
2006 Annual Report

105th/Vincennes Redevelopment Project Area



Pursuant to 65 ILCS 5/11-74.4-5(d)

JUNE 30, 2007

June 30, 2007

Ms. Kathleen A. Nelson
First Deputy Commissioner
Department of Planning and Development
121 North LaSalle Street
Chicago, Illinois 60602

Dear Commissioner:

Enclosed is the annual report for the 105th/Vincennes Redevelopment Project Area, which we compiled at the direction of the Department of Planning and Development pursuant to Section 5(d) of the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.6-1 et seq.), as amended. The contents are based on information provided to us by Chicago Departments of Planning and Development, Finance, and Law. We have not audited, verified, or applied agreed upon accounting and testing procedures to the data contained in this report. Therefore, we express no opinion on its accuracy or completeness.

It has been a pleasure to work with representatives from the Department of Planning and Development and other City Departments.

Very truly yours,



Ernst & Young LLP

**105th/Vincennes Redevelopment Project Area
2006 Annual Report**

TABLE OF CONTENTS

**ANNUAL REPORT – 105TH/VINCENNES REDEVELOPMENT PROJECT AREA IN COMPLIANCE
WITH SECTION (d) OF 65 ILCS 5/11-74.4-5.**

	PAGE
LETTER TO STATE COMPTROLLER	1
1) DATE OF DESIGNATION OR TERMINATION	2
2) AUDITED FINANCIALS.....	3
3) MAYOR’S CERTIFICATION	4
4) OPINION OF LEGAL COUNSEL	5
5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND.....	6
6) DESCRIPTION OF PROPERTY	7
7) STATEMENT OF ACTIVITIES	8
8) DOCUMENTS RELATING TO OBLIGATIONS ISSUED BY THE MUNICIPALITY	13
9) ANALYSIS OF DEBT SERVICE	14
10) CERTIFIED AUDIT REPORT.....	15
11) GENERAL DESCRIPTION AND MAP	16



City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

City Hall, Room 1000
121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-4190
(312) 744-2271 (FAX)
(312) 744-2578 (TTY)
<http://www.cityofchicago.org>

June 30, 2007

The Honorable Daniel Hynes
Comptroller
State of Illinois
Office of the Comptroller
201 Capitol
Springfield, IL 62706

Dear Comptroller Hynes:

We have compiled the attached information for the 105th/Vincennes
Redevelopment Project Area (Report) pursuant to 65 ILCS 5/11-
74.4-5(d).

Sincerely,

Kathleen A. Nelson
First Deputy Commissioner



105th/Vincennes Redevelopment Project Area 2006 Annual Report

(1) DATE OF DESIGNATION AND TERMINATION - 65 ILCS 5/11-74.4-5(d)(1.5)

The Project Area was designated on October 3, 2001. The Project Area may be terminated no later than October 3, 2024.

Note: Incremental tax revenues levied in the 23rd tax year are collected in the 24th tax year. Although the Project Area will expire in Year 23 in accordance with 65 ILCS 5/11-74.4-3(n)(J)(3), the incremental taxes received in the 24th tax year will be deposited into the Special Tax Allocation Fund.

**105th/Vincennes Redevelopment Project Area
2006 Annual Report**

(2) AUDITED FINANCIALS - 65 ILCS 5/11-74.4-5(d)(2)

Please see attached.

CITY OF CHICAGO, ILLINOIS
105TH/VINCENNES
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2006

CITY OF CHICAGO, ILLINOIS
105TH/VINCENNES REDEVELOPMENT PROJECT

C O N T E N T S

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION	1-2
Management's discussion and analysis	3-4
Statement of net assets and governmental fund balance sheet	5
Statement of activities and governmental fund revenues, expenditures and changes in fund balance	6
Notes to financial statements	7-8
SUPPLEMENTARY INFORMATION	
Schedule of expenditures by statutory code	9

BANSLEY AND KIENER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

O'HARE PLAZA

8745 WEST HIGGINS ROAD, SUITE 200

CHICAGO, ILLINOIS 60631

AREA CODE 312 263.2700

INDEPENDENT AUDITOR'S REPORT

The Honorable Richard M. Daley, Mayor
Members of the City Council
City of Chicago, Illinois

We have audited the accompanying financial statements of the 105th/Vincennes Redevelopment Project of the City of Chicago, Illinois, as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the City of Chicago's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements present only the 105th/Vincennes Redevelopment Project and do not purport to, and do not present fairly the financial position of the City of Chicago, Illinois, as of December 31, 2006, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the 105th/Vincennes Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2006, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 and 4 is not a required part of the basic financial statements but is 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 required supplementary information. However, we did not audit the information and express no opinion on it.

The Honorable Richard M. Daley, Mayor
Members of the City Council

- 2 -

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenditures by statutory code on page 9, which is also the responsibility of the City of Chicago's management, is presented for purposes of additional analysis and is not a required part of the financial statements of 105th/Vincennes Redevelopment Project of the City of Chicago, Illinois. Such additional information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Beasley and Kilmer, L.L.P.

Certified Public Accountants

May 18, 2007

CITY OF CHICAGO, ILLINOIS
105TH/VINCENNES REDEVELOPMENT PROJECT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of the 105th/Vincennes Tax Increment Redevelopment Project Area (Project), we offer the readers of the Project's financial statements this narrative overview and analysis of the Project's financial performance for the year ended December 31, 2006. Please read it in conjunction with the Project's financial statements, which follow this section.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Project's basic financial statements. The Project's basic financial statements include three components: 1) government-wide financial statements, 2) governmental fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information concerning the Project's expenditures by statutory code.

Basic Financial Statements. The basic financial statements include two kinds of financial statements that present different views of the Project – the *Government-Wide Financial Statements* and the *Governmental Fund Financial Statements*. These financial statements also include the notes to the financial statements that explain some of the information in the financial statements and provide more detail.

Government-Wide Financial Statements provide both long-term and short-term information about the Project's financial status and use accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the project's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the Project's net assets and how they have changed. Net assets – the difference between the Project's assets and liabilities – is one way to measure the Project's financial health, or position.

Governmental Fund Financial Statements provide more detailed information about the Project's significant funds – not the Project as a whole. Governmental funds focus on: 1) how cash and other financial assets can readily be converted to cash flows and 2) the year-end balances that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more financial resources that can be spent in the near future to finance the Project. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the statements to explain the relationship (or differences) between them.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements. The notes to the financial statements follow the basic financial statements.

Other Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents a schedule of expenditures by statutory code. This supplementary information follows the notes to the financial statements.

Condensed Comparative Financial Statements

	<u>Government-Wide</u>			
	<u>2006</u>	<u>2005</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$551,061	\$370,407	\$ 180,654	49%
Total liabilities	<u>2,672</u>	<u>1,912</u>	<u>760</u>	40%
Total net assets	<u>\$548,389</u>	<u>\$368,495</u>	<u>\$ 179,894</u>	49%
Total revenues	\$186,173	\$290,898	\$(104,725)	(36)%
Total expenses	<u>6,279</u>	<u>4,679</u>	<u>1,600</u>	34%
Change in net assets	<u>179,894</u>	<u>286,219</u>	<u>(106,325)</u>	(37)%
Ending net assets	<u>\$548,389</u>	<u>\$368,495</u>	<u>\$ 179,894</u>	49%

Analysis of Overall Financial Position and Results of Operations

Property tax revenue for the Project was \$181,496 for the year. This was a decrease of 37 percent over the prior year. The change in net assets produced an increase in net assets of \$179,894. The Project's net assets increased by 49 percent from the prior year making available \$548,389 of funding to be provided for purposes of future redevelopment in the Project's designated area.

CITY OF CHICAGO, ILLINOIS
105TH/VINCENNES REDEVELOPMENT PROJECT

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2006

<u>ASSETS</u>	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash and investments	\$ 297,160	\$ -	\$ 297,160
Property taxes receivable	250,000	-	250,000
Accrued interest receivable	<u>3,901</u>	<u>-</u>	<u>3,901</u>
Total assets	<u>\$ 551,061</u>	<u>\$ -</u>	<u>\$ 551,061</u>
 <u>LIABILITIES</u>			
Due to other City funds	\$ 2,672	\$ -	\$ 2,672
Deferred revenue	<u>248,015</u>	<u>(248,015)</u>	<u>-</u>
Total liabilities	250,687	<u>(248,015)</u>	<u>2,672</u>
 <u>FUND BALANCE/NET ASSETS</u>			
Fund balance:			
Designated for future redevelopment project costs	<u>300,374</u>	<u>(300,374)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 551,061</u>		
Net assets:			
Restricted for future redevelopment project costs		<u>548,389</u>	<u>548,389</u>
Total net assets		<u>\$ 548,389</u>	<u>\$ 548,389</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental fund	\$ 300,374
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	<u>248,015</u>
Total net assets - governmental activities	<u>\$ 548,389</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CHICAGO, ILLINOIS
105TH/VINCENNES REDEVELOPMENT PROJECT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property tax	\$ 130,723	\$ 50,773	\$ 181,496
Interest	4,677	-	4,677
	<hr/>	<hr/>	<hr/>
Total revenues	135,400	50,773	186,173
Expenditures/expenses:			
Economic development projects	6,279	-	6,279
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	129,121	(129,121)	-
Change in net assets	-	179,894	179,894
Fund balance/net assets:			
Beginning of year	171,253	197,242	368,495
	<hr/>	<hr/>	<hr/>
End of year	<u>\$ 300,374</u>	<u>\$ 248,015</u>	<u>\$ 548,389</u>

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - governmental fund	\$ 129,121
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	<hr/> 50,773
Change in net assets - governmental activities	<hr/> <u>\$ 179,894</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CHICAGO, ILLINOIS
105TH/VINCENNES REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) *Reporting Entity*

In October 2001, the City of Chicago (City) established the 105th/Vincennes Tax Increment Redevelopment Project Area (Project). The area has been established to finance improvements, leverage private investment and create and retain jobs. The Project is accounted for within the special revenue funds of the City.

(b) *Government-Wide and Fund Financial Statements*

The accompanying financial statements of the Project have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999, the GASB unanimously approved Statement No. 34 (as amended by Statement No. 37), *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* and at a later date, Statement No. 38 *Certain Financial Statements Disclosures*, and include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Project's overall financial position and results of operations.
- Government-wide financial statements prepared using the economic resources measurement focus and the *accrual basis of accounting* for all the Project's activities.
- Fund financial statements, which focus on the Project's governmental funds *current financial resources measurement focus*.

(c) *Measurement Focus, Basis of Accounting, and Financial Statements Presentation*

The government-wide financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The governmental fund financial statements are prepared on the *modified accrual basis of accounting* with only current assets and liabilities included on the balance sheet. Under *the modified accrual basis of accounting*, revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end. Expenditures are recorded when the liability is incurred.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

CITY OF CHICAGO, ILLINOIS
105TH/VINCENNES REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

(d) *Assets, Liabilities and Net Assets*

Cash and Investments

Cash belonging to the City is generally deposited with the City Treasurer as required by the Municipal Code of Chicago. The City Comptroller issues warrants for authorized City expenditures which represent a claim for payment when presented to the City Treasurer. Payment for all City warrants clearing is made by checks drawn on the City's various operating bank accounts.

The City Treasurer and City Comptroller share responsibility for investing in authorized investments. Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances.

The City values its investments at fair value or amortized cost. U.S. Government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost.

Capital Assets

Capital assets are not capitalized in the governmental fund but, instead, are charged as current expenditures when purchased. The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) of the City includes the capital assets and related depreciation, if any, of the Project in which ownership of the capital asset will remain with the City (i.e. infrastructure, or municipal building). All other construction will be expensed in both the government-wide financial statements and the governmental fund as the City nor Project will retain the right of ownership.

(e) *Stewardship, Compliance, and Accountability*

Illinois Tax Increment Redevelopment Allocation Act Compliance

The Project's expenditures include reimbursements for various eligible costs as described in subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act and the Redevelopment Agreement relating specifically to the Project. Eligible costs include but are not limited to survey, property assembly, rehabilitation, public infrastructure, financing and relocation costs.

Reimbursements

Reimbursements, if any, are made to the developer for project costs, as public improvements are completed and pass City inspection.

SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
105TH/VINCENNES REDEVELOPMENT PROJECT

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

Code Description

Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, marketing

\$6,279

**105th/Vincennes Redevelopment Project Area
2006 Annual Report**

(3) MAYOR'S CERTIFICATION - 65 ILCS 5/11-74.4-5(d)(3)

Please see attached.

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CERTIFICATION

TO:

Daniel W. Hynes
Comptroller of the State of Illinois
James R. Thompson Center
100 West Randolph Street, Suite 15-500
Chicago, Illinois 60601
Attention: June Tallamantez, Director of Local
Government

Dolores Javier, Treasurer
City Colleges of Chicago
226 West Jackson Boulevard, Room 1149
Chicago, Illinois 60606

Peter C. Nicholson, Director
Cook County Department of Planning &
Development
69 West Washington Street, Room 2900
Chicago, Illinois 60602

Dan Donovan, Comptroller
Forest Preserve District of Cook County
69 W. Washington Street, Suite 2060
Chicago, IL 60602

Martin Koldyke, Chairman
Chicago School Finance Authority
135 South LaSalle Street, Suite 3800
Chicago, Illinois 60603

Tim Mitchell, General Superintendent & CEO
Chicago Park District
541 North Fairbanks
Chicago, Illinois 60611

Arne Duncan, Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603

Jacqueline Torres, Director of Finance
Metropolitan Water Reclamation District of
Greater Chicago
100 East Erie Street, Room 2429
Chicago, Illinois 60611

Douglas Wright
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426

I, RICHARD M. DALEY, in connection with the annual report (the "Report") of information required by Section 11-74.4-5(d) of the Tax Increment Allocation Redevelopment Act, 65 ILCS5/11-74.4-1 et seq, (the "Act") with regard to the 105th/Vincennes Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:

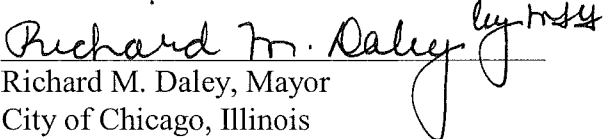
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2006, the City complied, in all material respects, with the requirements of the Act, as applicable from time to time, regarding the Redevelopment Project Area.

3. In giving this Certification, I have relied on the opinion of the Corporation Counsel of the City furnished in connection with the Report.

4. This Certification may be relied upon only by the addressees hereof.

IN WITNESS WHEREOF, I have hereunto affixed my official signature as of this 29th day of June, 2007.


Richard M. Daley, Mayor
City of Chicago, Illinois

**105th/Vincennes Redevelopment Project Area
2006 Annual Report**

(4) OPINION OF LEGAL COUNSEL - 65 ILCS 5/11-74.4-5(d)(4)

Please see attached.



City of Chicago
Richard M. Daley, Mayor

Department of Law

Mara S. Georges
Corporation Counsel

City Hall, Room 600
121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-0200
(312) 744-8538 (FAX)
(312) 744-2963 (TTY)
<http://www.cityofchicago.org>

June 29, 2007

Daniel W. Hynes
Comptroller of the State of Illinois
James R. Thompson Center
100 West Randolph Street, Suite 15-500
Chicago, Illinois 60601
Attention: June Tallamantez, Director of
Local Government

Dolores Javier, Treasurer
City Colleges of Chicago
226 West Jackson Boulevard, Room 1149
Chicago, Illinois 60606

Peter C. Nicholson, Director
Cook County Department of Planning &
Development
69 West Washington Street, Room 2900
Chicago, Illinois 60602

Dan Donovan, Comptroller
Forest Preserve District of Cook County
69 W. Washington Street, Suite 2060
Chicago, IL 60602

Martin Koldyke, Chairman
Chicago School Finance Authority
135 South LaSalle Street, Suite 3800
Chicago, Illinois 60603

Tim Mitchell, General Superintendent &
CEO
Chicago Park District
541 North Fairbanks
Chicago, Illinois 60611

Arne Duncan, Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603

Jacqueline Torres, Director of Finance
Metropolitan Water Reclamation District
of Greater Chicago
100 East Erie Street, Room 2429
Chicago, Illinois 60611

Douglas Wright
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426

Re: 105th/Vincennes
Redevelopment Project Area (the "Redevelopment Project
Area")

Dear Addressees:

I am Corporation Counsel of the City of Chicago, Illinois (the "City"). In such capacity, I am providing the opinion required by Section 11-74.4-5(d)(4) of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (the "Act"), in connection with the submission of the report (the "Report") in accordance with, and containing the information required by, Section 11-74.4-5(d) of the Act for the Redevelopment Project Area.



June 29, 2007

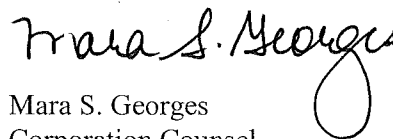
Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following matters: approval of the redevelopment plan and project for the Redevelopment Project Area, designation of the Redevelopment Project Area as a redevelopment project area and adoption of tax increment allocation financing for the Redevelopment Project Area, all in accordance with the then applicable provisions of the Act. Various departments of the City, including, if applicable, the Law Department, Department of Planning and Development, Department of Housing, Department of Finance and Office of Budget and Management, have personnel responsible for and familiar with the activities in the Redevelopment Project Area affecting such Department(s) and with the requirements of the Act in connection therewith. Such personnel are encouraged to seek and obtain, and do seek and obtain, the legal guidance of the Law Department with respect to issues that may arise from time to time regarding the requirements of, and compliance with, the Act.

In my capacity as Corporation Counsel, I have relied on the general knowledge and actions of the appropriately designated and trained staff of the Law Department and other applicable City Departments involved with the activities affecting the Redevelopment Project Area. In addition, I have caused to be examined or reviewed by members of the Law Department of the City the certified audit report, to the extent required to be obtained by Section 11-74.4-5(d)(9) of the Act and submitted as part of the Report, which is required to review compliance with the Act in certain respects, to determine if such audit report contains information that might affect my opinion. I have also caused to be examined or reviewed such other documents and records as were deemed necessary to enable me to render this opinion. Nothing has come to my attention that would result in my need to qualify the opinion hereinafter expressed, subject to the limitations hereinafter set forth, unless and except to the extent set forth in an Exception Schedule attached hereto as Schedule 1.

Based on the foregoing, I am of the opinion that, in all material respects, the City is in compliance with the provisions and requirements of the Act in effect and then applicable at the time actions were taken from time to time with respect to the Redevelopment Project Area.

This opinion is given in an official capacity and not personally and no personal liability shall derive herefrom. Furthermore, the only opinion that is expressed is the opinion specifically set forth herein, and no opinion is implied or should be inferred as to any other matter. Further, this opinion may be relied upon only by the addressees hereof and the Mayor of the City in providing his required certification in connection with the Report, and not by any other party.

Very truly yours,



Mara S. Georges
Corporation Counsel

SCHEDULE 1

(Exception Schedule)

No Exceptions

Note the following Exceptions:

**105th/Vincennes Redevelopment Project Area
2006 Annual Report**

(5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5)

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2006	
	2006
Revenues	
Property tax	\$ 130,723
Sales tax	-
Interest	<u>4,677</u>
Total revenues	135,400
Expenditures	
Costs of studies, admin., and professional services. (q)(1)	6,279
Marketing costs. (q)(1.6)	-
Property assembly, demolition, site preparation and environmental site improvement costs. (q)(2)	-
Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings. (q)(3)	-
Costs of construction of public works and improvements. (q)(4)	-
Cost of job training and retraining. (q)(5)	-
Financing costs. (q)(6)	-
Approved capital costs of overlapping taxing districts. (q)(7)	-
Cost of reimbursing school district for their increase costs caused by TIF assisted housing projects (q)(7.5)	-
Relocation costs. (q)(8)	-
Payments in lieu of taxes. (q)(9)	-
Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. (q)(10)	-
Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. (q)(11)(A-E)	-
Costs of construction of new housing units for low income and very low income households. (q)(11)(F)	-
Cost of day care services and operational costs of day care centers. (q)(11.5)	<u>-</u>
Total expenditures	6,279
Revenues over expenditures	129,121
Fund balance, beginning of year	<u>171,253</u>
Fund balance, end of year	<u>\$ 300,374</u>
Fund balance	
Reserved for debt service	\$ -
Reserved for encumbrances	-
Designated for future redevelopment project costs	<u>300,374</u>
Total fund balance	<u>\$ 300,374</u>

**105th/Vincennes Redevelopment Project Area
2006 Annual Report**

(6) DESCRIPTION OF PROPERTY - 65 ILCS 5/11-74.4-5(d)(6)

During 2006, the City did not purchase any property in the Project Area.

**105th/Vincennes Redevelopment Project Area
2006 Annual Report**

(7) STATEMENT OF ACTIVITIES - 65 ILCS 5/11-74.4-5(d)(7)

- (A) Projects implemented in the preceding fiscal year.
- (B) A description of the redevelopment activities undertaken.
- (C) Agreements entered into by the City with regard to disposition or redevelopment of any property within the Project Area.
- (D) Additional information on the use of all Funds received by the Project Area and steps taken by the City to achieve the objectives of the Redevelopment Plan.
- (E) Information on contracts that the City's consultants have entered into with parties that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.
- (F) Joint Review Board reports submitted to the City.
- (G) Project-by-project review of public and private investment undertaken from 11/1/99 to 12/31/06, and of such investments expected to be undertaken in year 2007; also, a project-by-project ratio of private investment to public investment from 11/1/99 to 12/31/06, and an estimated ratio of such investments as of the completion of each project and as estimated to the completion of the redevelopment project.

SEE TABLES AND/OR DISCUSSIONS ON FOLLOWING PAGES.

**105th/Vincennes Redevelopment Project Area
2006 Annual Report**

(7)(A) - 65 ILCS 5/11-74.4-5(d)(7)(A)

TABLE 7(A)
PROJECTS IMPLEMENTED IN THE PROCEEDING FISCAL YEAR

NAME OF PROJECT
MGM/TGI 105 th Street LLC

(7)(B) - 65 ILCS 5/11-74.4-5(d)(7)(B)

Redevelopment activities undertaken within this Project Area during the year 2006, if any, have been made pursuant to i) the Redevelopment Plan for the Project Area, and ii) any Redevelopment Agreements affecting the Project Area, and are set forth on Table 5 herein by TIF-eligible expenditure category.

(7)(C) - 65 ILCS 5/11-74.4-5(d)(7)(C)

TABLE 7 (C)
AGREEMENTS ENTERED INTO WITH REGARD TO THE DISPOSITION &
REDEVELOPMENT OF PROPERTY WITHIN THE PROJECT AREA

PARTIES TO AGREEMENT WITH CITY	NATURE OF AGREEMENT	PROJECT DESCRIPTION	ADDRESS	JOBS CREATED/RETAINED
MGM/TGI 105 th Street LLC	Redevelopment Agreement	Construction of 185 residential units and 48 affordable housing units for sale	10500 S. Vincennes	0/0

105th/Vincennes Redevelopment Project Area 2006 Annual Report

(7)(D) - 65 ILCS 5/11-74.4-5(d)(7)(D)

The Project Area has received \$306,414 of property tax and sales tax (if applicable) increment since the creation of the Project Area. These amounts have been used to pay for project costs within the Project Area and for debt service (if applicable). The Project Area's fund balance as shown on Table 5 represents (on a modified accrual basis) financial resources (including increment) that have not been expended.

(7)(E) - 65 ILCS 5/11-74.4-5(d)(7)(E)

During 2006, no contracts were entered into by the City's tax increment advisors or consultants with entities or persons that have received, or are receiving, payments financed by tax increment revenues produced by the Project Area.

**105th/Vincennes Redevelopment Project Area
2006 Annual Report**

(7)(F) - 65 ILCS 5/11-74.4-5(d)(7)(F)

Joint Review Board Reports were submitted to the City. See attached.

(7)(G) - 65 ILCS 5/11-74.4-5(d)(7)(G)

**TABLE 7(G)
PROJECT BY PROJECT REVIEW OF PUBLIC AND PRIVATE INVESTMENT
AND RATIO OF PRIVATE TO PUBLIC INVESTMENT ***

Projects Undertaken in This Redevelopment Project Area	Private Investment Undertaken		Public Investment Undertaken		Ratio Of Private/Public Investment	
	11/1/1999 to End of Reporting FY	Amount Estimated to Complete the Project	11/1/1999 to End of Reporting FY	Amount Estimated to Complete the Project	11/1/1999 to End of Reporting FY	Ratio Estimated as of Project Completion
Project 1: MGM/TGI 105 th Street LLC	***	\$63,873,873	\$0	\$11,600,000	***	5.5 : 1

* Each actual or estimated Public Investment reported here is, to the extent possible, comprised only of payments financed by tax increment revenues. In contrast, each actual or estimated Private Investment reported here is, to the extent possible, comprised of payments financed by revenues that are not tax increment revenues and, therefore, may include private equity, private lender financing, private grants, other public monies, or other local, state or federal grants or loans.

Each amount reported here under Public Investment Undertaken, Amount Estimated to Complete the Project, is the maximum amount of payments financed by tax increment revenues that could be made pursuant to the corresponding Project's operating documents, but not including interest that may later be payable on developer notes, and may not necessarily reflect actual expenditures, if any, as reported in Sections 2 or 5 herein. The total public investment amount ultimately made under each Project will depend upon the future occurrence of various conditions including interest that may be payable on developer notes set forth in the Project's operating documents.

105th/Vincennes Redevelopment Project Area 2006 Annual Report

Each amount reported here under Public Investment Undertaken, 11/1/1999 to End of Reporting FY, is cumulative from the date of execution of the corresponding Project to the end of the reporting year, and may include interest amounts paid to finance the Public Investment amount. Projects for which the last Public Investment made was prior to 11/1/1999 are not reported on this table.

*** As of the End of the Reporting FY, the construction of this Project was ongoing; the Private Investment Undertaken and Ratio figures for this Project will be reported on the Annual Report for the FY in which the construction of the Project is completed and the total Private Investment figure is available.

CITY OF CHICAGO
JOINT REVIEW BOARD

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Report of proceedings of a hearing
before the City of Chicago, Joint Review
Board held on January 6, 2006, at 10:10
a.m., City Hall, Room 1003, Chicago,
Illinois, and presided over by Mr. Eric
Reese.

PRESENT:

MR. ERIC REESE, CHAIRMAN
MR. KENNETH C. GUTSCH
MS. SUSAN MAREK
MR. JOHN MCCORMICK

REPORTED BY: Accurate Reporting Service
200 N. LaSalle Street
Chicago, Illinois
By: Jack Artstein, C.S.R.

1 MR. REESE: Good morning. My name is
2 Eric Reese. To the left of me is --

3 MR. McCORMICK: John McCormick with
4 the City of Chicago.

5 MS. MAREK: Susan Marek, Board of
6 Education.

7 MS. PUTSCH: Ken Gutsch, City
8 Colleges of Chicago.

9 MS. HODGE: Kit Hodge, Metropolitan
10 Planning Council.

11 MR. REESE: We will now begin the
12 discussion, the amended 105th Vincennes
13 Joint Review Board meeting. For the record
14 my name is Eric Reese. I am the
15 representative of the Chicago Park District
16 which under Section 11-74.4-5 of the Tax
17 Increment Allocation Redevelopment Act, is
18 one of the statutory designated members of
19 the Joint Review Board. Until the election
20 of a chairperson I will moderate the Joint
21 Review Board meeting.

22 This is a meeting to review the

1 proposed amendment to the 105th and
2 Vincennes Tax Increment Financing District.
3 The date of this meeting was announced at and
4 set by Community Development Commission of
5 the City of Chicago at its meeting of
6 December 13, 2005.

7 Notice of this meeting by the
8 Joint Review Board was provided by certified
9 mail to each taxing district represented by
10 the Board, represented on the Board which
11 includes the Chicago Board of Education,
12 Chicago Community Colleges District 508, the
13 Chicago Park District, Cook County and the
14 City of Chicago and the public member.

15 Public notice of this meeting was
16 also posted as of Wednesday, January 4, 2006
17 at various locations throughout City Hall.

18 Our first order of business is to
19 select a chairperson for the Joint Review
20 Board. Is there any nominations?

21 MR. McCORMICK: I recommend Eric
22 Reese.

1 MR. REESE: Is there a second?

2 MS. MAREK: Second.

3 MR. REESE: All in favor?

4 COMMISSION IN CHORUS: Aye.

5 MR. REESE: Let the record reflect
6 that myself, Eric Reese, has been elected as
7 chairperson and will now serve as
8 chairperson for the remainder of the
9 meeting.

10 As I mentioned, at this meeting
11 we will be reviewing the proposed plan for
12 the amended, for amending, for the amended
13 105th and Vincennes TIF District by the City
14 of Chicago. Staff of the City's Department
15 of Planning and Development and other
16 departments have reviewed the plan which was
17 introduced by the City's Community
18 Development Commission on December 13, 2005.

19
20 We will listen to a presentation
21 by the consultant on the plan. Following the
22 presentation we can address any questions

1 that the members might have for the
2 consultant or City staff.

3 Previous amendment to the TIF Act
4 requires us to base our recommendation to
5 approve or disapprove the amended 105th and
6 Vincennes Plan on the basis of the area and
7 the amended plan satisfied, and the amended
8 plan satisfying the plan requirements, the
9 eligibility criteria defined in the TIF Act,
10 and the objectives of the TIF Act.

11 If the Board approves the amended
12 plan the Board will then issue an advisory
13 non-binding recommendation by the quote of
14 the majority of those members present and
15 voting. Such recommendations shall be
16 submitted to the City within 30 days after
17 the Board meeting. Failure to submit such
18 recommendations shall be deemed to
19 constitute approval by the Board.

20 If the Board disapproves a plan
21 the Board must issue a written report
22 describing why the amended plan in an area

1 failed to meet one of the objectives, failed
2 to meet one or more of the objectives of the
3 Act, and both the plan requirements and the
4 eligibility requirements of the TIF Act. The
5 City will then have 30 days to resubmit a
6 revised amended plan.

7 The Board and the City must also
8 confer during that time to try to resolve the
9 issues that led to the Board's disapproval.
10 If such issues cannot be resolved or if the
11 revised amended plan is disapproved the City
12 may proceed with the amended plan but the
13 amended plan can be approved only with three
14 fifth's vote of the City Council excluding
15 positions of members that are vacant and
16 those members that are ineligible to vote
17 because of conflicts of interest.

18 The presentation by Johnson
19 Research for the amended 105th and
20 Vincennes.

21 MS. MORONEY: Good morning everyone.
22 My name is Ann Moroney with Johnson Research

1 Group and I'll be presenting the amended plan
2 to you today.

3 You've seen this before. The
4 plan was adopted in 2001. Just to give you a
5 sense of history of the 105th and Vincennes
6 TIF, it was in 1997 the City of Chicago hired
7 Turkel Pettigrew Allen and King to undertake
8 an eligibility study and prepare a
9 redevelopment plan. But the TIF, and the
10 public hearing was filed, the Joint Review
11 Board was held, but the TIF was not adopted.

12 In 1998 the City of Chicago
13 considered alternatives land uses. Changes
14 to the plan were made but the Plan did not go
15 through public hearing or a Joint Review
16 process and it remained idle.

17 Then in 2001 a new developer came
18 to the City and proposed a revised
19 residential development. So minor changes
20 and updates were made to the Plan. The
21 revisions at this time included changing the
22 base year to 2000 from 1997 listing the tax

1 parcels, i.e., EAV, or listing the EAV by tax
2 parcels. Updating the development of some --
3 which upon the anticipated EAV was based and
4 changing the estimated EAV. Adding a one
5 page supplement to the eligibility study
6 that summarized the existing conditions as
7 of 2001. And identifying any consequent
8 impacts to the eligibility. No impacts were
9 found. And updated references were made to
10 the City's Affordable Housing Policy that
11 was included in the Plan.

12 The TIF was adopted on October 3,
13 2001. Shortly after this adoption the
14 developer filed for bankruptcy and the
15 development did not occur.

16 In 2003 a new developer came to
17 the City proposing a residential development
18 slightly modified from the earlier one.
19 Changes to the Plan required an amended
20 process and a full public hearing.

21 These changes included updating
22 language to reflect the City's current and

1 standard TIF Plan language throughout the
2 Plan. Extending the estimated data of TIF
3 completion to 2024, a step that was not taken
4 when the Plan was first adopted. This allows
5 the Plan to maximize the full 23 year life of
6 the TIF. Also included in this modification
7 was language that wanted the City to access
8 the 24th year increment. The modifications
9 to the development program were also
10 included. And the project budget was also
11 revised with updated information.

12 The amendment plan went through
13 the public hearing process and was prepared
14 for adoption in 2003 but a mailing error
15 occurred and the plan was not amended, the
16 plan was not adopted.

17 The developer of that process
18 sold his interest to another developer who in
19 turn modified the program and modified their
20 program and today we present to you the 2003
21 amendments in addition to the modification
22 of the development program in the newest

1 current development.

2 Just for your information the
3 changes that require an amendment, that
4 require a full public hearing include adding
5 additional parcels which has not happened.
6 Substantially affecting the general land
7 uses, which has not happened. Substantially
8 changing the nature or extending the life of
9 the redevelopment project. And one of the
10 changes that we're doing is to extend the
11 full life of the TIF to 24, so that is one of
12 the items. Increasing the number of
13 displaced households, that has not occurred.
14 And increasing the project budget by one in
15 -- and the budget hasn't increased since the
16 1997 preparation.

17 Just for, you have seen this
18 project before, but this is an overview. The
19 project area is 57.8 acres in size. It is
20 the former site of the Chicago Bridge and
21 Iron Works, primarily. It is bounded by
22 103rd Street on the north, 107th Street on

1 the south, I-567 on the east and Vincennes
2 Avenue on the west. There is 52 tax parcels
3 in the budget area and it's eligibility that
4 was adopted in 2001 is based on it being
5 found to be a vacant blighted area and an
6 improved blighted area.

7 A summary of the amended
8 redevelopment plan that we present to you
9 before. No changes to the land use plan.
10 The land use plan called for a primarily
11 residential blended commercial development.
12 Public area where the Metra train station is
13 and compatible open space and community
14 facilities as well.

15 The proposed development, as you
16 see in this board on your right, included 233
17 housing units which include condos,
18 townhomes and single family detached homes.
19 the estimated redevelopment project costs,
20 the budget for the project is 14,150,000.

21 This includes an administration
22 analysis and professional fees, property --

1 site prep and environmental remediation,
2 public works and improvements, developer
3 interest subsidies, taxing districts,
4 capital costs, developer or daycare services
5 and welfare work with job training.

6 The certified 2000 EAV, the base
7 EAV, is listed at \$1,268,074. After
8 completion of the redevelopment project
9 identified in the plan the anticipated EAV in
10 year 2024 is estimated at \$34 million.

11 The new, the updated development
12 program identifies 233 units and it's
13 estimated that the impact to the schools will
14 be slightly different, slightly lower than
15 they had previously been impacted. So it's
16 estimated that 100 new elementary students
17 may be generated by development of the
18 project area and 32 high school students will
19 be generated from the project area. CPS has
20 identified or has indicated that the
21 existing schools in the project area would be
22 able to accommodate that many children.

1 And lastly, a housing impact was
2 not recovered because the plan includes less
3 than, fewer than ten inhabited housing
4 units. So no housing impact was done in the
5 past and is not needed at the present time.

6 That concludes the summary of the
7 redevelopment plan. I'm happy to answer any
8 questions if you have some.

9 MR. REESE: One quick one. The
10 developer is building park --

11 MS. MORONEY: Yes. It will be a two
12 acre park.

13 MR. REESE: Okay. Any further
14 questions? Seeing there are no further
15 questions I will entertain a motion that this
16 Joint Review Board finds the proposed
17 amended 105th and Vincennes Tax Increment
18 Financing Redevelopment Project Area, the
19 area plan satisfies the redevelopment plan
20 requirements under the TIF Act, the
21 eligibility criteria defined in Section 11-
22 74.4-3 of the TIF Act and the objectives of

1 the TIF Act. And that based on such findings
2 approve such an amended project.

3 MR. McCORMICK: So moved.

4 MR. REESE: Second?

5 MS. MAREK: Second.

6 MR. REESE: All in favor?

7 COMMISSION IN CHORUS: Aye.

8 MR. REESE: Let the record reflect
9 that the Joint Review Board's approval of the
10 amended 105th and Vincennes Redevelopment
11 Plan under the TIF Act. I will consider a
12 motion for adjournment.

13 MR. McCORMICK: So moved.

14 MS. MAREK: Second.

15 MR. REESE: Thank you very much.

16 (Whereupon, the meeting
17 adjourned at 10:46 a.m.)

18

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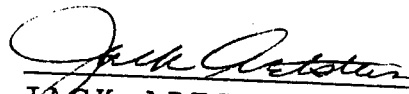
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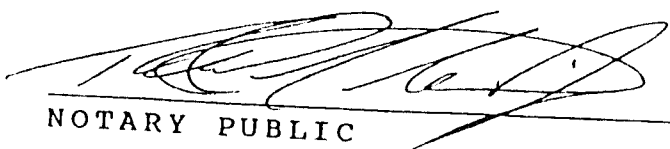
STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

I, JACK ARTSTEIN depose and say that I am a verbatim reporter doing business in the County of Cook and City of Chicago; that I caused to be transcribed the proceedings heretofore identified and that the foregoing is a true and correct transcript of the aforesaid hearing.

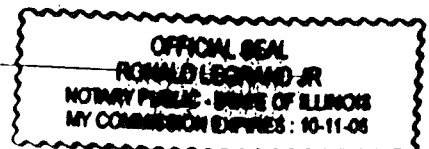


JACK ARTSTEIN

SUBSCRIBED AND SWORN TO
BEFORE ME THIS 3rd DAY OF
February, A.D. 2006.



NOTARY PUBLIC



**105th/Vincennes Redevelopment Project Area
2006 Annual Report**

**(8) DOCUMENTS RELATING TO OBLIGATIONS ISSUED BY THE
MUNICIPALITY - 65 ILCS 5/11-74.4-5(d)(8)(A)**

During 2006, there were no obligations issued for the Project Area.

**105th/Vincennes Redevelopment Project Area
2006 Annual Report**

(9) ANALYSIS OF DEBT SERVICE - 65 ILCS 5/11-74.4-5(d)(8)(B)

During 2006, there were no obligations issued for the Project Area.

**105th/Vincennes Redevelopment Project Area
2006 Annual Report**

(10) CERTIFIED AUDIT REPORTS - 65 ILCS 5/11-74.4-5(d)(9)

Please see attached.



BANSLEY AND KIENER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

ESTABLISHED 1922

O'HARE PLAZA 8745 WEST HIGGINS ROAD SUITE 200 CHICAGO, ILLINOIS 60631 312.263.2700 FAX 312.263.6935 WWW.BK-CPA.COM

INDEPENDENT AUDITOR'S REPORT

The Honorable Richard M. Daley, Mayor
Members of the City Council
City of Chicago, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statement of net assets and governmental fund balance sheet of 105th/Vincennes Redevelopment Project of the City of Chicago, Illinois as of December 31, 2006, and the related statement of activities and governmental fund revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated May 18, 2007.

In connection with our audit, nothing came to our attention that caused us to believe that the Project failed to comply with the regulatory provisions in Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act and Subsection (o) of Section 11-74.6-10 of the Illinois Industrial Jobs Recovery Law as they relate to the eligibility for costs incurred incidental to the implementation of the 105th/Vincennes Redevelopment Project of the City of Chicago, Illinois.

This report is intended for the information of the City of Chicago's management. However, this report is a matter of public record, and its distribution is not limited.

Bansley and Kiener, L.L.P.

Certified Public Accountants

May 18, 2007

105th/Vincennes Redevelopment Project Area 2006 Annual Report

(11) GENERAL DESCRIPTION AND MAP

The 105th/Vincennes Redevelopment Project Area is generally bounded on the north by 104th Street; on the east by the I-57 Expressway right-of-way; on the south by 107th Street; and on the west by Vincennes Avenue, including the small triangular block bordered by Charles Street and 104th Street. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal description in the Redevelopment Plan.

