

CITY OF BERWYN, ILLINOIS  
ANNUAL FINANCIAL REPORT

For the Year Ended  
December 31, 2005

Prepared by Finance Department

CITY OF BERWYN, ILLINOIS  
TABLE OF CONTENTS

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	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT .....	1-2
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis.....	MD&A 1-10
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets .....	3
Statement of Activities .....	4-5
Fund Financial Statements	
Governmental Funds	
Balance Sheet .....	6
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Assets .....	7
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities.....	9
Proprietary Funds	
Statement of Net Assets.....	10
Statement of Revenues, Expenses, and Changes in Net Assets .....	11
Statement of Cash Flows .....	12

CITY OF BERWYN, ILLINOIS  
 TABLE OF CONTENTS (Continued)

---

	<u>Page(s)</u>
 GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)	
Basic Financial Statements (Continued)	
Fund Financial Statements (Continued)	
Fiduciary Funds	
Statement of Fiduciary Net Assets .....	13
Statement of Changes in Fiduciary Net Assets.....	14
Notes to Financial Statements.....	15-53
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund .....	54
Cermak TIF Fund .....	55
Schedule of Funding Progress	
Illinois Municipal Retirement Fund .....	56
Police Pension Fund .....	57
Firefighters' Pension Fund .....	58
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund .....	59
Police Pension Fund .....	60
Firefighters' Pension Fund .....	61
Notes to Required Supplementary Information.....	62-63
 COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Major Governmental Funds	
Bond and Interest Debt Service Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual .....	64
General Fund	
Schedule of Revenues - Budget and Actual .....	65-66
Schedule of Expenditures - Budget and Actual.....	67-72

CITY OF BERWYN, ILLINOIS  
 TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Continued)</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet .....	73-74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	75-76
Special Revenue Funds	
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax Fund.....	77
South Berwyn Corridor TIF Fund .....	78
Roosevelt Road TIF Fund.....	79
Ogden Avenue TIF Fund.....	80
Capital Projects Funds	
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Recreation Bond Fund.....	81
CDBG Projects Fund.....	82
Fiduciary Funds	
Pension Trust Funds	
Combining Statement of Net Assets .....	83
Combining Statement of Changes in Net Assets.....	84
<b>SUPPLEMENTAL DATA</b>	
Property Tax Assessed Valuations, Rates, and Extensions .....	85-86
Long-Term Debt Requirements	
General Obligation Corporate Purpose Bonds, Series 1998 .....	87
General Obligation Corporate Purpose Bonds, Series 1999 .....	88
General Obligation Corporate Purpose Bonds, Series 2001 .....	89
General Obligation Corporate Purpose Bonds, Series 2002A .....	90
General Obligation Corporate Purpose Bonds, Series 2002B.....	91
General Obligation Refunding Bonds, Series 2004 .....	92
General Obligation Corporate Purpose Bonds, Series 2005 .....	93



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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, 2005, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the City of Berwyn, Illinois' management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Police Pension Fund and the Firefighters' Pension Fund, which represent 100% of the assets, net assets, and additions of the fiduciary funds and of the Berwyn Development Corporation (discretely presented component unit), which represents 100% of the assets, net assets, and revenues of the discretely component unit of the City of Berwyn, Illinois. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Berwyn Development Corporation, the Police Pension Fund and the Firefighters' Pension Fund, is based on the report of the other auditors.

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

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 City of Berwyn, Illinois, as of December 31, 2005, 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 February 9, 2007 on our consideration of the City of Berwyn, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion 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.

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.



Aurora, Illinois  
February 9, 2007

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

## Management's Discussion and Analysis

As management of the City of Berwyn, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Berwyn for the fiscal year ended December 31, 2005. 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 \$16,330,956 (net assets). The City has deficit unrestricted net assets of (\$1,631,114) at year end. This is primarily because the City has not yet retroactively reported its infrastructure assets.

In 2005, the City's total net assets increased by \$1,138,467. This increase is due to the operations of the City's governmental activities. Business-type activities ran at an operating loss mostly due to the significant expense of depreciation on capital infrastructure.

As of the close of the current fiscal year the City's governmental funds reported combined ending fund balances of \$20,671,129, a decrease of \$2,052,715 in comparison with the prior year. Approximately 4.1% of this total amount, \$845,513 is available for spending at the City's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,268,110 or 3% 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 governmental-wide financial statements found on pages 3 - 5 are designed to provide readers with a broad overview of the City of Berwyn's finances, in a manner similar to a private sector business.

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

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

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



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

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

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

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

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

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

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

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

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

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

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

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the financial statements can be found on pages 15 - 53 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 54 - 63 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 64 - 84 of this report.

### Government-wide Financial Analysis

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

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

#### City of Berwyn Net Assets

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Current assets	\$ 43,810,923	\$ 48,787,064	\$ 4,787,576	\$ 3,955,386	\$ 48,598,499	\$ 52,742,450
Capital assets	<u>17,333,994</u>	<u>17,835,794</u>	<u>49,942,919</u>	<u>53,803,712</u>	<u>67,276,913</u>	<u>71,639,506</u>
Total assets	61,144,917	66,622,858	54,730,495	57,759,098	115,875,412	124,381,956
Current liabilities	21,366,061	24,090,339	484,468	554,387	21,850,529	24,644,726
Long-term liabilities	<u>77,686,837</u>	<u>84,589,763</u>	<u>7,090</u>	<u>27,349</u>	<u>77,693,927</u>	<u>84,617,112</u>
Total liabilities	99,052,898	108,680,102	491,558	581,736	99,544,456	109,261,838
Invested in capital assets						
net of related debt	(42,547,755)	(49,005,607)	49,918,319	53,803,712	7,370,564	4,798,105
Restricted	10,591,506	13,427,436	-	-	10,591,506	13,427,436
Unrestricted	<u>(5,951,732)</u>	<u>(6,479,073)</u>	<u>4,320,618</u>	<u>3,373,650</u>	<u>(1,631,114)</u>	<u>(3,105,423)</u>
Total net assets	\$ <u>(37,907,981)</u>	\$ <u>(42,057,244)</u>	\$ <u>54,238,937</u>	\$ <u>57,177,362</u>	\$ <u>16,330,956</u>	\$ <u>15,120,118</u>

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

The City's governmental activities current assets decreased from 2004 by approximately \$4.98 million. During 2004 the City issued \$8.3 million in short-term debt. Approximately \$2.47 million was used in 2004 and the remainder was used during 2005. The City refunded this debt issue in 2005.

Governmental activities' current liabilities decreased from 2004 by \$2.72 million due to payments of \$2.35 million to the City's fiduciary pension funds.

Governmental activities net assets increased \$4.08 million in 2005. This reflects that the City has levied taxes for principal repayment on its long-term debt, as taxes are included in revenue on the Statement of Activities; however the related principal payments are not considered expenses on the Statement of Activities.

Capital assets for both governmental and business-type activities decreased in 2005 due to depreciation.

### City of Berwyn Changes in Net Assets

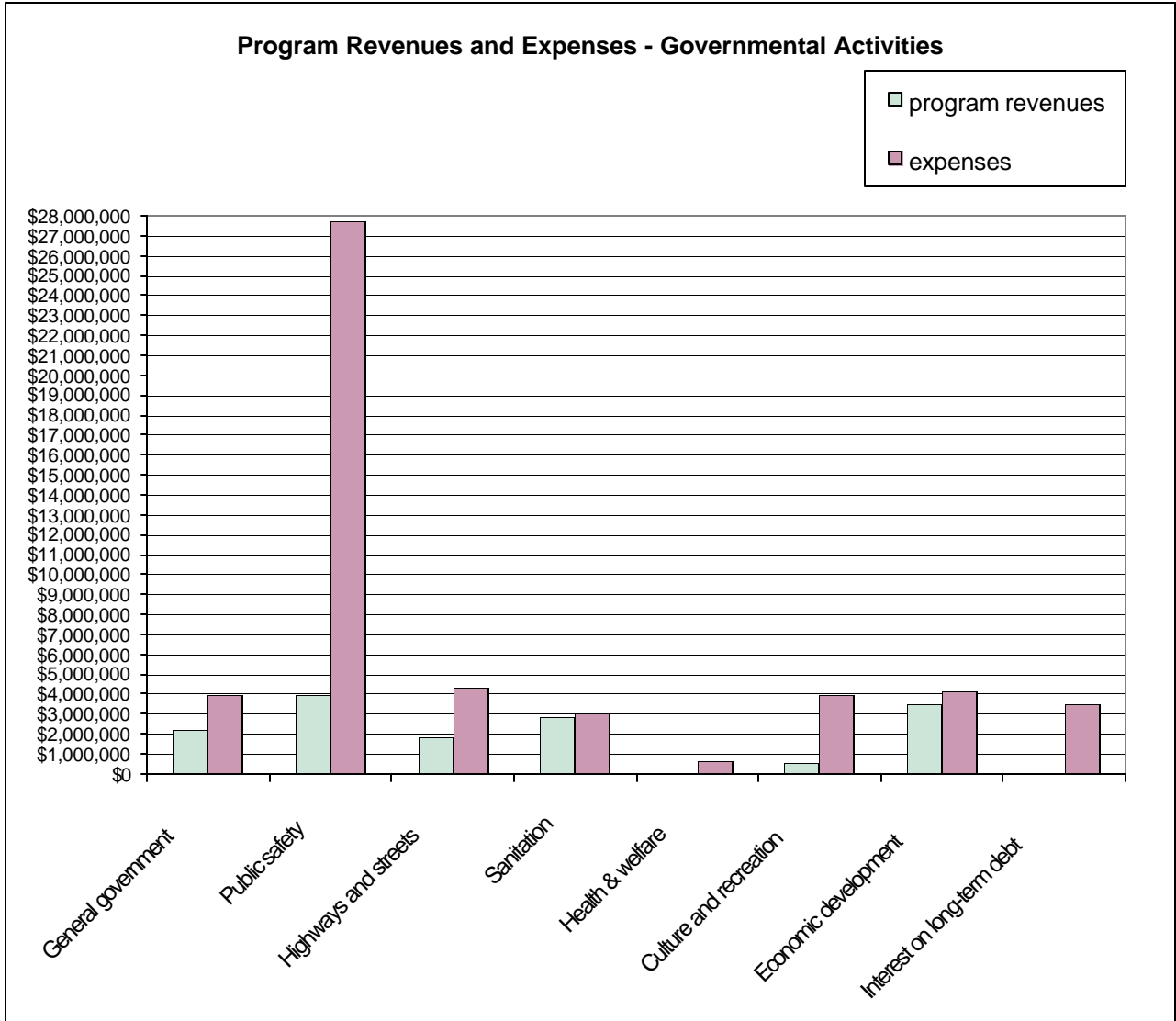
	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 9,609,233	\$ 9,405,602	\$ 4,907,882	\$ 5,455,034	\$ 14,517,115	\$ 14,860,636
Operating grants & contributions	5,471,424	4,333,823	-	-	5,471,424	4,333,823
Capital grants & contributions	-	-	-	-	-	-
General revenues						
Property taxes	22,380,786	20,320,108	-	-	22,380,786	20,320,108
Other taxes	17,555,777	15,927,542	-	-	17,555,777	15,927,542
Other revenues	303,929	259,223	-	-	303,929	259,223
Total revenues	55,321,149	50,246,298	4,907,882	5,455,034	60,229,031	55,701,332
Expenses:						
General government	3,950,982	4,174,791	-	-	3,950,982	4,174,791
Public safety	27,713,240	25,190,418	-	-	27,713,240	25,190,418
Highways & streets	4,308,511	2,409,901	-	-	4,308,511	2,409,901
Sanitation	3,035,310	2,880,236	-	-	3,035,310	2,880,236
Culture & recreation	3,939,759	3,532,538	-	-	3,939,759	3,532,538
Interest on long-term debt	3,491,041	3,351,620	-	-	3,491,041	3,351,620
Economic development	4,113,882	2,369,542	-	-	4,113,882	2,369,542
Health & welfare	604,199	495,416	-	-	604,199	495,416
Water & sewer	-	-	7,933,640	8,306,455	7,933,640	8,306,455
Total expenses	51,156,924	44,404,462	7,933,640	8,306,455	59,090,564	52,710,917
Income before Transfers	4,164,225	5,841,836	(3,025,758)	(2,851,421)	1,138,467	2,990,415
Transfers	(87,333)	-	87,333	-	-	-
Change in Net Assets	4,076,892	5,841,836	(2,938,425)	(2,851,421)	1,138,467	2,990,415
Net assets Jan 1, as restated	(42,057,244)	(47,899,080)	57,177,362	60,028,783	15,120,118	12,129,703
Restatement	72,371	-	-	-	-	-
Net assets Dec 31	\$ (37,907,981)	\$ (42,057,244)	\$ 54,238,937	\$ 57,177,362	\$ 16,258,585	\$ 15,120,118

**Government activities**

Governmental activities increased the City's net assets by \$4.0 million in the current fiscal year. Significant components of the fiscal year's activities included the following:

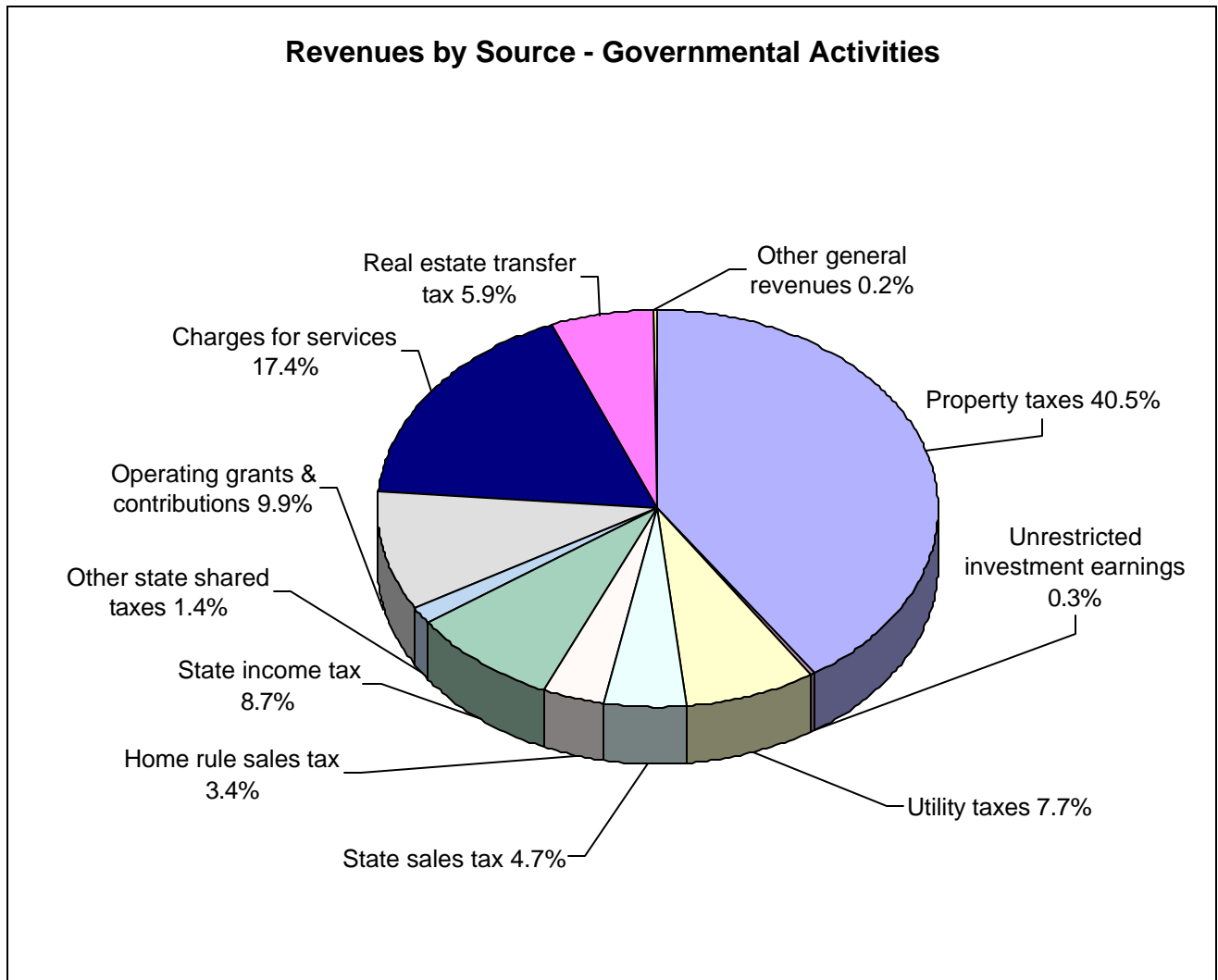
Property taxes increased \$2.06 million during the year. \$895,736 of this increase is resulted from increased levies in the City's four TIF districts due to positive economic development. \$1.3 million of the increase the leveling off of tax increment growth in the City's redevelopment areas.

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.



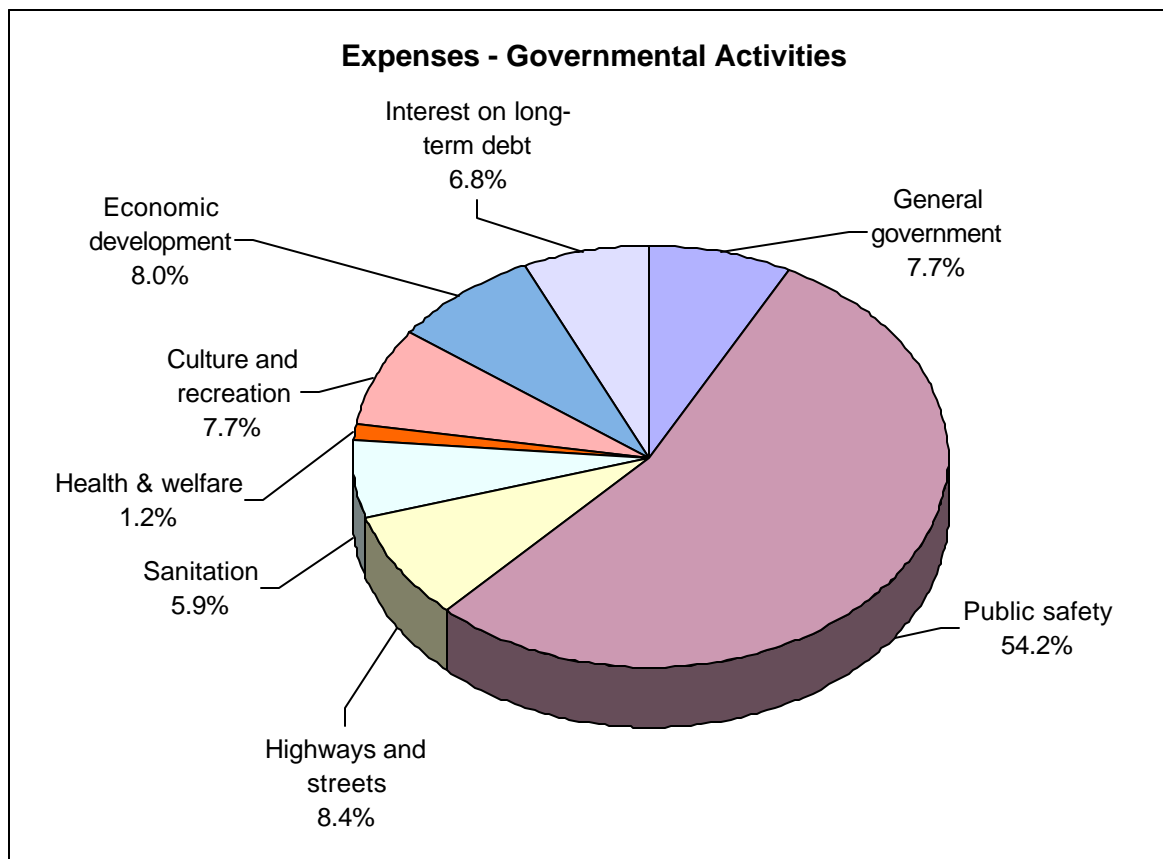
### Government activities - Revenues

The City's governmental activities are supported mainly by property taxes. In 2005 the City's property taxes at \$22.4 million made up 40.5% of the total governmental activities revenues. The next largest portion of governmental activities revenues is charges for services, which are approximately 17.4% of the total revenue. These percentages have remained relatively constant from 2004 to 2005. In 2004 property taxes were 40.4% and charges for services were 18.7% of the total governmental activities revenues. The graph below shows the full composition of governmental activities revenues.



## Government activities - Expenses

As in the prior year, the City's largest area of expense continues to be public safety, accounting for over 54% of governmental expenses. Overall governmental expenses increased \$6.7 million or 15% from the prior year. \$1.7 million of this increase was related to increased expenses for economic development. This increase was related to an alley repaving project (\$0.65 million), assistance to a local business (\$0.3 million) and additional TIF expenses within the South Berwyn Corridor (\$0.6 million). During 2005 the City spent approximately \$654,000 more on an alley repaving project than in 2004. The City provided \$300,000 in assistance to a local company. The public safety expenses increased \$2.5 million from 2004. During 2004, the liability for compensated absences decreased. Approximately \$1.4 million of the decrease in compensated absences offset the public safety function in 2004; however in 2005 the City did not have this offset. Public safety expenses also increased in 2005 approximately \$990,000 due to increases in workmen's compensation and general liability claims. Highways and streets increased approximately \$1.9 million which is mainly related to a charge against expense for reduction in the arbitrage penalty liability.



## Business-type activities

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 \$2.9 million.

Water and sewer usage charges for 2005 decreased approximately \$569,000. This decrease also resulted in a decrease in the cost of water, as expenses were lower in 2005 than in 2004 by \$372,000. The change in net assets between the two years was substantially the same.

## 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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20.7 million. Approximately 4.1% of the City's total fund balances were unreserved. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to projects such as tax increment financing areas (\$4.7 million); state approved motor fuel tax projects (\$2.1); law enforcement uses (\$1.0 million); Fund balances are also reserved for non-current assets such as interfund advances (\$4.6 million) and land held for resale (\$3.1 million).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$1.3 million, while total fund balance was \$6.5 million. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. As of December 31, 2005 the General Fund's fund balance was 15.4% of the 2005 General Fund expenditures.

Overall the City's fund balances decreased \$2.1 million in 2005. This decrease was made up of decreases in the General and Bond and Interest funds of \$2.0 million and \$1.5 million respectively. These were offset by an increase in the Cermak TIF fund of \$1.0 million and a small increase in Nonmajor governmental funds. The City issued \$8.8 million in debt during 2005 to partially refund a short-term borrowing of \$8.3 million, however a portion of the new debt was issued for projects. This resulted in a deficit fund balance within the Bond and Interest fund. The City is exploring debt restructuring methods in order to decrease the annual debt burden that is placed on the tax levy. See General Fund budgetary highlights for information related to the decrease in the General Fund's fund balance.

*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 \$4,320,618. The total decrease in net assets was \$2,938,425. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

The City's internal service fund mainly represents costs for the City's workmen's compensation and general liability insurances. During 2005 the City's claims increased \$990,000 or 81% due to increasing costs as well as an increase in workmen's compensation claims. The City is currently investigating the use of safety training in order to help educate employees on safer work behavior. It is believed this training this may help decrease the costs in future years.

### General Fund Budgetary Highlights

The City did not make any supplemental appropriations or transfers of appropriations during the fiscal year. Overall actual revenues were slightly over budget by \$84,000 or less than 1% of budgeted revenues. However General Fund expenditures were over budget by \$3.9 million or 10.2%. Of this overage, approximately \$2.2 million was in debt service expenditures. These expenditures were primarily to repayment the City's line of credit for \$2.2 million which had not been budgeted.

### Capital Asset and Debt Administration

**Capital assets** - The City of Berwyn's investment in capital assets for its governmental and business-type activities as of December 31, 2005, was \$70.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, systems, machinery and equipment, park facilities, streets, bridges and utility infrastructure. During 2005 the City's capital asset balances decreased \$429,000.

During 2005 the City purchased several vehicles including two ambulances which increased governmental activities capital assets by \$300,000. The City's business-type activities added \$87,133 in equipment during 2005.

### City of Berwyn Capital Assets

(net of accumulate depreciation)

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 4,086,250	\$ 4,086,250	\$ 24,600	\$ 24,600	\$ 4,110,850	\$ 4,110,850
Buildings	8,602,314	8,870,992	368,137	368,137	8,970,451	9,239,129
Equipment	553,357	899,981		45,843		
Land improvements	1,252,151	1,224,846	125,645	125,645	1,377,796	1,350,491
Fixtures, furniture	131,344	145,417		-		
Vehicles	2,708,578	2,896,378	-	-	2,708,578	2,896,378
Infrastructure	-	-	53,239,487	53,239,487	53,239,487	53,239,487
Total	\$ 17,333,994	\$ 18,123,864	\$ 53,757,869	\$ 53,803,712	\$ 70,407,162	\$ 70,836,335

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

**Long-term debt** - At the end of the current fiscal year, the City of Berwyn had total outstanding of \$77.7 million. Of this amount \$72.2 was general obligation debt which is backed by the full faith and credit of the City.

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 72,273,803	\$ 78,725,556	\$ -	\$ -	\$ 72,273,803	\$ 78,725,556
Capital leases	686,749	604,401	-	-	686,749	604,401
Line of credit	-	906,250	-	-	-	906,250
Unamortized premiums	1,674,919	1,861,021	-	-	1,674,919	1,861,021
Claims payable	2,177,601	1,500,691	-	-	2,177,601	1,500,691
Net pension obligation	107,785	126,887	-	-	107,785	126,887
Compensated absences	765,980	865,258	7,090	27,309	773,070	892,567
Total	\$ 77,686,837	\$ 84,590,064	\$ 7,090	\$ 27,309	\$ 77,693,927	\$ 84,617,373

The City's total debt decreased by \$6.9 million, or 8.2%, during the current fiscal year.

The City's bonded debt is rated as AAA by Standard & Poor's Credit Market Service in coordination with the issuance of a financial guarantee policy delivered with each debt issue.

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

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



### **Economic Factors and Next Year's Budgets and Rates**

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

### **Requests for Information**

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

CITY OF BERWYN, ILLINOIS

STATEMENT OF NET ASSETS

December 31, 2005

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
				Berwyn Development Corporation
<b>ASSETS</b>				
Cash and investments	\$ 14,451,618	\$ -	\$ 14,451,618	\$ 309,151
Receivables, net of allowance where applicable				
Property tax	17,817,929	-	17,817,929	-
Sales tax	677,249	-	677,249	-
Home rule sales tax	499,061	-	499,061	-
Income tax	778,834	-	778,834	-
Utility tax	815,245	-	815,245	-
Accounts	571,430	922,515	1,493,945	7,520
Other	198,796	-	198,796	-
Prepaid expenses	35,461	-	35,461	1,154
Due from other governments	822,940	4,155,363	4,978,303	-
Due from other funds	290,302	(290,302)	-	-
Notes receivable	1,459,926	-	1,459,926	962,523
Deferred charges	2,227,192	-	2,227,192	-
Net pension benefit	109,136	-	109,136	-
Land held for resale	3,055,804	-	3,055,804	-
Capital assets, not being depreciated	4,086,250	24,600	4,110,850	630,915
Capital assets, being depreciated (net of accumulated depreciation)	13,247,744	49,918,319	63,166,063	48,183
<b>Total assets</b>	<b>61,144,917</b>	<b>54,730,495</b>	<b>115,875,412</b>	<b>1,959,446</b>
<b>LIABILITIES</b>				
Accounts payable	1,188,891	470,316	1,659,207	3,776
Bid deposits payable	2,234	-	2,234	-
Retainage payable	5,165	-	5,165	-
Accrued payroll	607,326	14,152	621,478	-
Accrued interest payable	562,595	-	562,595	-
Due to fiduciary funds	182,992	-	182,992	-
Deferred revenue	18,620,307	-	18,620,307	-
Other liabilities	196,551	-	196,551	-
Noncurrent liabilities				
Due within one year	16,874,903	2,988	16,877,891	-
Due in more than one year	60,811,934	4,102	60,816,036	1,593,437
<b>Total liabilities</b>	<b>99,052,898</b>	<b>491,558</b>	<b>99,544,456</b>	<b>1,597,213</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	(42,547,755)	49,918,319	7,370,564	48,183
Restricted for				
Public safety	1,008,325	-	1,008,325	-
Highways and streets	2,067,788	-	2,067,788	-
Economic development	7,515,393	-	7,515,393	144,898
Unrestricted (deficit)	(5,951,732)	4,320,618	(1,631,114)	169,152
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>\$ (37,907,981)</b>	<b>\$ 54,238,937</b>	<b>\$ 16,330,956</b>	<b>\$ 362,233</b>

See accompanying notes to financial statements.

## CITY OF BERWYN, ILLINOIS

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2005

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 3,950,982	\$ 3,025,435	\$ 14,420	\$ -
Public safety	27,713,240	3,179,570	242,214	-
Highways and streets	4,308,511	99,669	1,648,274	-
Sanitation	3,035,310	2,871,575	-	-
Health and welfare	604,199	-	-	-
Culture and recreation	3,939,759	394,658	98,542	-
Economic development	4,113,882	38,326	3,467,974	-
Interest	3,491,041	-	-	-
Total governmental activities	51,156,924	9,609,233	5,471,424	-
Business-Type Activities				
Water and sewer	7,933,640	4,907,882	-	-
Total business-type activities	7,933,640	4,907,882	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 59,090,564</b>	<b>\$ 14,517,115</b>	<b>\$ 5,471,424</b>	<b>\$ -</b>
<b>COMPONENT UNIT</b>				
Berwyn Development Corporation	\$ 459,174	\$ 267,305	\$ 86,710	\$ 27,500

	Net (Expense) Revenue and Change in Net Assets			
	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Berwyn Development Corporation
	\$ (911,127)	\$ -	\$ (911,127)	\$ -
	(24,291,456)	-	(24,291,456)	-
	(2,560,568)	-	(2,560,568)	-
	(163,735)	-	(163,735)	-
	(604,199)	-	(604,199)	-
	(3,446,559)	-	(3,446,559)	-
	(607,582)	-	(607,582)	-
	(3,491,041)	-	(3,491,041)	-
	(36,076,267)	-	(36,076,267)	-
	-	(3,025,758)	(3,025,758)	-
	-	(3,025,758)	(3,025,758)	-
	(36,076,267)	(3,025,758)	(39,102,025)	-
	-	-	-	(77,659)
General Revenues				
Taxes				
Property	22,380,786	-	22,380,786	-
Sales	2,596,951	-	2,596,951	-
Home rule sales	1,894,374	-	1,894,374	-
Income	4,802,668	-	4,802,668	-
Replacement	203,122	-	203,122	-
Municipal utility	4,234,714	-	4,234,714	-
Real estate transfer	3,250,800	-	3,250,800	-
Other	573,148	-	573,148	-
Investment income	170,347	-	170,347	113,349
Miscellaneous	133,582	-	133,582	18,071
Transfers	(87,333)	87,333	-	-
Total	40,153,159	87,333	40,240,492	131,420
CHANGE IN NET ASSETS	4,076,892	(2,938,425)	1,138,467	53,761
NET ASSETS (DEFICIT), JANUARY 1	(42,057,244)	57,177,362	15,120,118	308,472
Prior period adjustment	72,371	-	72,371	-
NET ASSETS (DEFICIT), JANUARY 1, RESTATED	(41,984,873)	57,177,362	15,192,489	308,472
NET ASSETS (DEFICIT), DECEMBER 31	\$ (37,907,981)	\$ 54,238,937	\$ 16,330,956	\$ 362,233

See accompanying notes to financial statements.

CITY OF BERWYN, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2005

	General	Cermak Road TIF	Bond and Interest	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 2,212,243	\$ 3,229,781	\$ 2,731,085	\$ 6,278,509	\$ 14,451,618
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	8,692,841	-	9,125,088	-	17,817,929
Sales taxes	677,249	-	-	-	677,249
Home rule sales tax	499,061	-	-	-	499,061
Income taxes	778,834	-	-	-	778,834
Utility tax	815,245	-	-	-	815,245
Accounts	571,430	-	-	-	571,430
Notes	657,548	-	-	802,378	1,459,926
Other	101,437	-	-	97,359	198,796
Prepaid items	-	-	-	35,461	35,461
Due from other governments	-	-	-	822,940	822,940
Advance to other funds	4,580,262	1,620,067	-	2,593,957	8,794,286
Land held for resale	-	3,055,804	-	-	3,055,804
<b>TOTAL ASSETS</b>	<b>\$ 19,586,150</b>	<b>\$ 7,905,652</b>	<b>\$ 11,856,173</b>	<b>\$ 10,630,604</b>	<b>\$ 49,978,579</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 670,690	\$ 14,008	\$ -	\$ 504,193	\$ 1,188,891
Bid deposits payable	2,234	-	-	-	2,234
Retainage payable	-	2,500	-	2,665	5,165
Accrued salaries	607,326	-	-	-	607,326
Deferred revenues	8,692,841	-	9,125,088	802,378	18,620,307
Due to fiduciary funds	182,992	-	-	-	182,992
Other liabilities	196,551	-	-	-	196,551
Advances from other funds	2,727,596	632,054	3,803,273	1,341,061	8,503,984
<b>Total liabilities</b>	<b>13,080,230</b>	<b>648,562</b>	<b>12,928,361</b>	<b>2,650,297</b>	<b>29,307,450</b>
<b>FUND BALANCES</b>					
<b>Reserved</b>					
Public safety	-	-	-	1,008,325	1,008,325
Highways and streets	-	-	-	2,067,788	2,067,788
Economic development	-	2,581,219	-	1,625,185	4,206,404
Advances	4,580,262	1,620,067	-	2,593,957	8,794,286
Notes receivable	657,548	-	-	-	657,548
Prepaid items	-	-	-	35,461	35,461
Land held for resale	-	3,055,804	-	-	3,055,804
<b>Unreserved</b>					
<b>General Fund</b>					
Designated for subsequent year budgets	1,268,110	-	-	-	1,268,110
Special Revenue Funds	-	-	-	18,312	18,312
Debt Service Fund	-	-	(1,072,188)	-	(1,072,188)
Capital Projects Funds	-	-	-	631,279	631,279
<b>Total fund balances</b>	<b>6,505,920</b>	<b>7,257,090</b>	<b>(1,072,188)</b>	<b>7,980,307</b>	<b>20,671,129</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 19,586,150</b>	<b>\$ 7,905,652</b>	<b>\$ 11,856,173</b>	<b>\$ 10,630,604</b>	<b>\$ 49,978,579</b>

See accompanying notes to financial statements.

CITY OF BERWYN, ILLINOIS

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

December 31, 2005

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FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 20,671,129
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	17,333,994
The net pension benefit is not a current financial resource and, therefore, is not reported in the governmental funds	109,136
The net pension obligation is not a current use of funds and, therefore, is not reported in the governmental funds	(107,785)
The unamortized bond discount and unamortized bond issuance cost is not a current financial resource and, therefore, is not reported in the governmental funds	309,217
The unamortized bond premium is not a current financial resource and, therefore, is not reported in the governmental funds	(1,674,919)
The unamortized loss on refunding is not a current financial use of funds and, therefore, is not reported in the governmental funds	1,917,975
Interest payable is not due and payable in the current period and therefore, not reported in the governmental funds	(562,595)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(73,726,532)
The unrestricted net assets (deficit) of the internal service funds are included in the governmental activities in the statement of net assets	<u>(2,177,601)</u>
NET ASSETS (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ (37,907,981)</u>

See accompanying notes to financial statements.

## CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	General	Cermak Road TIF	Bond and Interest	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 8,175,487	\$ 1,248,027	\$ 10,658,696	\$ 2,298,576	\$ 22,380,786
Other taxes	17,534,862	-	-	20,916	17,555,778
Licenses and permits	4,628,463	-	-	-	4,628,463
Charges for services	1,884,002	-	-	-	1,884,002
Fines and fees	2,340,519	-	-	-	2,340,519
Grants	1,153,048	-	-	-	1,153,048
Intergovernmental	-	-	-	4,719,769	4,719,769
Investment income	9,032	38,669	12,088	110,557	170,346
Miscellaneous	450,112	21,041	-	17,285	488,438
<b>Total revenues</b>	<b>36,175,525</b>	<b>1,307,737</b>	<b>10,670,784</b>	<b>7,167,103</b>	<b>55,321,149</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General government	3,881,802	-	-	-	3,881,802
Public safety	26,026,428	-	-	1,002,413	27,028,841
Highways and streets	2,552,630	-	-	1,519,439	4,072,069
Sanitation	3,035,310	-	-	-	3,035,310
Health and welfare	604,199	-	-	-	604,199
Culture and recreation	3,527,966	-	-	-	3,527,966
Economic development	-	263,891	-	3,835,548	4,099,439
Capital outlay	430,201	-	-	-	430,201
<b>Debt service</b>					
Principal	2,223,202	-	15,330,000	112,867	17,666,069
Interest and fiscal charges	74,619	-	3,135,505	7,220	3,217,344
Bond issuance costs	-	-	69,800	-	69,800
<b>Total expenditures</b>	<b>42,356,357</b>	<b>263,891</b>	<b>18,535,305</b>	<b>6,477,487</b>	<b>67,633,040</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(6,180,832)</b>	<b>1,043,846</b>	<b>(7,864,521)</b>	<b>689,616</b>	<b>(12,311,891)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	2,789,300	-	-	20,000	2,809,300
Transfers out	(107,333)	-	(2,429,200)	(360,100)	(2,896,633)
Loan proceeds	1,546,509	-	-	-	1,546,509
Bonds issued, at par	-	-	8,800,000	-	8,800,000
<b>Total other financing sources (uses)</b>	<b>4,228,476</b>	<b>-</b>	<b>6,370,800</b>	<b>(340,100)</b>	<b>10,259,176</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,952,356)</b>	<b>1,043,846</b>	<b>(1,493,721)</b>	<b>349,516</b>	<b>(2,052,715)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>8,591,308</b>	<b>6,213,244</b>	<b>235,033</b>	<b>7,630,791</b>	<b>22,670,376</b>
Prior period adjustment	(133,032)	-	186,500	-	53,468
<b>FUND BALANCES, JANUARY 1, RESTATED</b>	<b>8,458,276</b>	<b>6,213,244</b>	<b>421,533</b>	<b>7,630,791</b>	<b>22,723,844</b>
<b>FUND BALANCES (DEFICIT), DECEMBER 31</b>	<b>\$ 6,505,920</b>	<b>\$ 7,257,090</b>	<b>\$ (1,072,188)</b>	<b>\$ 7,980,307</b>	<b>\$ 20,671,129</b>

See accompanying notes to financial statements.

CITY OF BERWYN, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2005

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (2,052,715)
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	459,784
The issuance of capital leases is reported as an other financing source in governmental funds but as an increase of principal outstanding in the statement of activities	(266,141)
The loss on disposal of capital assets is shown as an increase of expense on the statement of activities	(73,087)
The change in net pension obligation is not a current financial resource and, therefore, is not reported in the governmental funds	19,102
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	(10,075,000)
The accretion on capital appreciation bonds is not require the use of current financial resources and, therefore, is not reported in the governmental funds	(78,247)
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	17,695,043
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	(904,260)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Decrease in accrued interest payable	(35,755)
Amortization of discount	(28,531)
Amortization of accounting loss on refunding	(213,108)
Amortization of bond premium	186,102
Amortization of issuance costs	(34,358)
Increase in compensated absences	99,278
Increase in the net pension obligation	55,695
The change in net assets of certain activities of internal service funds is reported with governmental activities	<u>(676,910)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 4,076,892</u>

See accompanying notes to financial statements.



## CITY OF BERWYN, ILLINOIS

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

December 31, 2005

	Business-Type	Governmental
	Water and Sewer	Internal Service
<b>CURRENT ASSETS</b>		
Receivables		
Accounts	\$ 922,515	\$ -
Due from other governments	4,155,363	-
Total current assets	<u>5,077,878</u>	<u>-</u>
<b>CAPITAL ASSETS</b>		
Capital assets, not being depreciated	24,600	
Capital assets, net of accumulated depreciation	49,918,319	-
Net capital assets	<u>49,942,919</u>	<u>-</u>
Total assets	<u>55,020,797</u>	<u>-</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	470,316	-
Claims payable	-	966,171
Accrued payroll	14,152	-
Due to other funds	290,302	-
Compensated absences	2,988	-
Total current liabilities	<u>777,758</u>	<u>966,171</u>
<b>LONG-TERM LIABILITIES</b>		
Claims payable	-	1,211,430
Compensated absences payable	4,102	-
Total long-term liabilities	<u>4,102</u>	<u>1,211,430</u>
Total liabilities	<u>781,860</u>	<u>2,177,601</u>
<b>NET ASSETS</b>		
Invested in capital assets	49,918,319	-
Unrestricted (deficit)	4,320,618	(2,177,601)
<b>TOTAL NET ASSETS</b>	<u>\$ 54,238,937</u>	<u>\$ (2,177,601)</u>

See accompanying notes to financial statements.

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	Business-Type	Governmental Activities
	Water and Sewer	Internal Service
<b>OPERATING REVENUES</b>		
Charges for services		
Billings	\$ 4,788,616	\$ -
Water and sewer taps	31,600	-
Internal services	-	1,531,542
Other	27,525	-
Other revenue	60,141	-
	<u>4,907,882</u>	<u>1,531,542</u>
<b>OPERATING EXPENSES</b>		
Personal services	659,124	-
Contractual services	58,216	-
Utilities	2,622,495	-
Repairs and maintenance	62,230	-
Commodities and supplies	26,691	-
Interdepartmental charges	556,758	2,208,452
Depreciation	3,948,126	-
	<u>7,933,640</u>	<u>2,208,452</u>
OPERATING INCOME (LOSS)	(3,025,758)	(676,910)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Transfers in	87,333	-
	<u>87,333</u>	<u>-</u>
CHANGE IN NET ASSETS	(2,938,425)	(676,910)
NET ASSETS (DEFICIT), JANUARY 1	<u>57,177,362</u>	<u>(1,500,691)</u>
NET ASSETS (DEFICIT), DECEMBER 31	<u>\$ 54,238,937</u>	<u>\$ (2,177,601)</u>

See accompanying notes to financial statements.

## CITY OF BERWYN, ILLINOIS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended December 31, 2005

	Business-Type	Governmental
	Water and Sewer	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 2,935,203	\$ 1,531,542
Payments to suppliers	(3,395,063)	(1,531,542)
Payments to employees	(680,629)	-
Net cash from operating activities	<u>(1,140,489)</u>	<u>-</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Reduction of interfund receivable	1,140,489	-
Transfers from other funds	87,333	-
Net cash from noncapital financing activities	<u>1,227,822</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital assets purchased	(87,333)	-
Net cash from capital and related financing activities	<u>(87,333)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
None	-	-
Net cash from investing activities	<u>-</u>	<u>-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	-	-
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>		
	-	-
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>		
	<u>\$ -</u>	<u>\$ -</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (3,025,758)	\$ (676,910)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	3,948,126	-
Changes in assets and liabilities		
Receivables	(1,972,679)	-
Accounts payable	(68,673)	-
Accrued payroll and compensated absences	(21,505)	-
Claims payable	-	676,910
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (1,140,489)</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF BERWYN, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

December 31, 2005

	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 7,489,845
Investments	
U.S. Government securities	13,429,375
U.S. Government agencies	1,608,128
Equities	3,676,148
Annuities	2,554,706
Mutual funds	14,378,701
Accrued interest receivable	237,480
Due from governmental funds	182,992
Prepaid items	5,283
	<u>43,562,658</u>
<b>LIABILITIES</b>	
Accounts payable	18,977
Payroll tax payable	141
	<u>19,118</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<u><u>\$ 43,543,540</u></u>

See accompanying notes to financial statements.

CITY OF BERWYN, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS

For the Year Ended December 31, 2005

ADDITIONS	
Contributions	
Employer	\$ 3,723,520
Participants	<u>1,031,995</u>
Total contributions	<u>4,755,515</u>
Investment income	
Net appreciation in fair value of investments	689,355
Interest earned	1,178,260
Less investment expenses	<u>(94,479)</u>
Net investment income	<u>1,773,136</u>
Total additions	<u>6,528,651</u>
DEDUCTIONS	
Administrative	62,530
Pension benefits and refunds	<u>3,916,003</u>
Total deductions	<u>3,978,533</u>
NET INCREASE	2,550,118
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
January 1	<u>40,993,422</u>
December 31	<u>\$ 43,543,540</u>

See accompanying notes to financial statements.

CITY OF BERWYN, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

December 31, 2005

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Berwyn, Illinois (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles (GAAP)), as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's, Berwyn Public Library's (the Library), and Berwyn Development Corporation's (the BDC) accounting policies are described below.

a. Reporting Entity

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

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

Police Pension Fund

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Firefighters' Pension Fund

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

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

Discretely Presented Component Unit

Berwyn Development Corporation (BDC)

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

Blended Component Unit

Berwyn Public Library (the Library)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting

The City uses funds to report on its financial position, results of its operations, 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.

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.

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 nonfiduciary 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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

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

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

The City reports the following fiduciary funds:

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

The City reports the following proprietary funds:

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Nonoperating revenue/expenses are incidental to the operations of these funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The City reports deferred revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" or "earned" criteria for recognition in the current period. 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 deferred revenue is removed from the financial statements and revenue is recognized.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

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

f. Investments

Investments with a maturity of less than one year when purchased and non-negotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is based on prices listed on national exchanges as of December 31, 2005 for debt and equity securities. Mutual funds, investment funds and insurance separate accounts are valued at contract value as of December 31, 2005.

g. Interfund Transactions

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

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

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

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

h. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets

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

The costs of normal maintenance and repairs, including street overlays, that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

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

j. Compensated Absences

Vested or accumulated vacation leave that is owed to retirees or terminated employees at year end is reported as an expenditure and a fund liability of the governmental fund that will pay it in the governmental fund financial statements and in the governmental activities column in the government-wide financial statements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, an expenditure is reported and a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" at retirement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences (Continued)

In addition, the City has recorded a liability of \$319,945 for sick time payments to be made in the future to all civilian employees who are at least age 60 and have 5 years or more of service or are any age, but have 30 years of service and sworn personnel who are at least age 50 and have 20 years of service.

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. 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.

2. DEPOSITS AND INVESTMENTS

a. City Deposits and Investments

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

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

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity and rate of return.

City Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance with the collateral held at an independent third-party institution in the name of the City. At December 31, 2005, the deposits were collateralized, in accordance with the investment policy.

City Investments

The following table presents the investments and maturities of the City's debt securities as of December 31, 2005:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
Illinois Funds	\$ 2,313,097	\$ 2,313,097	\$ -	\$ -	\$ -

2. DEPOSITS AND INVESTMENTS (Continued)

a. City Deposits and Investments (Continued)

City Investments (Continued)

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

The City limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by investing in external investment pools. Illinois Funds is rated AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the City's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party custodian designated by the City, in the City's name. Illinois Funds is not subject to custodial credit risk.

Concentration of credit risk is the risk that the City has a high percentage of their investments invested in one type of investment. At December 31, 2005, 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.

b. Police Pension Deposits and Investments

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Deposits and Investments (Continued)

It is the policy of the Police Pension Fund to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow demands of the Police Pension Fund and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, rate of return, public trust and liquidity.

Deposits with Financial Institutions

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

Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of December 31, 2005:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury Notes	\$ 4,258,342	\$ 872,185	\$ 2,077,370	\$ 1,308,787	\$ -
U.S. Treasury Bonds	2,390,799	-	-	-	2,390,799
Governmental National Mortgage	174,827	-	12,162	63,045	99,620
Federal Home Loan Mortgage	2,920,469	-	1,898,860	734,342	287,267
Federal Home Loan Bank	495,970	495,970	-	-	-
Federal National Mortgage	2,447,867	501,580	1,105,150	-	841,137
Equity Securities	3,676,148	3,676,148	-	-	-
Money Market Mutual Funds	10,446,579	10,446,579	-	-	-
Life Insurance Contracts	7,339	-	-	-	7,339
<b>TOTAL</b>	<b>\$ 26,818,340</b>	<b>\$ 15,992,462</b>	<b>\$ 5,093,542</b>	<b>\$ 2,106,174</b>	<b>\$ 3,626,162</b>

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.



2. DEPOSITS AND INVESTMENTS (Continued)

b. Police Pension Deposits and Investments (Continued)

Investments (Continued)

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing U.S. Agency Obligations and other highly rated Obligations. The investments in the securities of U.S. Government Agencies were all rated AAA by Standard & Poor's or by Moody's Investors Services.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Police Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be held by a third party agent.

Concentration of credit risk is the risk that the Police Pension Fund has a high percentage of their investments invested in one type of investment. The Police Pension Fund's investment policy requires diversification of investment to avoid unreasonable risk. At December 31, 2005, the Police Pension Fund had greater than five percent of its overall portfolio invested in FHLM's and FHLB's. The Fund's investment policy has stated a minimum of 20 percent and maximum of 45 percent of its portfolio be invested in equities, a minimum of 55 percent and maximum of 95 percent be invested in fixed income, and a minimum of 3 percent and maximum of 15 percent in cash and cash equivalents.

c. Firefighters' Pension Deposits and Investments

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

c. Firefighters' Pension Investments (Continued)

It is the policy of the Firefighters' Pension Fund to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Firefighters' Pension Fund and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity and rate of return.

Deposits with Financial Institutions

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

The Firefighters' Pension Fund policy does not require collateralization. However, all deposits at December 31, 2005 are covered by Federal Depository Insurance.

Investments

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of December 31, 2005:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury Note	\$ 741,101	\$ 126,655	\$ 614,446	\$ -	\$ -
Government National Mortgage Association	173,910	242	8,288	-	165,380
Federal Home Loan Mortgage Corporation	949,374	369,914	579,460	-	-
Federal National Mortgage Association	484,844	-	484,844	-	-
Insurance Contracts	2,547,367	-	-	-	2,547,367
Money Market Mutual Funds	3,932,122	3,932,122	-	-	-
<b>TOTAL</b>	<b>\$ 8,828,718</b>	<b>\$ 4,428,933</b>	<b>\$ 1,687,038</b>	<b>\$ -</b>	<b>\$ 2,712,747</b>

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.

2. DEPOSITS AND INVESTMENTS (Continued)

c. Firefighters' Pension Investments (Continued)

Investments (Continued)

The Firefighters' Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by investing in external investment pools. Illinois Funds is rated AAA. The U.S. Agency Obligations are all rated AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Firefighters' Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Firefighters' Pension Fund's investment policy requires all investments be limited to the safest types of securities invested with pre-qualified institutions, broker/dealers, intermediaries, and advisors and soundly diversified.

Concentration of credit risk is the risk that the Firefighters' Pension Fund has a high percentage of their investments invested in one type of investment. At December 31, 2005, 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, 2005, the Firefighters' Pension Fund had \$5,413,635 (25.99%) invested in certificates of deposit in excess of the investment policy stated maximum.

3. RECEIVABLES - PROPERTY TAXES

Property taxes for 2005 attach as an enforceable lien on January 1, 2005 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, 2006 and October 1, 2006 and are payable in two installments, on or about April 1, 2006 and November 1, 2006. The County collects such taxes and remits them periodically.

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

4. CDBG REHABILITATION LOANS

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

	Interest Rates	Beginning of Year	Loans Made	Loan Repayments	Loan Write-Off	End of Year
CDBG Rehab Loans	0%	\$ 529,455	\$ 290,123	\$ 17,200	\$ -	\$ 802,378

5. NOTE RECEIVABLE - BERWYN DEVELOPMENT CORPORATION

The City provides low interest lending assistance to local businesses through its partnership with the Berwyn Development Corporation (BDC). The loans are administered by BDC. Notes outstanding at December 31, 2005 are as follows:

\$10,000 note receivable in 60 consecutive monthly principal and interest payments of \$198.03 commencing September 17, 2000 until paid in full. Interest is calculated on unpaid balances at 7.0% per annum. The balance of this note at December 31, 2005 was paid in full.

\$100,000 note receivable in 120 consecutive monthly principal and interest payments of \$957.01 commencing January 1, 1999. Interest is calculated on unpaid balances at a variable rate of prime minus 1% adjusted each December 1. The balance of this note at December 31, 2005 was \$34,779.

\$320,000 note receivable in 180 consecutive principal and interest payments commencing July 20, 2001. Interest is calculated on unpaid balances at 3.50% per annum. The balance of this note receivable at December 31, 2005 was \$234,587.

\$30,000 note receivable in 60 consecutive principal and interest payments of \$552.54 commencing November 15, 2002. Interest accrues on unpaid balances at 4% per annum. The balance of this note receivable at December 31, 2005 was \$11,702.

\$382,216 note receivable in two consecutive payments of \$3,610 commencing November 1, 2005 and 162 consecutive principal and interest payments of \$4,183 commencing January 1, 2006. Interest accrues on unpaid balances at 9.50% per annum. The balance of this note receivable at December 31, 2005 was \$376,481.

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

6. RECEIVABLES

a. Accounts

The accounts receivable for the General Fund and Water and Sewer Fund are reported net of allowances of \$1,318,000 and \$85,300, respectively.

b. Other Receivables

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

GOVERNMENTAL ACTIVITIES		
E-911 surcharges	\$	97,359
Franchise fees		67,839
Court fines		<u>33,598</u>
TOTAL GOVERNMENTAL ACTIVITIES	\$	<u>198,796</u>

c. Due From Other Governments

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

GOVERNMENTAL ACTIVITIES		
Motor fuel tax allotments	\$	130,016
CDBG grant receivable		<u>692,924</u>
TOTAL GOVERNMENTAL ACTIVITIES	\$	<u>822,940</u>
BUSINESS-TYPE ACTIVITIES		
Reimbursement for sewer charges	\$	<u>4,155,363</u>

7. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

Primary Government

	Balance January 1	Additions	Retirements	Balance December 31
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land (including right of ways)	\$ 4,086,250	\$ -	\$ -	\$ 4,086,250
Total capital assets not being depreciated	<u>4,086,250</u>	<u>-</u>	<u>-</u>	<u>4,086,250</u>

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

7. CAPITAL ASSETS (Continued)

Primary Government (Continued)

	Balance January 1	Additions	Retirements	Balance December 31
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>(Continued)</b>				
Capital assets being depreciated				
Buildings	\$ 10,680,719	\$ -	\$ -	\$ 10,680,719
Equipment	963,032	-	-	963,032
Land improvements	3,018,410	159,781	-	3,178,191
Fixtures, furniture, office equipment	213,215	-	-	213,215
Vehicles	5,413,632	300,003	579,891	5,133,744
Total capital assets being depreciated	20,289,008	459,784	579,891	20,168,901
Less accumulated depreciation for				
Buildings	1,809,727	268,678	-	2,078,405
Equipment	339,352	70,323	-	409,675
Land improvements	1,793,564	132,476	-	1,926,040
Fixtures, furniture, office equipment	67,798	14,073	-	81,871
Vehicles	2,513,260	418,710	506,804	2,425,166
Total accumulated depreciation	6,523,701	904,260	506,804	6,921,157
Total capital assets being depreciated, net	13,765,307	(444,476)	73,087	13,247,744
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	\$ 17,851,557	\$ (444,476)	\$ 73,087	\$ 17,333,994

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

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 35,278
Public safety	460,652
Highways and streets	154,851
Culture and recreation	253,479
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 904,260</b>

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

7. CAPITAL ASSETS (Continued)

Primary Government (Continued)

	Balance January 1	Additions	Retirements	Balance December 31
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 24,600	\$ -	\$ -	\$ 24,600
Total capital assets not being depreciated	24,600	-	-	24,600
Capital assets being depreciated				
Buildings	633,151	-	-	633,151
Equipment	79,680	87,333	-	167,013
Land improvements	251,291	-	-	251,291
Infrastructure	108,700,100	-	-	108,700,100
Total capital assets being depreciated	109,664,222	87,333	-	109,751,555
Less accumulated depreciation for				
Buildings	265,014	13,770	-	278,784
Equipment	33,837	17,189	-	51,026
Land improvements	125,646	13,961	-	139,607
Infrastructure	55,460,613	3,903,206	-	59,363,819
Total accumulated depreciation	55,885,110	3,948,126	-	59,833,236
Total capital assets being depreciated, net	53,779,112	(3,860,793)	-	49,918,319
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	\$ 53,803,712	\$ (3,860,793)	\$ -	\$ 49,942,919

8. INDIVIDUAL FUND DISCLOSURES

a. Advance To/From Other Funds

Receivable Fund	Payable Fund	Amount
Major Governmental Funds		
General	Bond and Interest	\$ 3,548,862
	Motor Fuel Tax	137,000
	CDBG	604,098
	Water	290,302
		<u>4,580,262</u>
Cermak TIF	General	1,338,319
	South Berwyn Corridor TIF	281,748
		<u>1,620,067</u>
Total Major Governmental Funds		<u>6,200,329</u>

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

8. INDIVIDUAL FUND DISCLOSURES (Continued)

a. Advance To/From Other Funds (Continued)

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds		
South Berwyn Corridor TIF	General	\$ 71,379
Roosevelt TIF	General	328,670
	Cermak TIF	183,921
	Bond and Interest	59,925
Ogden TIF	General	989,228
	Cermak TIF	448,133
	Bond and Interest	512,701
Total Nonmajor Governmental Funds		<u>2,593,957</u>
TOTAL		<u>\$ 8,794,286</u>

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

The advance to/from other funds represent long-term borrowing from other funds for which repayment is not expected within one year.

b. Transfers

Transfers between funds during the year were as follows:

Fund	Transfers In	Transfers Out
General	\$ 2,789,300	\$ 107,333
Bond and Interest	905,035	2,429,200
Nonmajor Governmental		
Motor Fuel Tax	-	360,100
Police Seizure	20,000	-
Roosevelt Road TIF	-	59,925
Ogden Avenue TIF	-	845,110
Water and Sewer	<u>87,333</u>	-
TOTAL	<u>\$ 3,801,668</u>	<u>\$ 3,801,668</u>



8. INDIVIDUAL FUND DISCLOSURES (Continued)

b. Transfers (Continued)

The purposes of significant interfund transfers are as follows:

- \$2,429,200 bond proceeds transferred from the Bond and Interest Fund to the General Fund for capital improvements as specified in the General Obligation Bond Series 2005 bond ordinance.
- \$360,100 transferred from Motor Fuel Tax Fund to General Fund to reimburse prior year expenditures.
- \$59,925 and \$845,110 transferred from the Roosevelt Road TIF Fund and the Ogden Avenue TIF Fund, respectively, for debt service payments in the Bond and Interest Fund.
- \$20,000 insurance settlement transferred from the General Fund to the Police Seizure Fund for replacement of police cruiser.
- \$87,333 transferred from the General Fund to the Water and Sewer Fund represents the purchase cost of a utility truck finance through the General Fund.

c. Deficit Net Assets

The Bond and Interest Fund had a deficit in fund balance of \$(1,072,188) and the Liability Insurance Fund had a deficit in net assets of \$(2,177,601) at December 31, 2005.

9. LONG-TERM DEBT

a. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are expected to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund general obligation bonds.

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

9. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

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

	Fund Debt Retired By	Restated Balances January 1	Issuances	Reductions	Balances December 31	Current Portion
\$5,270,000 General Obligation Corporate Purpose Bonds dated June 16, 1994, due in annual installments of \$145,000 to \$1,745,000 plus interest at 5.0% to 5.4%, due on June 1 and December 1 of each year.	Bond and Interest	\$ 145,000	\$ -	\$ 145,000	\$ -	\$ -
\$19,880,000 General Obligation Corporate Purpose Bonds dated November 1, 1998, due in annual installments of \$470,000 to \$3,655,000 plus interest at 5.0%, due on May 15 and November 15 of each year.	Bond and Interest	18,135,000	-	2,425,000	15,710,000	2,650,000
\$65,000,000 General Obligation Corporate Purpose Bonds dated February 1, 1999, due in annual installments of \$1,705,000 to \$4,210,000 plus interest at 3.0% to 5.25%, due on June 1 and December 1 of each year.	Bond and Interest	27,125,000	-	3,570,000	23,555,000	3,710,000
\$3,890,000 General Obligation Corporate Purpose Bonds Series 2001 dated June 15, 2001, due in annual installments of \$85,000 to \$970,000 plus interest at 3.2% to 4.6%, due on June 1 and December 1 of each year.	Bond and Interest	1,265,000	-	680,000	585,000	85,000

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

9. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

	Fund Debt Retired By	Restated Balances January 1	Issuances	Reductions	Balances December 31	Current Portion
General Obligation Bond Series of 2002A Capital Appreciation Bonds (dated April 3, 2002; maturing December 1, 2016; original issue \$1,355,140; interest rate 4.75% to 5.25%; principal payable on December 1, 2011, 2012, 2013, 2014, 2015, 2016.	Bond and Interest(1)	\$ 1,545,556	\$ 78,247	\$ -	\$ 1,623,803	\$ -
\$1,940,000 General Obligation Corporate Purpose Bonds Series 2002A dated April 3, 2002, due in annual installments of \$10,000 to \$395,000 plus interest at 3.0% to 5.35%, due on June 1 and December 1 of each year through 2010, December 1 thereafter.	Bond and Interest	1,930,000	-	100,000	1,830,000	340,000
\$940,000 General Obligation Corporate Purpose Bonds Series 2002B dated April 3, 2002, due in annual installments of \$35,000 to \$75,000 plus interest at 3.2% to 5.1%, due on June 1 and December 1 of each year.	Bond and Interest	865,000	-	40,000	825,000	40,000
\$19,710,000 General Obligation Refunding Bonds Series 2004 dated March 4, 2004, due in annual installments of \$70,000 to \$4,480,000 plus interest at 2.0% to 5.0%, due on June 1 and December 1 of each year.	Bond and Interest	19,415,000	-	70,000	19,345,000	75,000

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

9. LONG-TERM DEBT

a. General Obligation Bonds (Continued)

	Fund Debt Retired By	Restated Balances January 1	Issuances	Reductions	Balances December 31	Current Portion
\$8,300,000 General Obligation Corporate Purpose Bonds Series 2004 dated November 18, 2004. due in one installment of \$8,300,000 plus interest at 2.875%, due on February 1, 2005.	General	\$ 8,300,000	\$ -	\$ 8,300,000	\$ -	\$ -
\$8,800,000 General Obligation Corporate Purpose Bonds Series 2005 dated November 10, 2005 due in one installment of \$8,800,000 plus interest at 3.97% due on November 1, 2006.	General	-	8,800,000	-	8,800,000	8,800,000
TOTAL		\$ 78,725,556	\$ 8,878,247	\$ 15,330,000	\$ 72,273,803	\$ 15,700,000

(1) These bonds are capital appreciation bonds. The amount shown in the "Issuances" column includes a \$78,247 increase in the accreted value of the bonds during the fiscal year ended December 31, 2005.

b. Line of Credit

The City entered into a line of credit agreement dated September 15, 2003 which provides for borrowings up to \$3,000,000. Interest on amounts outstanding accrues at .75% of prime per annum and is payable monthly. The line of credit is renewable annually on the anniversary date. The full amount of the line of credit was paid off during fiscal year 2005. Debt service on the line of credit is an expenditure of the General Fund.

c. Notes Payable

The City entered into a \$423,000 promissory note dated September 23, 2003 (as amended September 23, 2005) for acquisition of police dispatch equipment. The note, which matures on September 23, 2007 is due in monthly installments of 1/12<sup>th</sup> of the outstanding principal balance plus interest accruing at .75% of prime annum. Principal payments made in 2005 totaled \$112,867. The total amount outstanding under the note at December 31, 2005 was \$135,720. Debt service on the note is an expenditure of the Emergency 911 Telephone System Fund.

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

9. LONG-TERM DEBT (Continued)

c. Notes Payable (Continued)

The City entered into a \$478,840 lease financing agreement on June 23, 2004 for the acquisition of a fire truck. An initial payment of \$152,000 was made on June 23, 2004. The balance of the financed amount is due in annual installments of \$56,834 (including interest at 5.392% per annum) commencing April 23, 2005 through April 23, 2011. Principal payments made in 2005 totaled \$41,952. The total amount outstanding under the agreement at December 31, 2005 was \$284,888. Debt service on the agreement is an expenditure of the General Fund.

The City entered into a lease financing agreement in July 2004 for the purchase of two Harley Davidson police motorcycles. The City exercised a purchase option on July 25, 2005 and acquired the motorcycles for \$28,974.

The City entered into a lease financing agreement in November 2005 for the purchase of two ambulances. The balance of the financed amount is due in annual installments, including interest at 4.73%. The total amount outstanding under the agreement at December 31, 2005 was \$159,394. Debt service on the agreement is an expenditure of the General Fund.

The City entered into a \$112,115 lease financing agreement in November 2005 for the purchase of a Case wheel loader. The balance of the financed amount is due in monthly installments, including interest at 7.50%. The first payment will not be made until June 29, 2006.

d. Debt Service Requirements to Maturity

Year Ending December 31,	Notes Payable			General Obligation Bonds		
	Governmental Activities			Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 170,775	\$ 32,317	\$ 203,092	\$ 15,700,000	\$ 3,573,323	\$ 19,273,323
2007	143,375	27,259	170,634	7,305,000	2,864,135	10,169,135
2008	101,081	20,224	121,305	7,750,000	2,468,569	10,218,569
2009	106,887	14,417	121,304	8,200,000	2,045,517	10,245,517
2010	110,706	8,264	118,970	8,680,000	1,591,400	10,271,400
2011	53,926	2,908	56,834	4,305,000	1,050,086	5,355,086
2012	-	-	-	4,330,000	877,076	5,207,076
2013	-	-	-	4,535,000	660,726	5,195,726
2014	-	-	-	1,715,000	434,142	2,149,142
2015	-	-	-	1,855,000	348,556	2,203,556
2016	-	-	-	1,940,000	269,328	2,209,328
2017	-	-	-	2,045,000	186,488	2,231,488
2018	-	-	-	2,145,000	99,154	2,244,154
2019	-	-	-	70,000	7,396	77,396
2020	-	-	-	75,000	3,826	78,826
<b>TOTAL</b>	<b>\$ 686,749</b>	<b>\$ 105,389</b>	<b>\$ 792,139</b>	<b>\$ 70,650,000</b>	<b>\$ 16,479,722</b>	<b>\$ 87,129,722</b>

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

9. LONG-TERM DEBT (Continued)

d. Debt Service Requirements to Maturity (Continued)

The annual requirements to amortize to maturity capital appreciation bonds outstanding as of December 31, 2005 are as follows:

Fiscal Year	Principal	Interest Accretion
2006	\$ -	\$ 82,214
2007	-	86,381
2008	-	90,760
2009	-	95,362
2010	-	100,197
2011	410,000	105,256
2012	410,000	90,889
2013	410,000	75,421
2014	415,000	58,577
2015	410,000	40,203
2016	415,000	20,937
<b>TOTAL</b>	<b>\$ 2,470,000</b>	<b>\$ 846,197</b>

e. Changes in Long-Term Liabilities

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

Primary Government

	Restated Balances January 1	Additions	Reductions	Balances December 31	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General obligation bonds payable	\$ 78,725,556	\$ 8,878,247	\$ 15,330,000	\$ 72,273,803	\$ 15,700,000
Installment notes payable	604,401	266,141	183,793	686,749	171,373
Line of credit	906,250	1,275,000	2,181,250	-	-
<b>Total bonds</b>	<b>80,236,207</b>	<b>10,419,388</b>	<b>17,695,043</b>	<b>72,960,552</b>	<b>15,871,373</b>
Unamortized premium	1,861,021	-	186,102	1,674,919	-
<b>Total bond obligation</b>	<b>82,097,228</b>	<b>10,419,388</b>	<b>17,881,145</b>	<b>74,635,471</b>	<b>15,871,373</b>
Claims payable	1,500,691	2,208,452	1,531,542	2,177,601	966,171
Net pension obligation	126,887	-	19,102	107,785	-
Compensated absences payable	865,258	765,980	865,258	765,980	37,359
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 84,590,064</b>	<b>\$ 13,393,820</b>	<b>\$ 20,297,047</b>	<b>\$ 77,686,837</b>	<b>\$ 16,874,903</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Compensated absences	\$ 27,309	\$ 7,090	\$ 27,309	\$ 7,090	\$ 2,988

9. LONG-TERM DEBT (Continued)

f. 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.

g. Advance Refunding

On March 4, 2004, the City issued \$19,710,000 General Obligation Refunding Bond, Series 2004 to refund \$19,035,000 of the General Obligation Corporate Purpose Bond, Series 1999 due as follows: \$4,400,000 due December 1, 2010, \$4,115,000 due December 1, 2011, \$4,300,000 due December 1, 2012, \$4,515,000 due December 1, 2013 and \$1,705,000 due December 1, 2014. Through the refunding, the City reduced its debt service by \$587,386 and had an economic gain of \$501,762. Of the proceeds, \$21,379,191 of the General Obligation Refunding Bonds, Series 2004 has been deposited into an irrevocable trust to provide for all future debt service payments on Series 1999 Bonds. Conditions for defeasance have been met and the liability has been removed from the financial statements. General Obligation Corporate Purpose Bond, Series 1999 bonds totaling \$23,555,000 remain outstanding at December 31, 2005.

h. 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, 2005, there was one series of IDRBs outstanding. The aggregate principal amount payable for the IDRBs outstanding was \$1,306,200.

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

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters for which the City carries commercial insurance. The City has established a limited self-insurance program for workers' compensation and liability claims. The City is self-insured for the first \$250,000 for liability claims and 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, 2005 was \$2,177,601.

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

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

	Total	
	Fiscal Year Ended	
	December 31	
	2005	2004
UNPAID CLAIMS, BEGINNING OF YEAR	\$ 1,500,691	\$ 2,128,622
Incurred claims (including IBNR)	2,208,452	3,478,985
Claim payments	1,531,542	4,106,916
UNPAID CLAIMS, END OF YEAR	<u>\$ 2,177,601</u>	<u>\$ 1,500,691</u>



11. CONTINGENT LIABILITIES

a. Litigation

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

b. Grants

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

c. Home Equity Assurance Program

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

d. Municipal Infrastructure Maintenance Fees

Effective January 1, 1998, the City imposed a municipal telecommunications infrastructure maintenance fee (IMF) on persons in the business of transmitting, supplying, or furnishing telecommunications and all associated services (e.g., telecommunications retailers) in Illinois for the "use of public right-of-ways". The fee was authorized by state statute (35 ILCS 635). In March 2001, a wireless telecommunications provider brought action against an Illinois government challenging the constitutionality of the municipal telecommunications infrastructure maintenance fee. The Illinois Supreme Court (Court) found the IMF to be unconstitutional as applied to wireless carriers. The Court's decision held upon appeal. The municipal IMF was eliminated effective December 31, 2002. Potential damages to the City under this case precedent could aggregate the total of amounts remitted to the City for IMF by all carriers during the period from January 1, 1998 through December 31, 2002. The City has estimated a liability of \$27,000 under potential IMF lawsuits as of December 31, 2005. The liability is recorded in other liabilities in the General Fund.

11. CONTINGENT LIABILITIES (Continued)

e. Loan Guarantees - Berwyn Development Corporation (BDC)

During 2005, BDC maintained agreements with seven local financial institutions establishing a \$4,100,000 line of credit to fund community renovation and business investment projects. The balance drawn under this credit line as December 31, 2005 was \$1,593,437. The City is the guarantor of amounts drawn under this line of credit.

12. ECONOMIC DEVELOPMENT AND REDEVELOPMENT AGREEMENTS

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

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

On August 10, 2005, the City agreed to enter into a second amendment to the economic incentive agreement with the vendor predicated on the repayment of the outstanding loan and the provision of a signed lease agreement for operation of the dealership. The vendor's liability to the City was repaid on April 24, 2005. Upon commencement of operation of the new dealership, the City agreed to reimburse the vendor for interest paid on the new debt to the extent that municipal sales tax exceeds \$90,000 per annum (limited to one-third if interest due and owing under TIF law). The reimbursements are to be made monthly upon receipt of sales tax reports from the Illinois Department of Revenue and limited to \$7,500 per month. The agreement terminates on December 31, 2017. No payments were made to the vendor under the terms of this account in 2005.

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

13. POST-EMPLOYMENT BENEFITS

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

In addition to providing the pension benefits described, the City provides certain health care benefits, in accordance with the personnel policy manual, to all employees who have worked for the City for a minimum of ten years and who receive a pension from the City through the Illinois Municipal Retirement Fund or Police or Firefighters' Pension Funds. The cost of retiree health care benefits is recognized as an expenditure as insurance premiums are paid. For the fiscal year those costs total \$178,351. The retirees pay an annual premium, which is equal to the actuarially determined cost for each plan year. The retiree pays 100% of the cost each month for retiree health insurance premiums. Currently, there are 19 participants eligible to receive benefits. Accordingly, no liability has been recorded for post-employment health care benefits. The benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan.

14. DEFINED BENEFIT PENSION PLANS

a. Plan Descriptions

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and, the Firefighters' Pension Plan which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for the Police and Firefighters' Pension Plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police and Firefighters' Pension Plans issue separate reports on the pension plans and are available for inspection at City Hall. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund

All employees (other than those covered by the Police or Firefighters' plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund the IMRF as specified by statute. The employer contribution for the year ended December 31, 2005 was 8.78% 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, 2005, the Police Pension Plan membership consisted of:

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

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% simple interest annually thereafter.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the City has until 2033 to fully fund the past service cost for the Police Pension Plan. For the year ended December 31, 2005, the City's contribution was 8.43% of covered payroll.

Firefighters' Pension Plan

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

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by 1/12 of 2.50% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% annually thereafter.

Covered employees are required to contribute 8.455% of their salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the City has until the year 2033 to fully fund the past services costs for the Firefighters' Pension Plan. For the year ended December 31, 2005, the City's contribution was 39.536% of covered payroll.

b. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

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

14. DEFINED BENEFIT PENSION PLANS (Continued)

c. Annual Pension Cost

	Illinois Municipal Retirement Fund	Police Pension	Firefighters' Pension
Actuarial Valuation Date	December 31, 2003	December 31, 2004	December 31, 2004
Actuarial Cost Method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset Valuation Method	5 year Smoothed Market	Market	Market
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization Period	27 Years, Open	29 Years, Closed	29 Years, Closed
Significant Actuarial Assumptions			
a) Rate of Return on Present and Future Assets	7.50% Compounded Annually	7.00% Compounded Annually	7.00% Compounded Annually
b) Projected Salary Increase - Attributable to Inflation	4.00% Compounded Annually	5.50% Compounded Annually	5.50% Compounded Annually
c) Additional Projected Salary Increases - Seniority/Merit	1.00%	1.00%	1.00%
d) Post-Retirement Benefit Increases	None	3.00%	3.00%

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

14. DEFINED BENEFIT PENSION PLANS (Continued)

d. Net Pension Obligation

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

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

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

e. Trend Information

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

	Fiscal Year	Illinois Municipal Retirement Fund	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2003	\$ 344,873	\$ 1,745,404	\$ 1,937,455
	2004	435,479	1,749,061	1,674,024
	2005	558,285	N/A	N/A
Actual contribution	2003	\$ 344,873	\$ 1,736,728	\$ 1,735,038
	2004	435,479	1,768,163	1,729,719
	2005	558,285	1,859,590	1,863,929
Percentage of APC contributed	2003	100.00%	99.60%	89.55%
	2004	100.00%	101.09%	103.30%
	2005	100.00%	N/A	N/A
NPO (Asset)	2003	\$ -	\$ 126,887	\$ (53,441)
	2004	-	107,785	(109,136)
	2005	-	N/A	N/A



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

15. PRIOR PERIOD ADJUSTMENTS

The City has restated fund balances/net assets as of January 1, 2005 to account for; a) an overstatement of cash balances at December 31, 2004, b) an adjustment for overpayment of debt service in 2004, and c) the overaccrual of grant revenue at December 31, 2004. The effect of the restatements on individual funds are as follows:

	Major Governmental	
	General	Bond and Interest
FUND BALANCES/NET ASSETS, JANUARY 1 (as previously reported)	\$ 8,591,308	\$ 235,033
Restated for:		
a) Overstatement of cash balances at December 31, 2004	(73,132)	-
b) Overpayment of debt service in 2004	-	186,500
c) Overaccrual of grant revenue at December 31, 2004	(59,900)	-
Subtotal restatements	(133,032)	186,500
FUND BALANCES/NET ASSETS, JANUARY 1, RESTATED	\$ 8,458,276	\$ 421,533

The City also restated the beginning net assets for governmental activities by the following amounts: \$15,763 to correct capital assets; (\$50,000) to correct the capitalization of bond issuance costs; (\$301) to correct the net pension obligations; and \$53,441 to correct the net pension benefit. The effect of the restatements on the net assets from governmental activities was \$72,371.

16. SUBSEQUENT EVENTS

On February 10, 2006, the City received an advance of loan funds in the amount of \$750,000 from the Berwyn Development Corporation to be used for acquisition of land in the Roosevelt Road TIF District. The land was acquired April 7, 2006. The loan is due in quarterly installments of \$18,590 (including interest of 1% above prime) commencing March 31, 2006 through September 31, 2015. The interest rate will be adjusted annually.

On October 31, 2006, the City issued the General Obligation Notes, Series 2006 in the amount of \$8,850,000 due on October 1, 2007, with interest of 6.75% for the purpose of refunding the General Obligation Corporate Purpose Bonds, Series 2005.

17. COMPONENT UNIT - BERWYN DEVELOPMENT CORPORATION (BDC)

a. Summary of Significant Accounting Policies

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

- 1) By encouraging communication between the local business community, various business organizations, government officials, educational and recreational bodies, civic and ethnic groups, local service providers and the community residents as a resource planning group for the purpose of identifying community problems and facilitating constructive solutions.
- 2) By producing and publishing material designed to educate residents about community resource and development issues and to promote community spirit and cooperation among the various ethnic and cultural parts of the City.
- 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.

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

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

b. Estimates

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

c. Notes Receivable

There are currently seven notes funded through the line of credit. Draws against the line of credit to fund such notes amounted to \$3,573,105 as of December 31, 2005.

d. Long-Term Debt - Notes Payable

During 2005, the BDC maintained agreements with seven local financial institutions establishing a \$4,100,000 line of credit to fund community renovation and business investment projects. The balance of this credit line at December 31, 2005 is \$1,593,437. The City is the guarantor of this line of credit and has final approval of all loans funded under this program.

e. Lease Commitments

The BDC expects to pay \$500 per month for facilities rent during 2006.

f. Restricted Net Assets

In addition to the unrestricted net assets of \$169,152, as of December 31, 2005 the following restricted net assets have been established:

1) Loss Reserve

\$135,712 represents the current portion of notes receivable as of December 31, 2005 and equals the total principle payments due for all notes receivable during 2006.

2) Stanley Property Tax

\$8,053 represents real estate taxes payable for the property located on Stanley as of December 31, 2005.

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

f. Restricted Net Assets (Continued)

3) Department of Community and Economic Opportunity Grant

\$15,000 represents the unexpended portion of the DCEO Grant to be carried forward to the 2006 fiscal year.

4) Special Events

\$34,316 represents net assets restricted to special event activities.

g. 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, 2005

	Original and Final Budget	Actual
<b>REVENUES</b>		
Property taxes	\$ 7,902,526	\$ 8,175,487
Other taxes	16,625,000	17,534,862
Charges for services	2,772,834	4,628,463
Fines and fees	5,097,930	1,884,002
Licenses and permits	1,990,500	2,340,519
Grants	1,243,360	1,153,048
Investment income	50,000	9,032
Miscellaneous	409,300	450,112
<b>Total revenues</b>	<b>36,091,450</b>	<b>36,175,525</b>
<b>EXPENDITURES</b>		
Current		
General government	3,004,144	3,881,802
Public safety	25,716,100	26,026,428
Highways and streets	2,516,188	2,552,630
Sanitation	2,850,120	3,035,310
Economic development	545,209	604,199
Culture and recreation	3,504,941	3,527,966
Capital outlay	145,000	430,201
Debt service		
Principal	140,000	2,223,202
Interest and fiscal charges	-	74,619
<b>Total expenditures</b>	<b>38,421,702</b>	<b>42,356,357</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,330,252)</b>	<b>(6,180,832)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	230,000	2,789,300
Transfers out	-	(107,333)
Loan proceeds	(90,000)	1,546,509
<b>Total other financing sources (uses)</b>	<b>140,000</b>	<b>4,228,476</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (2,190,252)</b>	<b>(1,952,356)</b>
<b>FUND BALANCE, JANUARY 1</b>		<b>8,591,308</b>
Prior period adjustment		(133,032)
<b>FUND BALANCE, JANUARY 1, RESTATED</b>		<b>8,458,276</b>
<b>FUND BALANCE, DECEMBER 31</b>		<b>\$ 6,505,920</b>

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	Original and Final Budget	Actual
<b>REVENUES</b>		
Property taxes	\$ 915,000	\$ 1,248,027
Investment income	-	38,669
Miscellaneous	-	21,041
	<u>915,000</u>	<u>1,307,737</u>
<b>EXPENDITURES</b>		
Economic development	<u>917,000</u>	<u>263,891</u>
	<u>917,000</u>	<u>263,891</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,000)</u>	1,043,846
FUND BALANCE, JANUARY 1		<u>6,213,244</u>
FUND BALANCE, DECEMBER 31		<u>\$ 7,257,090</u>

(See independent auditor's report.)

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

December 31, 2005

Actuarial Valuation Date December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2) - (1)	(5) Covered Payroll	UAAL (OAAL) As a Percentage of Covered Payroll (4) / (5)
2000	\$ 12,381,239	\$ 10,330,432	119.85%	\$ (2,050,807)	\$ 4,956,175	(41.38%)
2001	12,308,123	10,870,452	113.23%	(1,437,671)	5,302,830	(27.11%)
2002	12,578,616	11,909,930	105.61%	(668,686)	5,378,422	(12.43%)
2003	12,989,614	13,311,522	97.58%	321,908	5,786,458	5.56%
2004	13,496,651	14,348,663	94.06%	852,012	5,814,144	14.65%
2005	11,613,334	13,100,333	88.65%	1,486,999	6,290,662	23.64%

(See independent auditor's report.)



CITY OF BERWYN, ILLINOIS  
 SCHEDULE OF FUNDING PROGRESS  
 POLICE PENSION FUND

December 31, 2005

Actuarial Valuation Date January 1	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL As a Percentage of Covered Payroll (4) / (5)
1999*	\$ 15,322,596	\$ 32,858,178	46.63%	\$ 17,535,582	\$ 4,429,502	395.88%
2000	17,691,679	39,184,902	45.15%	21,493,223	4,962,447	433.12%
2001	19,280,581	41,764,629	46.16%	22,484,048	5,150,191	436.57%
2002	20,479,784	44,406,190	46.12%	23,926,406	5,434,929	440.23%
2003	N/A	N/A	N/A	N/A	N/A	N/A
2004	24,288,337	51,067,214	47.56%	26,778,877	5,933,624	451.31%

\* Actuarial valuations for these years were performed as of April 30

N/A - Information not available

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS  
 SCHEDULE OF FUNDING PROGRESS  
 FIREFIGHTERS' PENSION FUND

December 31, 2005

Actuarial Valuation Date January 1	(1) Actuarial Value of Assets	(2) Actuarial 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)
2000	\$ 13,362,267	\$ 32,299,123	41.37%	\$ 18,936,856	\$ 3,969,306	477.08%
2001	12,981,120	36,674,508	35.40%	23,693,388	3,777,442	627.23%
2002	12,477,865	38,316,627	32.57%	25,838,762	4,004,612	645.23%
2003	14,315,724	39,496,577	36.25%	25,180,853	4,171,677	603.61%
2004	N/A	N/A	N/A	N/A	N/A	N/A
2005	15,394,935	46,074,445	33.41%	30,679,510	4,375,082	701.23%

N/A - Information not available

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2005

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Calendar Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2000	\$ 240,870	\$ 240,870	100.00%
2001	219,537	219,537	100.00%
2002	238,802	238,802	100.00%
2003	344,873	344,873	100.00%
2004	435,479	435,479	100.00%
2005	558,285	558,285	100.00%

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND

December 31, 2005

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Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed	Net Pension Obligation (Asset)
2000	\$ 1,038,371	\$ 942,748	110.14%	N/A
2001	1,608,000	1,610,102	99.87%	N/A
2002	1,707,756	1,665,807	102.52%	\$ 119,570
2003	1,736,728	1,665,807	104.26%	126,887
2004	1,768,163	1,749,061	101.09%	107,785
2005	1,859,590	N/A	N/A	N/A

N/A - Information not available

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIREFIGHTERS' PENSION FUND

December 31, 2005

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Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed	Net Pension Obligation (Asset)
2000	\$ 696,538	\$ 527,716	131.99%	\$ (269,663)
2001	632,231	564,085	112.08%	(337,809)
2002	844,205	784,543	107.60%	38,623
2003	1,015,764	1,033,464	98.29%	(53,441)
2004	1,729,719	1,675,564	103.30%	(109,136)
2005	1,859,590	N/A	N/A	N/A

N/A - Information not available

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2005

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1. BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue (except the Community Development Block Grant Fund), Debt Service, Capital Projects, Enterprise, and Pension Trust Funds. All annual appropriations lapse at fiscal year end. No budget amendments were made for the current fiscal year and are reflected in these financial statements.

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

- a. The Mayor submits to the City Council Members a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted by the City to obtain taxpayer comments.
- c. Subsequently, the budget is legally enacted through passage of an ordinance.
- d. Formal budgetary integration is employed as a management control device during the year for all funds except the Police Seizure, D.A.R.E. Education, Emergency 911 Telephone System, Foreign Fire Insurance, and Infrastructure Bond.
- e. Budgets, as described above, are adopted on a basis consistent with generally accepted accounting principles.
- f. Legal level of budgetary control is at the department level in the general fund or fund level for all other funds.
- g. Budgetary authority lapses at year end.
- h. State law requires that "expenditures be made in conformity with the budget." Transfers between line items in cost centers may be made by administrative action. Any amount to be transferred between cost centers and/or funds would require Council approval.
- i. Budgeted amounts are as originally adopted, with the exceptions of Council approved budget amendments which are reflected in the financial statements.

CITY OF BERWYN, ILLINOIS  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

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

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

<u>Fund</u>	<u>Excess</u>
General Fund	
Treasurers Office	\$ 77
City Council	21,637
Legal Department	274,213
Finance Department	407,561
Elections Department	4,873
Fire and Police Commissioners	29,017
Fire Department	103,386
Police Department	244,485
Streets Department	84,281
Community Relations Department	244,485
Garbage Department	39,008
Library Department	185,190
Capital Improvements	63,361
Debt Service	1,111,445
Interdepartmental Charges (total)	285,201
South Berwyn Corridor TIF	2,157,821
CDBG Projects	244,786

MAJOR GOVERNMENTAL FUNDS



CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	Original and Final Budget	Actual
<b>REVENUES</b>		
Property taxes	\$ 10,077,710	\$ 10,658,696
Investment income	-	12,088
Total revenues	<u>10,077,710</u>	<u>10,670,784</u>
<b>EXPENDITURES</b>		
Debt service		
Principal	7,030,000	15,330,000
Interest and fiscal charges	3,138,762	3,135,505
Bond issuance costs	-	69,800
Total expenditures	<u>10,168,762</u>	<u>18,535,305</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(91,052)</u>	<u>(7,864,521)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers out	-	(2,429,200)
Bonds issued, at par	-	8,800,000
Total other financing sources (uses)	<u>-</u>	<u>6,370,800</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (91,052)</u>	<u>(1,493,721)</u>
FUND BALANCE, JANUARY 1		235,033
Prior period adjustment		<u>186,500</u>
FUND BALANCE, JANUARY 1, RESTATED		<u>421,533</u>
FUND BALANCE (DEFICIT), DECEMBER 31		<u>\$ (1,072,188)</u>

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 GENERAL FUND

For the Year Ended December 31, 2005

	Final Budget	Actual
<b>PROPERTY TAXES</b>		
Property taxes - general	\$ 7,902,526	\$ 8,175,487
Total property taxes	<u>7,902,526</u>	<u>8,175,487</u>
<b>OTHER TAXES</b>		
Personal property replacement	100,000	203,122
State income	3,500,000	4,802,668
State sales	3,500,000	2,596,951
Home rule sales	2,000,000	1,894,374
Municipal utility	3,750,000	4,234,714
Real estate transfer	3,050,000	3,250,800
Infrastructure maintenance	30,000	-
Liquor	145,000	166,306
Gas	330,000	217,682
Video	100,000	74,007
Parking lot	120,000	94,238
Total other taxes	<u>16,625,000</u>	<u>17,534,862</u>
<b>CHARGES FOR SERVICES</b>		
Garbage fees	3,150,000	2,871,575
Commuter parking meters	65,000	60,327
Insurance contributions	309,654	1,574
Paramedic services	660,000	888,429
Recreation/athletic	440,878	327,015
Youth commission	23,000	14,420
Police and fire reports	31,000	25,606
Franchise fees	350,000	324,265
Funeral director fees	2,000	1,940
Towing fees	35,000	37,940
Zoning fees	6,000	1,125
Bus program	-	15,691
Range rental	-	10,875
Library rental	25,000	26,857
Copier fees	-	11,055
Other charges	398	9,769
Total charges for services	<u>5,097,930</u>	<u>4,628,463</u>
<b>FINES AND FORFEITURES</b>		
Court fines	250,000	241,683
Violation fines	1,250,000	1,322,247
Local ordinance fines	20,000	2,770
Adjudication court fines	145,000	151,365
Compliance tickets	250,000	120,365
False alarm fees	17,000	9,950
Other fines and fees	58,500	35,622
Total fines and forfeitures	<u>1,990,500</u>	<u>1,884,002</u>

(This schedule is continued on the following page.)

## CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	Final Budget	Actual
<b>LICENSES AND PERMITS</b>		
Licenses	\$ 530,000	\$ 513,358
Permits	705,000	650,779
Automobile	1,058,834	1,014,400
Compliance	472,000	159,302
Pet tags	7,000	2,680
Total licenses and permits	<u>2,772,834</u>	<u>2,340,519</u>
<b>GRANTS</b>		
Highway maintenance	150,000	37,159
Library	65,000	93,151
CDBG	-	897,000
Senior citizens programs	-	5,391
Youth in crisis	14,500	69,752
Fire department	100,000	-
Bullet proof vest	10,000	-
Police	781,430	15,943
Badge	51,560	35,652
Reforestation	56,000	(1,000)
Miscellaneous	14,870	-
Total grants	<u>1,243,360</u>	<u>1,153,048</u>
<b>INVESTMENT INCOME</b>		
Investment income	<u>50,000</u>	<u>9,032</u>
Total investment income	<u>50,000</u>	<u>9,032</u>
<b>OTHER REVENUES</b>		
Reimbursements	98,000	233,552
Other	<u>311,300</u>	<u>216,560</u>
Total other revenues	<u>409,300</u>	<u>450,112</u>
<b>TOTAL REVENUES</b>	<u>\$ 36,091,450</u>	<u>\$ 36,175,525</u>

(See independent auditor's report.)

## CITY OF BERWYN, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended December 31, 2005

	Final Budget	Actual
GENERAL GOVERNMENT		
Mayor's Office		
Personal services	\$ 172,285	\$ 147,228
Contractual services	5,000	1,997
Miscellaneous	7,500	33,064
Total Mayor's Office	<u>184,785</u>	<u>182,289</u>
City Clerk's Office		
Personal services	83,214	77,543
Commodities and supplies	6,000	7,142
Miscellaneous	5,000	6,210
Total City Clerk's Office	<u>94,214</u>	<u>90,895</u>
Treasurer's Office		
Personal services	<u>10,000</u>	10,077
Total Treasurer's Office	<u>10,000</u>	<u>10,077</u>
City Council		
Personal services	80,000	80,652
Commodities and supplies	-	20,056
Miscellaneous	36,000	36,929
Total City Council	<u>116,000</u>	<u>137,637</u>
Legal Department		
Personal services	86,491	48,754
Contractual services	180,000	493,950
Commodities and supplies	2,000	-
Miscellaneous	45,000	45,000
Total Legal Department	<u>313,491</u>	<u>587,704</u>
Finance Department		
Personal services	642,811	679,558
Contractual services	131,250	409,875
Commodities and supplies	64,500	82,312
Maintenance and repairs	34,250	109,142
Utilities	36,000	34,339
Miscellaneous	27,000	28,146
Total Finance Department	<u>935,811</u>	<u>1,343,372</u>

(This schedule is continued on the following pages.)

## CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	Final Budget	Actual
GENERAL GOVERNMENT (Continued)		
Computer Service Department		
Personal services	\$ 96,767	\$ 97,019
Contractual services	140,500	102,324
Commodities and supplies	20,000	18,356
Maintenance and repairs	80,000	36,137
Equipment	200,000	53,964
Total Computer Service Department	<u>537,267</u>	<u>307,800</u>
Elections Department		
Personal services	30,502	35,345
Commodities and supplies	-	30
Total Elections Department	<u>30,502</u>	<u>35,375</u>
Zoning Boards of Appeals		
Personal services	11,360	11,848
Commodities and supplies	3,450	1,156
Miscellaneous	1,800	1,290
Total Zoning Boards of Appeals	<u>16,610</u>	<u>14,294</u>
Fire and Police Commissioners		
Personal services	12,000	17,353
Miscellaneous	14,000	37,664
Total Fire and Police Commissioners	<u>26,000</u>	<u>55,017</u>
Committees		
Contractual services	133,500	103,009
Miscellaneous	12,000	24,564
Total committees	<u>145,500</u>	<u>127,573</u>
Interdepartmental charges		
Property and liability claims	37,772	56,914
Workers' compensation	46,295	84,015
Health insurance	344,158	348,249
IMRF	77,377	399,287
FICA/Medicare - employer	88,362	101,304
Total interdepartmental charges	<u>593,964</u>	<u>989,769</u>
Total general government	<u>3,004,144</u>	<u>3,881,802</u>

(This schedule is continued on the following pages.)

## CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	Final Budget	Actual
<b>PUBLIC SAFETY</b>		
Fire Department		
Personal services	\$ 5,080,710	\$ 5,133,858
Pension contributions	1,798,790	1,863,929
Contractual services	1,188,552	1,131,450
Commodities and supplies	178,925	199,729
Maintenance and repairs	102,000	130,281
Equipment	30,000	23,116
Total Fire Department	<u>8,378,977</u>	<u>8,482,363</u>
Police Department		
Personal services	8,875,117	9,118,971
Pension contributions	1,802,977	1,859,590
Contractual services	404,802	146,964
Commodities and supplies	389,856	373,692
Maintenance and repairs	200,000	165,508
Equipment	26,000	4,524
Miscellaneous	301,000	273,558
Total Police Department	<u>11,999,752</u>	<u>11,942,807</u>
Neighborhood affairs		
Personal services	457,841	484,144
Contractual services	379,552	234,176
Commodities and supplies	8,200	5,204
Maintenance and repairs	110,855	103,619
Utilities	120,000	73,156
Miscellaneous	5,250	-
Total neighborhood affairs	<u>1,081,698</u>	<u>900,299</u>
Interdepartmental charges		
Property and liability claims	251,011	263,233
Workers' compensation	394,390	706,681
Health insurance	3,279,320	3,318,298
IMRF	99,012	146,835
FICA/Medicare - employer	231,940	265,912
Total interdepartmental charges	<u>4,255,673</u>	<u>4,700,959</u>
Total public safety	<u>25,716,100</u>	<u>26,026,428</u>

(This schedule is continued on the following pages.)

## CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	Final Budget	Actual
<b>HIGHWAYS AND STREETS</b>		
Streets		
Personal services	\$ 1,069,692	\$ 1,192,279
Contractual services	153,688	137,212
Commodities and supplies	139,092	134,010
Maintenance and repairs	147,888	113,429
Utilities	135,200	152,911
Total streets	<u>1,645,560</u>	<u>1,729,841</u>
Forestry		
Personal services	282,256	171,122
Commodities and supplies	5,200	-
Maintenance and repairs	39,520	24,754
Total forestry	<u>326,976</u>	<u>195,876</u>
Interdepartmental charges		
Property and liability claims	23,928	25,093
Workers' compensation	37,596	68,229
Health insurance	325,346	329,213
IMRF	73,195	108,548
FICA/Medicare - employer	83,587	95,830
Total interdepartmental charges	<u>543,652</u>	<u>626,913</u>
Total highways and streets	<u>2,516,188</u>	<u>2,552,630</u>
<b>SANITATION</b>		
Garbage		
Contractual services	<u>2,850,120</u>	<u>3,035,310</u>
Total garbage	<u>2,850,120</u>	<u>3,035,310</u>
Total sanitation	<u>2,850,120</u>	<u>3,035,310</u>
<b>ECONOMIC DEVELOPMENT</b>		
Community relations		
Personal services	25,666	69,758
Contractual services	5,000	-
Commodities and supplies	2,000	-
Miscellaneous	-	1,916
Total community relations	<u>32,666</u>	<u>71,674</u>

(This schedule is continued on the following pages.)

## CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	Final Budget	Actual
<b>ECONOMIC DEVELOPMENT (Continued)</b>		
Community development		
Personal services	\$ 346,380	\$ 304,243
Contractual services	12,000	409
Commodities and supplies	6,000	9,670
Equipment	2,500	684
Repairs and maintenance	1,000	-
Total community development	<u>367,880</u>	<u>315,006</u>
Interdepartmental charges		
Property and liability claims	4,661	4,888
Workers' compensation	7,323	13,290
Health insurance	89,533	90,597
IMRF	20,143	29,872
FICA/Medicare - employer	23,003	26,372
Economic incentive	-	52,500
Total interdepartmental charges	<u>144,663</u>	<u>217,519</u>
Total economic development	<u>545,209</u>	<u>604,199</u>
<b>CULTURE AND RECREATION</b>		
Library Department		
Personal services	1,260,250	1,255,555
Contractual services	139,750	132,284
Commodities and supplies	283,250	345,177
Maintenance and repair	25,000	14,454
Miscellaneous	10,100	34,241
Total Library Department	<u>1,718,350</u>	<u>1,781,711</u>
Recreation		
Personal services	611,423	551,324
Contractual services	40,500	43,919
Commodities and supplies	94,500	58,994
Maintenance and repairs	100,000	80,355
Utilities	11,000	-
Miscellaneous	75,500	56,011
Total recreation	<u>932,923</u>	<u>790,603</u>

(This schedule is continued on the following page.)



CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	Final Budget	Actual
<b>CULTURE AND RECREATION (Continued)</b>		
Youth commission		
Personal services	\$ 82,315	\$ 73,917
Commodities and supplies	4,000	2,362
Maintenance and repairs	3,400	232
Miscellaneous	13,300	14,251
Total youth commission	<u>103,015</u>	<u>90,762</u>
Interdepartmental charges		
Property and liability claims	32,351	33,926
Workers' compensation	50,830	92,246
Health insurance	450,418	455,772
IMRF	101,334	150,277
FICA/Medicare - employer	115,720	132,669
Total interdepartmental charges	<u>750,653</u>	<u>864,890</u>
Total culture and recreation	<u>3,504,941</u>	<u>3,527,966</u>
<b>CAPITAL OUTLAY</b>		
Capital Improvement Department		
Equipment	145,000	430,201
Total Capital Improvement Department	<u>145,000</u>	<u>430,201</u>
Total capital outlay	<u>145,000</u>	<u>430,201</u>
<b>DEBT SERVICE</b>		
Principal	140,000	2,223,202
Interest and fiscal charges	-	74,619
Total debt service	<u>140,000</u>	<u>2,297,821</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 38,421,702</u>	<u>\$ 42,356,357</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF BERWYN, ILLINOIS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS

December 31, 2005

	Special Revenue			
	Motor Fuel Tax	Police Seizure	D.A.R.E. Education	Emergency 911 Telephone System
<b>ASSETS</b>				
Cash and investments	\$ 2,313,097	\$ 760,796	\$ 801	\$ 167,858
Receivables				
Notes	-	-	-	-
Other	-	-	-	97,359
Prepaid items	-	-	-	35,461
Due from other governments	130,016	-	-	-
Advances to other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,443,113</b>	<b>\$ 760,796</b>	<b>\$ 801</b>	<b>\$ 300,678</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 235,660	\$ -	\$ -	\$ 18,489
Retainage payable	2,665	-	-	-
Deferred revenue - other	-	-	-	-
Advances from other funds	137,000	-	-	-
<b>Total liabilities</b>	<b>375,325</b>	<b>-</b>	<b>-</b>	<b>18,489</b>
<b>FUND BALANCES</b>				
<b>Reserved</b>				
Prepaid items	-	-	-	35,461
Public safety	-	760,796	801	246,728
Highways and streets	2,067,788	-	-	-
Economic development	-	-	-	-
Advances	-	-	-	-
<b>Unreserved</b>				
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
<b>Total fund balances</b>	<b>2,067,788</b>	<b>760,796</b>	<b>801</b>	<b>282,189</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,443,113</b>	<b>\$ 760,796</b>	<b>\$ 801</b>	<b>\$ 300,678</b>

Special Revenue				Capital Projects			
Foreign Fire Insurance	South Berwyn Corridor TIF	Roosevelt Road TIF	Ogden Avenue TIF	CDBG Projects	Infrastructure Bond	Totals	
\$ 18,312	\$ 740,982	\$ 711,731	\$ 933,542	\$ 111	\$ 631,279	\$ 6,278,509	
-	-	-	-	802,378	-	802,378	
-	-	-	-	-	-	97,359	
-	-	-	-	-	-	35,461	
-	-	-	-	692,924	-	822,940	
-	71,379	572,516	1,950,062	-	-	2,593,957	
<u>\$ 18,312</u>	<u>\$ 812,361</u>	<u>\$ 1,284,247</u>	<u>\$ 2,883,604</u>	<u>\$ 1,495,413</u>	<u>\$ 631,279</u>	<u>\$ 10,630,604</u>	
\$ -	\$ 142,688	\$ 13,296	\$ 5,123	\$ 88,937	\$ -	\$ 504,193	
-	-	-	-	-	-	2,665	
-	-	-	-	802,378	-	802,378	
-	281,748	-	318,215	604,098	-	1,341,061	
-	424,436	13,296	323,338	1,495,413	-	2,650,297	
-	-	-	-	-	-	35,461	
-	-	-	-	-	-	1,008,325	
-	-	-	-	-	-	2,067,788	
-	316,546	698,435	610,204	-	-	1,625,185	
-	71,379	572,516	1,950,062	-	-	2,593,957	
18,312	-	-	-	-	-	18,312	
-	-	-	-	-	631,279	631,279	
18,312	387,925	1,270,951	2,560,266	-	631,279	7,980,307	
<u>\$ 18,312</u>	<u>\$ 812,361</u>	<u>\$ 1,284,247</u>	<u>\$ 2,883,604</u>	<u>\$ 1,495,413</u>	<u>\$ 631,279</u>	<u>\$ 10,630,604</u>	

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	Special Revenue			
	Motor Fuel Tax	Police Seizure	D.A.R.E. Education	Emergency 911 Telephone System
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	1,611,115	121,867	-	415,813
Investment income	74,605	10,387	-	-
Miscellaneous	-	-	-	-
Total revenues	1,685,720	132,254	-	415,813
EXPENDITURES				
Current				
Public safety	-	738,030	-	237,595
Highway and streets	1,519,439	-	-	-
Economic development	-	-	-	-
Debt service				
Principal retirement	-	-	-	112,867
Interest	-	-	-	7,220
Total expenditures	1,519,439	738,030	-	357,682
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	166,281	(605,776)	-	58,131
OTHER FINANCING SOURCES (USES)				
Transfers in	-	20,000	-	-
Transfers out	(360,100)	-	-	-
Total other financing sources (uses)	(360,100)	20,000	-	-
NET CHANGE IN FUND BALANCES	(193,819)	(585,776)	-	58,131
FUND BALANCES, JANUARY 1	2,261,607	1,346,572	801	224,058
FUND BALANCES, DECEMBER 31	\$ 2,067,788	\$ 760,796	\$ 801	\$ 282,189

Special Revenue				Capital Projects		Totals
Foreign Fire Insurance	South Berwyn Corridor TIF	Roosevelt Road TIF	Ogden Avenue TIF	CDBG Projects	Infrastructure Bond	
\$ -	\$ 843,334	\$ 449,148	\$ 1,006,094	\$ -	\$ -	\$ 2,298,576
20,916	-	-	-	-	-	20,916
-	-	-	-	2,570,974	-	4,719,769
56	6,810	4,937	9,987	-	3,775	110,557
-	-	-	84	17,201	-	17,285
20,972	850,144	454,085	1,016,165	2,588,175	3,775	7,167,103
26,788	-	-	-	-	-	1,002,413
-	-	-	-	-	-	1,519,439
-	1,004,786	157,497	85,090	2,588,175	-	3,835,548
-	-	-	-	-	-	112,867
-	-	-	-	-	-	7,220
26,788	1,004,786	157,497	85,090	2,588,175	-	6,477,487
(5,816)	(154,642)	296,588	931,075	-	3,775	689,616
-	-	-	-	-	-	20,000
-	-	-	-	-	-	(360,100)
-	-	-	-	-	-	(340,100)
(5,816)	(154,642)	296,588	931,075	-	3,775	349,516
24,128	542,567	974,363	1,629,191	-	627,504	7,630,791
\$ 18,312	\$ 387,925	\$ 1,270,951	\$ 2,560,266	\$ -	\$ 631,279	\$ 7,980,307

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	Final Budget	Actual
REVENUES		
Intergovernmental		
Motor fuel tax allotments	\$ 1,440,000	\$ 1,611,115
Investment income	16,500	74,605
Total revenues	<u>1,456,500</u>	<u>1,685,720</u>
EXPENDITURES		
Highways and streets	<u>1,834,320</u>	<u>1,519,439</u>
Total expenditures	<u>1,834,320</u>	<u>1,519,439</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(377,820)</u>	166,281
OTHER FINANCING SOURCES (USES)		
Transfers in (out)	<u>-</u>	<u>(360,100)</u>
Total other financing sources (uses)	<u>-</u>	<u>(360,100)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (377,820)</u>	(193,819)
FUND BALANCE, JANUARY 1		<u>2,261,607</u>
FUND BALANCE, DECEMBER 31		<u>\$ 2,067,788</u>

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	Final Budget	Actual
REVENUES		
Taxes	\$ 760,000	\$ 843,334
Investment income	-	6,810
Total revenues	<u>760,000</u>	<u>850,144</u>
EXPENDITURES		
Economic development	<u>760,000</u>	<u>1,004,786</u>
Total expenditures	<u>760,000</u>	<u>1,004,786</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	(154,642)
FUND BALANCE, JANUARY 1		<u>542,567</u>
FUND BALANCE, DECEMBER 31		<u>\$ 387,925</u>

(See independent auditor's report.)



CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	Final Budget	Actual
REVENUES		
Taxes	\$ 300,000	\$ 449,148
Investment income	-	4,937
Total revenues	<u>300,000</u>	<u>454,085</u>
EXPENDITURES		
Economic development	<u>210,000</u>	<u>157,497</u>
Total expenditures	<u>210,000</u>	<u>157,497</u>
NET CHANGE IN FUND BALANCE	<u>\$ 90,000</u>	296,588
FUND BALANCE, JANUARY 1		<u>974,363</u>
FUND BALANCE, DECEMBER 31		<u>\$ 1,270,951</u>

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	Final Budget	Actual
<b>REVENUES</b>		
Taxes	\$ 720,000	\$ 1,006,094
Investment income	-	9,987
Miscellaneous	-	84
Total revenues	<u>720,000</u>	<u>1,016,165</u>
<b>EXPENDITURES</b>		
Economic development	<u>568,000</u>	<u>85,090</u>
Total expenditures	<u>568,000</u>	<u>85,090</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ 152,000</u></u>	931,075
FUND BALANCE, JANUARY 1		<u>1,629,191</u>
FUND BALANCE, DECEMBER 31		<u><u>\$ 2,560,266</u></u>

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	Final Budget	Actual
REVENUES		
Reimbursements	\$ 410,000	\$ -
Miscellaneous	225,000	-
Total revenues	<u>635,000</u>	<u>-</u>
EXPENDITURES		
None	-	-
Total expenditures	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 635,000</u>	-
FUND BALANCE, JANUARY 1		<u>-</u>
FUND BALANCE, DECEMBER 31		<u><u>\$ -</u></u>

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

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

For the Year Ended December 31, 2005

	<u>Final Budget</u>	<u>Actual</u>
REVENUES		
Intergovernmental Grants	\$ 3,188,509	\$ 2,570,974
Miscellaneous Project income	-	17,201
Total revenues	<u>3,188,509</u>	<u>2,588,175</u>
EXPENDITURES		
Economic development	-	<u>2,588,175</u>
Total expenditures	-	<u>2,588,175</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,188,509</u>	-
FUND BALANCE, JANUARY 1		<u>-</u>
FUND BALANCE, DECEMBER 31		<u>\$ -</u>

(See independent auditor's report.)

## FIDUCIARY FUNDS

CITY OF BERWYN, ILLINOIS

COMBINING STATEMENT OF NET ASSETS  
PENSION TRUST FUNDS

December 31, 2005

	Police Pension	Firefighters' Pension	Totals
<b>ASSETS</b>			
Cash and investments			
Cash and cash equivalents	\$ 51,581	\$ 7,438,264	\$ 7,489,845
Investments			
U.S. Government Securities	12,688,274	741,101	13,429,375
U.S. Government Agencies	-	1,608,128	1,608,128
Equities	3,676,148	-	3,676,148
Life insurance contracts	7,339	2,547,367	2,554,706
Mutual funds	10,446,579	3,932,122	14,378,701
Total cash and investments	26,869,921	16,266,982	43,136,903
Receivables			
Accrued interest	164,015	73,465	237,480
Due from governmental funds	87,865	95,127	182,992
Total receivables	251,880	168,592	420,472
Prepaid items	5,283	-	5,283
Total assets	27,127,084	16,435,574	43,562,658
<b>LIABILITIES</b>			
Accounts payable	18,977	-	18,977
Payroll tax payable	-	141	141
Total liabilities	18,977	141	19,118
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 27,108,107</b>	<b>\$ 16,435,433</b>	<b>\$ 43,543,540</b>

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS

COMBINING STATEMENT OF CHANGES IN NET ASSETS  
PENSION TRUST FUNDS

For the Year Ended December 31, 2005

	Police Pension	Firefighters' Pension	Totals
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 1,863,930	\$ 1,859,590	\$ 3,723,520
Participants	596,307	435,688	1,031,995
Total contributions	2,460,237	2,295,278	4,755,515
Investment income			
Net appreciation in fair value of investments	331,616	357,739	689,355
Interest earned	817,027	361,233	1,178,260
Less investment expenses	(55,686)	(38,793)	(94,479)
Total investment income	1,092,957	680,179	1,773,136
Total additions	3,553,194	2,975,457	6,528,651
<b>DEDUCTIONS</b>			
Administrative	37,364	25,166	62,530
Pension benefits and refunds	1,971,882	1,944,121	3,916,003
Total deductions	2,009,246	1,969,287	3,978,533
NET INCREASE	1,543,948	1,006,170	2,550,118
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>			
January 1	25,564,159	15,429,263	40,993,422
December 31	\$ 27,108,107	\$ 16,435,433	\$ 43,543,540

(See independent auditor's report.)

## SUPPLEMENTAL DATA



CITY OF BERWYN, ILLINOIS

PROPERTY TAX ASSESSED VALUATIONS, RATES, AND EXTENSIONS

Last Nine Levy Years

Tax Levy Year	1997		1998		1999		2000		2001	
Assessed Valuation	\$ 416,800,256		\$ 423,765,622		\$ 453,465,787		\$ 475,367,541		\$ 477,333,102	
	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
Tax Extensions										
Corporate	0.3231	\$ 1,346,714	0.3440	\$ 1,457,954	0.3215	\$ 1,457,954	0.2417	\$ 1,148,954	0.2415	\$ 1,198,992
Bond and Interest	0.8163	3,402,284	1.7921	7,594,203	2.0583	9,324,712	2.0077	9,543,821	2.0529	10,193,076
Police Pension	0.2615	1,089,740	0.3179	1,347,240	0.3312	1,501,740	0.3484	1,656,240	0.3565	1,770,321
Fire Pension	0.2580	1,075,320	0.3145	1,332,820	0.3280	1,487,320	0.3454	1,641,820	0.3557	1,766,200
IMRF	0.0581	242,050	0.0571	242,050	0.0534	242,050	0.0509	242,050	0.0642	318,888
Street and Bridge	0.0470	195,700	0.0462	195,700	0.0432	195,700	0.0412	195,700	0.0394	195,700
Playground and Recreation	0.0369	153,655	0.0363	153,655	0.0339	153,655	0.0323	153,655	0.0325	161,185
Liability Insurance	0.2388	995,361	0.2480	1,050,981	0.1545	700,781	0.1149	546,281	0.1378	684,460
Forestry	0.0144	60,147	0.0142	60,147	0.0130	60,147	0.0127	60,147	0.0121	60,500
Library	0.2290	953,780	0.2382	1,009,400	0.2317	1,050,600	0.2535	1,205,100	0.2500	1,241,150
TOTAL TAX EXTENSIONS	2.2831	\$ 9,514,751	3.4085	\$ 14,444,150	3.5687	\$ 16,174,659	3.4487	\$ 16,393,768	3.5426	\$ 17,590,472
TAX COLLECTIONS	\$ 9,410,787		\$ 14,080,314		\$ 16,174,612		\$ 16,629,699		\$ 16,967,283	
COLLECTION OF EXTENSION	98.91%		97.48%		100.00%		101.44%		96.46%	

CITY OF BERWYN, ILLINOIS

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

Last Nine Levy Years

Tax Levy Year	2002		2003		2004		2005	
Assessed Valuation	\$ 639,069,777		\$ 632,000,051		\$ 647,367,739		\$ 649,420,980	
	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
Tax Extensions								
Corporate	0.2016	\$ 1,288,382	0.2138	\$ 1,351,513	0.2088	\$ 1,351,513	0.1636	\$ 1,312,149
Bond and Interest	1.6535	10,567,237	1.6657	10,527,526	1.6404	10,619,451	1.1374	9,125,088
Police Pension	0.2770	1,770,321	0.2938	1,857,066	0.2863	1,857,066	0.2398	1,923,606
Fire Pension	0.2764	1,766,200	0.2932	1,852,743	0.2862	1,852,743	0.2634	2,113,224
IMRF	0.0514	328,455	0.0545	344,549	0.0532	344,549	0.0417	334,514
Street and Bridge	0.0321	205,289	0.0341	215,348	0.0333	215,348	0.0261	209,076
Playground and Recreation	0.0255	162,797	0.0270	170,774	0.0264	170,774	0.0207	165,800
Hospitalization Insurance	0.1405	898,012	0.1491	942,014	0.1455	942,014	0.1520	1,219,260
Forestry	0.0096	61,552	0.0102	64,568	0.0100	64,568	0.0078	62,687
Library	0.2000	1,278,385	0.2122	1,341,025	0.2072	1,341,025	0.1672	1,341,025
<b>TOTAL TAX EXTENSIONS</b>	<b>2.8676</b>	<b>\$ 18,326,630</b>	<b>2.9536</b>	<b>\$ 18,667,126</b>	<b>2.8973</b>	<b>\$ 18,759,051</b>	<b>2.2197</b>	<b>\$ 17,806,429</b>
<b>TAX COLLECTIONS</b>		<b>\$ 18,033,487</b>		<b>\$ 17,773,476</b>		<b>\$ 18,834,722</b>		<b>\$ -</b>
<b>COLLECTION OF EXTENSION</b>		<b>98.40%</b>		<b>95.21%</b>		<b>100.40%</b>		<b>0.00%</b>

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS  
LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 1998

December 31, 2005

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Fiscal Year	Tax Levy			Interest Due on			
		Principal	Interest	Total	June 1	Amount	December 1	Amount
2005	2006	\$ 2,650,000	\$ 785,500	\$ 3,435,500	2006	\$ 392,750	2006	\$ 392,750
2006	2007	2,885,000	653,000	3,538,000	2007	326,500	2007	326,500
2007	2008	3,130,000	508,750	3,638,750	2008	254,375	2008	254,375
2008	2009	3,390,000	352,250	3,742,250	2009	176,125	2009	176,125
2009	2010	3,655,000	182,750	3,837,750	2010	91,375	2010	91,375
		<u>\$ 15,710,000</u>	<u>\$ 2,482,250</u>	<u>\$ 18,192,250</u>	<u>\$ 1,241,125</u>		<u>\$ 1,241,125</u>	

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS  
LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 1999

December 31, 2005

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Maturity Dates	Tax Levy			Interest Due on			
		Principal*	Interest	Total	June 1	Amount	December 1	Amount
2005	2006	\$ 3,710,000	\$ 981,976	\$ 4,691,976	2006	\$ 490,988	2006	\$ 490,988
2006	2007	3,865,000	833,576	4,698,576	2007	416,788	2007	416,788
2007	2008	4,040,000	675,110	4,715,110	2008	337,555	2008	337,555
2008	2009	4,210,000	507,450	4,717,450	2009	253,725	2009	253,725
2009	2010	-	328,526	328,526	2010	164,263	2010	164,263
2010	2011	-	328,526	328,526	2011	164,263	2011	164,263
2011	2012	-	328,526	328,526	2012	164,263	2012	164,263
2012	2013	-	328,526	328,526	2013	164,263	2013	164,263
2013	2014	-	328,526	328,526	2014	164,263	2014	164,263
2014	2015	1,795,000	328,526	2,123,526	2015	164,263	2015	164,263
2015	2016	1,880,000	252,238	2,132,238	2016	126,119	2016	126,119
2016	2017	1,980,000	172,338	2,152,338	2017	86,169	2017	86,169
2017	2018	2,075,000	88,188	2,163,188	2018	44,094	2018	44,094
		<u>\$ 23,555,000</u>	<u>\$ 5,482,032</u>	<u>\$ 29,037,032</u>	<u>\$ 2,741,016</u>		<u>\$ 2,741,016</u>	

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

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS  
LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2001

December 31, 2005

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Fiscal Year	Tax Levy			Interest Due on			
		Principal	Interest	Total	June 1	Amount	December 1	Amount
2005	2006	\$ 85,000	\$ 25,390	\$ 110,390	2006	\$ 12,695	2006	\$ 12,695
2006	2007	90,000	21,948	111,948	2007	10,974	2007	10,974
2007	2008	95,000	18,168	113,168	2008	9,084	2008	9,084
2008	2009	100,000	14,082	114,082	2009	7,041	2009	7,041
2009	2010	105,000	9,732	114,732	2010	4,866	2010	4,866
2010	2011	110,000	5,060	115,060	2011	2,530	2011	2,530
		<u>\$ 585,000</u>	<u>\$ 94,380</u>	<u>\$ 679,380</u>	<u>\$ 47,190</u>		<u>\$ 47,190</u>	

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS  
LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2002A

December 31, 2005

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Fiscal Year	Tax Levy			Interest Due on			
		Principal	Interest	Total	June 1	Amount	December 1	Amount
2005	2006	\$ 340,000	\$ 72,730	\$ 412,730	2006	\$ 36,365	2006	\$ 36,365
2006	2007	350,000	60,830	410,830	2007	30,415	2007	30,415
2007	2008	365,000	47,356	412,356	2008	23,678	2008	23,678
2008	2009	380,000	32,756	412,756	2009	16,378	2009	16,378
2009	2010	395,000	16,986	411,986	2010	8,493	2010	8,493
<b>TOTAL TERM BONDS</b>		<b>\$ 1,830,000</b>	<b>\$ 230,658</b>	<b>\$ 2,060,658</b>		<b>\$ 115,329</b>		<b>\$ 115,329</b>

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

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS  
LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2002B

December 31, 2005

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Fiscal Year	Tax Levy			Interest Due on			
		Principal	Interest	Total	June 1	Amount	December 1	Amount
2005	2006	\$ 40,000	\$ 38,570	\$ 78,570	2006	\$ 19,285	2006	\$ 19,285
2006	2007	40,000	36,970	76,970	2007	18,485	2007	18,485
2007	2008	45,000	35,370	80,370	2008	17,685	2008	17,685
2008	2009	45,000	33,570	78,570	2009	16,785	2009	16,785
2009	2010	45,000	31,636	76,636	2010	15,818	2010	15,818
2010	2011	50,000	29,700	79,700	2011	14,850	2011	14,850
2011	2012	50,000	27,550	77,550	2012	13,775	2012	13,775
2012	2013	55,000	25,200	80,200	2013	12,600	2013	12,600
2013	2014	55,000	22,616	77,616	2014	11,308	2014	11,308
2014	2015	60,000	20,030	80,030	2015	10,015	2015	10,015
2015	2016	60,000	17,090	77,090	2016	8,545	2016	8,545
2016	2017	65,000	14,150	79,150	2017	7,075	2017	7,075
2017	2018	70,000	10,966	80,966	2018	5,483	2018	5,483
2018	2019	70,000	7,396	77,396	2019	3,698	2019	3,698
2019	2020	75,000	3,826	78,826	2020	1,913	2020	1,913
		<u>\$ 825,000</u>	<u>\$ 354,640</u>	<u>\$ 1,179,640</u>	<u>\$ 177,320</u>		<u>\$ 177,320</u>	

(See independent auditor's report.)

CITY OF BERWYN, ILLINOIS  
LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2004

December 31, 2005

Date of Issue	March 4, 2004
Date of Maturity	December 1, 2014
Authorized Issue	\$ 19,710,000
Actual Issue	\$ 5,000
Interest Rates	2.00% - 5.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Cole Taylor Bank

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Fiscal Year	Tax Levy			Interest Due on			
		Principal	Interest	Totals	June 1	Amount	December 1	Amount
2005	2006	\$ 75,000	\$ 872,938	\$ 947,938	2006	\$ 436,469	2006	\$ 436,469
2006	2007	75,000	871,438	946,438	2007	435,719	2007	435,719
2007	2008	75,000	869,938	944,938	2008	434,969	2008	434,969
2008	2009	75,000	868,062	943,062	2009	434,031	2009	434,031
2009	2010	4,480,000	866,000	5,346,000	2010	433,000	2010	433,000
2010	2011	4,145,000	686,800	4,831,800	2011	343,400	2011	343,400
2011	2012	4,280,000	521,000	4,801,000	2012	260,500	2012	260,500
2012	2013	4,480,000	307,000	4,787,000	2013	153,500	2013	153,500
2013	2014	1,660,000	83,000	1,743,000	2014	41,500	2014	41,500
		<u>\$ 19,345,000</u>	<u>\$ 5,946,176</u>	<u>\$ 25,291,176</u>	<u>\$ 2,973,088</u>		<u>\$ 2,973,088</u>	

(See independent auditor's report.)



CITY OF BERWYN, ILLINOIS  
 LONG-TERM DEBT REQUIREMENTS  
 GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2005

December 31, 2005

Date of Issue	November 10, 2005
Date of Maturity	November 1, 2006
Authorized Issue	\$ 8,800,000
Interest Rates	3.97%
Interest Dates	May 1 and November 1
Principal Maturity Date	November 1, 2006
Payable at	Northern Trust Company

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Fiscal Year	Tax Levy			Interest Due on			
		Principal	Interest	Total	May 1	Amount	November 1	Amount
2005	2006	<u>\$ 8,800,000</u>	<u>\$ 341,596</u>	<u>\$ 9,141,596</u>	2006	<u>\$ 166,916</u>	2006	<u>\$ 174,680</u>

(See independent auditor's report.)