	-	-	124,313	1,494,130
Debt service							
Principal	-	-	20,536	-	-	-	493,472
Interest and fiscal charges	-	-	111	-	-	-	247,528
Total Expenditures	<u>2,126</u>	<u>642,209</u>	<u>311,003</u>	<u>16,553</u>	<u>1,683,825</u>	<u>124,313</u>	<u>10,651,447</u>
Excess (deficiency) of revenues over expenditures	<u>(1,551)</u>	<u>(336,839)</u>	<u>87,597</u>	<u>3,796</u>	<u>(3,433)</u>	<u>(104,280)</u>	<u>(1,360,415)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	3,433	-	1,457,654
Transfers (out)	-	-	(69,914)	-	-	-	(1,500,674)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(69,914)</u>	<u>-</u>	<u>3,433</u>	<u>-</u>	<u>(43,020)</u>
NET CHANGE IN FUND BALANCES	<u>(1,551)</u>	<u>(336,839)</u>	<u>17,683</u>	<u>3,796</u>	<u>-</u>	<u>(104,280)</u>	<u>(1,403,435)</u>
FUND BALANCES, JANUARY 1	<u>1,551</u>	<u>649,593</u>	<u>248,992</u>	<u>22,193</u>	<u>-</u>	<u>357,607</u>	<u>8,945,129</u>
FUND BALANCES, DECEMBER 31	<u>\$ -</u>	<u>\$ 312,754</u>	<u>\$ 266,675</u>	<u>\$ 25,989</u>	<u>\$ -</u>	<u>\$ 253,327</u>	<u>\$ 7,541,694</u>

CITY OF BERWYN, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY OUTREACH FUND**

For the Year Ended December 31, 2007

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Intergovernmental revenues			
CDBG - senior advocate	\$ 35,000	\$ 34,597	\$ (403)
Miscellaneous revenues			
White Sox game	4,000	6,931	2,931
National Night Out	3,000	-	(3,000)
Senior breakfast	800	-	(800)
Other events	5,000	425	(4,575)
Senior citizen programs	6,000	6,730	730
Sponsorships	<u>8,500</u>	<u>25,935</u>	<u>17,435</u>
Total Revenues	<u>62,300</u>	<u>74,618</u>	<u>12,318</u>
EXPENDITURES			
Culture and Recreation			
Salaries and benefits	276,690	254,718	21,972
Internal service fund charges	-	8,165	(8,165)
White Sox game	3,000	7,925	(4,925)
National Night Out	3,000	10,006	(7,006)
Senior breakfast	2,000	1,485	515
Other events	5,000	11,481	(6,481)
Senior van maintenance	10,500	999	9,501
Other general	42,100	34,790	7,310
Repairs and maintenance	15,700	11,557	4,143
Copier maintenance	<u>5,400</u>	<u>2,656</u>	<u>2,744</u>
Total Expenditures	<u>363,390</u>	<u>343,782</u>	<u>19,608</u>
Exceeds (deficiency) of revenues over expenditures	<u>(301,090)</u>	<u>(269,164)</u>	<u>31,926</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>315,390</u>	<u>278,288</u>	<u>(37,102)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 14,300</u>	9,124	<u>\$ (5,176)</u>
FUND BALANCE, JANUARY 1		<u>-</u>	
FUND BALANCE, DECEMBER 31		<u><u>\$ 9,124</u></u>	

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes - library	\$ 1,408,076	\$ 1,408,076	\$ 1,332,966	\$ (75,110)
Charges for services - rental revenue	25,000	25,000	26,650	1,650
Fines and forfeitures				
Book fines	15,000	15,000	19,420	4,420
Copier fees - maintenance fund	-	-	14,122	14,122
Intergovernmental revenue - Per Capita Grant	-	-	66,101	66,101
Investment income	2,000	2,000	4,475	2,475
Miscellaneous revenues				
Donations - building fund	-	-	15,978	15,978
Other miscellaneous revenue	-	-	17	17
Total Revenues	<u>1,450,076</u>	<u>1,450,076</u>	<u>1,479,729</u>	<u>29,653</u>
EXPENDITURES				
Culture and Recreation				
Salaries and benefits	1,920,480	1,920,480	1,850,071	70,409
Internal service fund charges	-	-	72,524	(72,524)
Books	130,300	130,300	156,846	(26,546)
Periodicals	22,600	22,600	24,641	(2,041)
Audio visual	45,700	45,700	63,742	(18,042)
Computer system	45,000	45,000	43,765	1,235
Dues and subscriptions	11,750	11,750	8,850	2,900
Computer support databases	11,200	11,200	14,600	(3,400)
Programs adult/children	10,200	10,200	11,685	(1,485)
Reciprocal borrowing	4,500	4,500	4,249	251
Promotions	17,000	17,000	17,726	(726)
Director expense	1,000	1,000	120	880
Board expense	1,000	1,000	41	959
Other general	5,000	5,000	6,526	(1,526)
Postage, printing, and publications	12,000	12,000	9,093	2,907
Telephone	13,500	13,500	12,891	609
Utilities	28,000	28,000	13,679	14,321
Supplies	108,240	108,240	118,242	(10,002)
Repairs and maintenance	99,000	99,000	119,925	(20,925)
Total Expenditures	<u>2,486,470</u>	<u>2,486,470</u>	<u>2,549,216</u>	<u>(62,746)</u>
Exceeds (deficiency) of revenues over expenditures	<u>(1,036,394)</u>	<u>(1,036,394)</u>	<u>(1,069,487)</u>	<u>(33,093)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>1,036,394</u>	<u>1,036,394</u>	<u>1,036,394</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(33,093)</u>	<u>\$ (33,093)</u>
FUND BALANCE, JANUARY 1			<u>-</u>	
FUND BALANCE, DECEMBER 31			<u>\$ (33,093)</u>	

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, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Intergovernmental revenues - state allotment	\$ 1,554,857	\$ 1,554,857	\$ 1,542,999	\$ (11,858)
Investment income	75,000	75,000	116,030	41,030
Total Revenues	<u>1,629,857</u>	<u>1,629,857</u>	<u>1,659,029</u>	<u>29,172</u>
EXPENDITURES				
Current				
Public Works				
Rock salt	124,800	124,800	219,197	(94,397)
Utilities	180,000	180,000	363,100	(183,100)
Tree trimming	100,000	100,000	57,276	42,724
Repairs and maintenance				
Street/sidewalk	154,934	154,934	183,675	(28,741)
Sewer system	20,700	20,700	15,449	5,251
Traffic control	345,935	345,935	257,211	88,724
Capital outlay				
Engineering	38,000	38,000	155,367	(117,367)
26th street project	153,600	153,600	-	153,600
Project construction	28,000	28,000	727	27,273
Oak Park lighting project	-	-	23,650	(23,650)
Total Expenditures	<u>1,145,969</u>	<u>1,145,969</u>	<u>1,275,652</u>	<u>(129,683)</u>
Exceeds (deficiency) of revenues over expenditures	<u>483,888</u>	<u>483,888</u>	<u>383,377</u>	<u>(100,511)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(483,888)</u>	<u>(783,888)</u>	<u>(783,888)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (300,000)</u>	<u>(400,511)</u>	<u>\$ (100,511)</u>
FUND BALANCE, JANUARY 1			<u>2,297,291</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 1,896,780</u>	

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Property taxes - increment	\$ 1,160,000	\$ 1,160,000	\$ 1,125,440	\$ (34,560)
Investment income	<u>17,000</u>	<u>17,000</u>	<u>47,539</u>	<u>30,539</u>
 Total Revenues	 <u>1,177,000</u>	 <u>1,177,000</u>	 <u>1,172,979</u>	 <u>(4,021)</u>
EXPENDITURES				
Economic Development				
TIF expenditures	12,932	217,932	86,184	131,748
TIF management services - BDC	94,903	94,903	94,903	-
Developer incentives	-	1,000,000	1,000,000	-
Debt Service				
Principal	312,851	312,851	155,161	157,690
Interest - notes payable	-	-	163,258	(163,258)
Interest - on advance	<u>-</u>	<u>-</u>	<u>5,934</u>	<u>(5,934)</u>
Total Expenditures	<u>420,686</u>	<u>1,625,686</u>	<u>1,505,440</u>	<u>120,246</u>
 NET CHANGE IN FUND BALANCE	 <u>\$ 756,314</u>	 <u>\$ (448,686)</u>	 <u>(332,461)</u>	 <u>\$ 116,225</u>
 FUND BALANCE, JANUARY 1			 <u>1,156,726</u>	
 FUND BALANCE, DECEMBER 31			 <u>\$ 824,265</u>	

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Property taxes - increment	\$ 556,000	\$ 556,000	\$ 504,601	\$ (51,399)
Investment income	<u>14,000</u>	<u>14,000</u>	<u>36,657</u>	<u>22,657</u>
Total Revenues	<u>570,000</u>	<u>570,000</u>	<u>541,258</u>	<u>(28,742)</u>
EXPENDITURES				
Economic Development				
TIF expenditures	6,978	36,978	190,320	(153,342)
TIF management services - BDC	39,000	39,000	39,000	-
Debt Service				
Principal	129,804	129,804	55,445	74,359
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>74,359</u>	<u>(74,359)</u>
Total Expenditures	<u>175,782</u>	<u>205,782</u>	<u>359,124</u>	<u>(153,342)</u>
Exceeds (deficiency) of revenues over expenditures	<u>394,218</u>	<u>364,218</u>	<u>182,134</u>	<u>(182,084)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(76,970)</u>	<u>(76,970)</u>	<u>(76,970)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 317,248</u>	<u>\$ 287,248</u>	105,164	<u>\$ (182,084)</u>
FUND BALANCE, JANUARY 1			<u>1,484,446</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 1,589,610</u>	

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Property taxes - increment	\$ 964,000	\$ 964,000	\$ 1,055,196	\$ 91,196
Investment income	<u>18,000</u>	<u>18,000</u>	<u>41,228</u>	<u>23,228</u>
Total Revenues	<u>982,000</u>	<u>982,000</u>	<u>1,096,424</u>	<u>114,424</u>
EXPENDITURES				
Economic Development				
TIF expenditures	7,576	507,576	154,989	352,587
TIF management services - BDC	<u>477,000</u>	<u>477,000</u>	<u>477,000</u>	<u>-</u>
Total Expenditures	<u>484,576</u>	<u>984,576</u>	<u>631,989</u>	<u>352,587</u>
Exceeds (deficiency) of revenues over expenditures	<u>497,424</u>	<u>(2,576)</u>	<u>464,435</u>	<u>467,011</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	<u>(474,998)</u>	<u>(474,998)</u>	<u>(569,902)</u>	<u>(94,904)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 22,426</u>	<u>\$ (477,574)</u>	<u>(105,467)</u>	<u>\$ 372,107</u>
FUND BALANCE, JANUARY 1			<u>2,726,730</u>	
FUND BALANCE, DECEMBER 31			<u><u>\$ 2,621,263</u></u>	

FIDUCIARY FUNDS

CITY OF BERWYN, ILLINOIS

**COMBINING STATEMENT OF NET ASSETS
PENSION TRUST FUNDS**

December 31, 2007

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
ASSETS			
Cash and investments			
Cash and cash equivalents	\$ 50,749	\$ 1,585,772	\$ 1,636,521
Investments			
Certificates of deposit	-	4,123,283	4,123,283
U.S. Treasury securities	9,989,003	623,031	10,612,034
U.S. Agency securities	6,140,696	3,209,835	9,350,531
Money market	-	577,884	577,884
Equities	4,767,606	2,952,877	7,720,483
Equity mutual fund	9,923,129	-	9,923,129
Insurance contracts	7,914	89,975	97,889
Mututal funds	<u>1,797,361</u>	<u>5,780,517</u>	<u>7,577,878</u>
Total Cash and Investments	<u>32,676,458</u>	<u>18,943,174</u>	<u>51,619,632</u>
Receivables			
Accrued interest	198,596	87,393	285,989
Due from governmental funds	<u>524,037</u>	<u>125,115</u>	<u>649,152</u>
Total Receivables	<u>722,633</u>	<u>212,508</u>	<u>935,141</u>
Prepays	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>33,399,091</u>	<u>19,155,682</u>	<u>52,554,773</u>
LIABILITIES			
Accounts payable	4,499	-	4,499
Payroll tax payable	-	206	206
Due to governmental funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>4,499</u>	<u>206</u>	<u>4,705</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 33,394,592</u>	<u>\$ 19,155,476</u>	<u>\$ 52,550,068</u>

CITY OF BERWYN, ILLINOIS

**COMBINING STATEMENT OF CHANGES IN NET ASSETS
PENSION TRUST FUNDS**

For the Year Ended December 31, 2007

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
ADDITIONS			
Contributions			
Employer	\$ 2,127,204	\$ 2,327,797	\$ 4,455,001
Participants	<u>1,130,553</u>	<u>471,950</u>	<u>1,602,503</u>
Total Contributions	<u>3,257,757</u>	<u>2,799,747</u>	<u>6,057,504</u>
Investment Income			
Net appreciation in fair value of investments	1,980,474	424,543	2,405,017
Interest earned	871,030	605,239	1,476,269
Less investment expenses	<u>(22,994)</u>	<u>(46,592)</u>	<u>(69,586)</u>
Total Investment Income	<u>2,828,510</u>	<u>983,190</u>	<u>3,811,700</u>
Total Additions	<u>6,086,267</u>	<u>3,782,937</u>	<u>9,869,204</u>
DEDUCTIONS			
Administrative	60,681	26,840	87,521
Pension benefits and refunds	<u>2,222,769</u>	<u>2,322,599</u>	<u>4,545,368</u>
Total Deductions	<u>2,283,450</u>	<u>2,349,439</u>	<u>4,632,889</u>
NET INCREASE	3,802,817	1,433,498	5,236,315
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - January 1	<u>29,591,775</u>	<u>17,721,978</u>	<u>47,313,753</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - December 31	<u>\$ 33,394,592</u>	<u>\$ 19,155,476</u>	<u>\$ 52,550,068</u>