2005 Annual Report

West Ridge-Peterson Avenue Redevelopment Project Area

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

JUNE 30, 2006
June 30, 2006

Ms. Lori T. Healey
Commissioner
Department of Planning and Development
121 North LaSalle Street
Chicago, Illinois 60602

Dear Commissioner:

Enclosed is the annual report for the West Ridge-Peterson Avenue 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 5/11-74.4-1 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

Ernst & Young LLP
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**ANNUAL REPORT – WEST RIDGE-PETERTSON AVENUE REDEVELOPMENT PROJECT AREA IN COMPLIANCE WITH SECTION (d) OF 65 ILCS 5/11-74.4-5.**

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June 30, 2006

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 West Ridge-Peterson Avenue Redevelopment Project Area (Report) pursuant to 65 ILCS 5/11-74.4-5(d).

Sincerely,

Lori T. Healey
Commissioner
(1) DATE OF DESIGNATION OR TERMINATION - 65 ILCS 5/11-74.4-5(d)(1.5)

The Project Area was designated on October 27, 1986. The Project Area may be terminated no later than October 27, 2009.
(2) AUDITED FINANCIALS - 65 ILCS 5/11-74.4-5(d)(2)

Please see attached.
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<td></td>
</tr>
</tbody>
</table>
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 West Ridge-Peterson Avenue Redevelopment Project of the City of Chicago, Illinois, as of and for the year ended December 31, 2005, 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 West Ridge-Peterson Avenue 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, 2005, 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 West Ridge-Peterson Avenue Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2005, 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 West Ridge-Peterson Avenue 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.

Pensley and Kienar, L.L.A.
Certified Public Accountants

May 11, 2006
CITY OF CHICAGO, ILLINOIS
WEST RIDGE-PETERSON AVENUE REDEVELOPMENT PROJECT

MANAGEMENT’S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of the West Ridge-Peterson Avenue 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, 2005. 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

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>$3,092,412</td>
<td>$2,810,665</td>
<td>$281,747</td>
<td>10%</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>7,507</td>
<td>7,114</td>
<td>393</td>
<td>6%</td>
</tr>
<tr>
<td>Total net assets</td>
<td>$3,084,905</td>
<td>$2,803,551</td>
<td>$281,354</td>
<td>10%</td>
</tr>
<tr>
<td>Total revenues</td>
<td>$ 294,698</td>
<td>$ 132,152</td>
<td>$162,546</td>
<td>123%</td>
</tr>
<tr>
<td>Total expenses</td>
<td>13,344</td>
<td>15,472</td>
<td>(2,128)</td>
<td>(14)%</td>
</tr>
<tr>
<td>Changes in net assets</td>
<td>281,354</td>
<td>116,680</td>
<td>164,674</td>
<td>141%</td>
</tr>
<tr>
<td>Ending net assets</td>
<td>$3,084,905</td>
<td>$2,803,551</td>
<td>$281,354</td>
<td>10%</td>
</tr>
</tbody>
</table>

### Analysis of Overall Financial Position and Results of Operations

Property tax revenue for the Project was $222,241 for the year. This was an increase of 179 percent over the prior year. The change in net assets produced an increase in net assets of $281,354. The Project’s net assets increased by 10 percent from the prior year making available $3,084,905 of funding to be provided for purposes of future redevelopment in the Project’s designated area. Revenues increased this year due to the Project's economic growth and accordingly increasing the total equalized assessed value of parcels and subsequent tax increment and related collections.
CITY OF CHICAGO, ILLINOIS
WEST RIDGE-PETERTON AVENUE REDEVELOPMENT PROJECT

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2005

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Governmental Fund</th>
<th>Adjustments</th>
<th>Statement of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments</td>
<td>$ 2,927,261</td>
<td>$ -</td>
<td>$2,927,261</td>
</tr>
<tr>
<td>Property taxes receivable</td>
<td>160,000</td>
<td>-</td>
<td>160,000</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>5,151</td>
<td>-</td>
<td>5,151</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$ 3,092,412</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$3,092,412</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Vouchers payable</td>
<td>$ 5,282</td>
<td>$ -</td>
<td>$ 5,282</td>
</tr>
<tr>
<td>Due to other City funds</td>
<td>2,225</td>
<td>-</td>
<td>2,225</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>160,000</td>
<td>(160,000)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>167,507</strong></td>
<td><strong>(160,000)</strong></td>
<td><strong>7,507</strong></td>
</tr>
</tbody>
</table>

FUND BALANCE/NET ASSETS

- Fund balance:
  Designated for future redevelopment project costs: $2,924,905 (2,924,905) -
  **Total liabilities and fund balance**: $3,092,412

- Net assets:
  Restricted for future redevelopment project costs: 3,084,905 3,084,905
  **Total net assets**: $3,084,905 $3,084,905

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

- Total fund balance - governmental fund: $2,924,905
- 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: 160,000
- Total net assets - governmental activities: $3,084,905

The accompanying notes are an integral part of the financial statements.
CITY OF CHICAGO, ILLINOIS
WEST RIDGE-PETERTON AVENUE REDEVELOPMENT PROJECT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>Governmental Fund</th>
<th>Adjustments</th>
<th>Statement of Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property tax</td>
<td>$ 162,241</td>
<td>$ 60,000</td>
<td>$ 222,241</td>
</tr>
<tr>
<td>Interest</td>
<td>72,457</td>
<td>-</td>
<td>72,457</td>
</tr>
<tr>
<td>Total revenues</td>
<td>234,698</td>
<td>60,000</td>
<td>294,698</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures/expenses:</th>
<th>Governmental Fund</th>
<th>Adjustments</th>
<th>Statement of Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic development projects</td>
<td>13,344</td>
<td>-</td>
<td>13,344</td>
</tr>
</tbody>
</table>

Excess of revenues over expenditures
221,354 - 221,354 = -

Change in net assets
- 281,354 = 281,354

Fund balance/net assets:
Beginning of year
2,703,551 + 100,000 = 2,803,551

End of year
$ 2,924,905 + $ 160,000 = $ 3,084,905

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

Net change in fund balance - governmental fund
$ 221,354

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.
60,000

Change in net assets - governmental activities
$ 281,354

The accompanying notes are an integral part of the financial statements.
CITY OF CHICAGO, ILLINOIS
WEST RIDGE-PETE RSON AVENUE REDEVELOPMENT PROJECT
NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) Reporting Entity

In October 1986, the City of Chicago (City) established the West Ridge-Peterson Avenue 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.
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. Reimbursements are made solely from incremental real property taxes and incremental state and local sales taxes which are paid in the redevelopment district.
SUPPLEMENTARY INFORMATION
<table>
<thead>
<tr>
<th>Code Description</th>
<th>$13,344</th>
</tr>
</thead>
<tbody>
<tr>
<td>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</td>
<td></td>
</tr>
</tbody>
</table>
(3) MAYOR'S CERTIFICATION - 65 ILCS 5/11-74.4-5(d)(3)

Please see attached.
STATE OF ILLINOIS)  
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

Gwendolyn Clemons, Director  
Cook County Department of Planning & Development  
69 West Washington Street, Room 2900  
Chicago, Illinois  60602

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

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

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

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

Wallace Young  
South Cook County Mosquito Abatement District  
155th & Dixie Highway  
P.O. Box 1030  
Harvey, Illinois  60426  
Attn: Dr. Khian K. Liem

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 West Ridge -- Peterson Avenue 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, 2005, 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 30th day of June, 2006.

Richard M. Daley, Mayor
City of Chicago, Illinois
(4) OPINION OF LEGAL COUNSEL - 65 ILCS 5/11-74.4-5(d)(4)

Please see attached.
June 30, 2006

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

Gwendolyn Clemons, 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

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

Wallace Young
South Cook County Mosquito Abatement District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426
Attn: Dr. Khian K. Liem

Re: West Ridge -- Peterson Avenue
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.
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)

(X) No Exceptions

( ) Note the following Exceptions:
## (5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5)

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property tax</td>
<td>$162,241</td>
</tr>
<tr>
<td>Sales tax</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>72,457</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>$234,698</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs of studies, admin., and professional services. (q)(1)</td>
<td>13,344</td>
</tr>
<tr>
<td>Marketing costs. (q)(1.6)</td>
<td>-</td>
</tr>
<tr>
<td>Property assembly, demolition, site preparation and environmental site improvement costs. (q)(2)</td>
<td>-</td>
</tr>
<tr>
<td>Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings. (q)(3)</td>
<td>-</td>
</tr>
<tr>
<td>Costs of construction of public works and improvements. (q)(4)</td>
<td>-</td>
</tr>
<tr>
<td>Cost of job training and retraining. (q)(5)</td>
<td>-</td>
</tr>
<tr>
<td>Financing costs. (q)(6)</td>
<td>-</td>
</tr>
<tr>
<td>Approved capital costs of overlapping taxing districts. (q)(7)</td>
<td>-</td>
</tr>
<tr>
<td>Cost of reimbursing school district for their increase costs caused by TIF assisted housing projects (q)(7.5)</td>
<td>-</td>
</tr>
<tr>
<td>Relocation costs. (q)(8)</td>
<td>-</td>
</tr>
<tr>
<td>Payments in lieu of taxes. (q)(9)</td>
<td>-</td>
</tr>
<tr>
<td>Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. (q)(10)</td>
<td>-</td>
</tr>
<tr>
<td>Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. (q)(11)(A-E)</td>
<td>-</td>
</tr>
<tr>
<td>Costs of construction of new housing units for low income and very low income households. (q)(11)(F)</td>
<td>-</td>
</tr>
<tr>
<td>Cost of day care services and operational costs of day care centers. (q)(11.5)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>13,344</td>
</tr>
</tbody>
</table>

| Revenues over expenditures                    | 221,354 |
| Fund balance, beginning of year               | 2,703,551 |
| Fund balance, end of year                     | **$2,924,905** |

<table>
<thead>
<tr>
<th>Fund balance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserved for debt service</td>
<td>-</td>
</tr>
<tr>
<td>Reserved for encumbrances</td>
<td>-</td>
</tr>
<tr>
<td>Designated for future redevelopment project costs</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total fund balance</strong></td>
<td><strong>$2,924,905</strong></td>
</tr>
</tbody>
</table>
(5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND - 65 ILCS 5/11-74.4-5(d)(5)
cont.

Below is listed all vendors, including other municipal funds, that were paid in excess of $5,000 during the current reporting year.

<table>
<thead>
<tr>
<th>Name</th>
<th>Service</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Louik Schneider &amp; Associates</td>
<td>Professional Service</td>
<td>$6,277</td>
</tr>
</tbody>
</table>
(6) DESCRIPTION OF PROPERTY - 65 ILCS 5/11-74.4-5(d)(6)

During 2005, the City did not purchase any property in the Project Area.
(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 12/31/05, and of such investments expected to be undertaken in year 2006; also, a project-by-project ratio of private investment to public investment from 11/1/99 to 12/31/05, 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 THE FOLLOWING PAGES.
(7)(A) - 65 ILCS 5/11-74.4-5(d)(7)(A)

During 2005, no projects were implemented.

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

Redevelopment activities undertaken within this Project Area during the year 2005, 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)

During 2005, no agreements were entered into with regard to the disposition or redevelopment of any property within the Project Area.
West Ridge-Peterson Avenue Redevelopment Project Area
2005 Annual Report

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

The Project Area has received $3,120,764 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 2005, 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.

(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 *

<table>
<thead>
<tr>
<th>Projects Estimated To Be Undertaken During 2006</th>
<th>Private Investment Undertaken</th>
<th>Public Investment Undertaken</th>
<th>Ratio of Private/Public Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project 1: Target</td>
<td>$35,848,695</td>
<td>$4,600,000</td>
<td>7.8 : 1</td>
</tr>
<tr>
<td>Total:</td>
<td>$35,848,695</td>
<td>$4,600,000</td>
<td>n/a</td>
</tr>
</tbody>
</table>

* 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.
CITY OF CHICAGO
JOINT REVIEW BOARD

Report of proceedings of a hearing
before the City of Chicago, Joint Review
Board held on January 7, 2005, at 10:04 a.m.
City Hall, Room 1003, Conference Room,
Chicago, Illinois, and presided over by
Mr. John McCormick.

PRESENT:

MR. JOHN McCORMICK
MR. MARK THOMAS
MS. SUSAN MARTEK
MS. KAY KOSMAL

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

ACCURATE REPORTING SERVICE (312) 263-0052
MR. MCCORMICK: Let's get an introduction of the members.

MS. KOSMAL: Kay Kosmal representing Cook County.

MS. MARTECK: Susan Marteck Chicago Board of Education.

MR. MCCORMICK: John McCormick the City of Chicago.

For the record my name is John McCormick. I'm the representative of the City of Chicago which under Section 11-74.4-5 of the Tax Increment Allocation Redevelopment Act is one of statutorily designated members of the Joint Review Board.

Upon election of a chairperson I will moderate the Joint Review Board meetings.

For the record there will be a meeting of the Joint Review Board to review the proposed amendment No. 1 to West Ridge/Peterson Tax Increment Financing District.

The date of this meeting was
announced and set by the Committee of
Development Commission of the City of
Chicago at its meeting of December 14th,
2004.

Notice of this meeting of the
Joint Review Board was also provided by
certified mail to each taxing district
represented on the Board which includes the
Chicago Board of Education, the Chicago
Community Colleges District 508, the Chicago
Park District, Cook County and the City of
Chicago and the Public Member.

Public notice of this meeting was
posted as of Wednesday, January 5th, 2005 at
various locations throughout City Hall.

Our first order of business is to
select the chairperson for this Joint Review
Board.

Are there any nominations?

MS. MARTEK: I’ll nominate John
McCormick.

MR. MCCORMICK: Is there a second for
the nomination?

MS. KOSMAL: I’ll second the
nomination.

MR. McCORMICK: Are there any other nominees?

Let the record reflect that there were no other nominations.

All in favor of this nomination please vote by saying aye.

(Chorus of ayes.)

MR. McCORMICK: All opposed please vote by saying no.

(No response.)

MR. McCORMICK: Let the record reflect that John McCormick has been elected as Chairperson and will now serve as the Chairperson for the remainder of the meeting.

As I mentioned at this meeting we will be reviewing a plan for Amendment No. 1 of the West Ridge/Peterson Tax Increment Financing District proposed by the City of Chicago.

The staff of the City's planning and development and law and other departments have reviewed this plan.
amendment which was introduced to the City's Community Development Commission on December 14th, 2004.

We will listen to a presentation by the consultant on the plan. Following the presentation we can address any questions that members might have for the consultant or City staff.

An amendment to the TIF Act requires us to base our recommendation to approve or disapprove Amendment No. 1 to the West Ridge/Peterson Tax Increment Financing District on the basis of the area and the plan satisfying the plan requirements, the eligibility criteria defined in the TIF Act and objectives of the TIF Act.

If the Board approves the plan amendment the Board will then issue an advisory non binding recommendation by the vote of the majority of those members present and voting.

Such recommendations shall be submitted to the City within thirty (30) days after the Board meeting.
Failure to submit such
recommendation shall be deemed to constitute
approval by the Board.

If the Board disapproves the plan
amendment the Board must issue a written
report describing why the plan and area
failed to meet one or more objectives of the
TIF Act and both the plan requirements and
eligibility criteria of the TIF Act.

The City will then have thirty
(30) days to resubmit or revise plan. The
Board and City must also confer during this
time to try to resolve the issues that led to
the Board’s disapproval.

If such issues cannot be resolved
or if the revised plan is disapproved the
City may proceed with the plan but the plan
may be approved only with a three fifths vote
of the City Council excluding positions of
members that are vacant and those members
that are ineligible to vote because of
conflicts of interest.

Okay. We’d like the, the
presentation will now be made by

ACCURATE REPORTING SERVICE (312) 263-0052
Louik/Schneider & Associates who are the consultant on the West Ridge/Peterson Amendment No. 1.

MS. RUFFOLO: Hi, my name is Tricia Marino Ruffolo and I'm here on behalf of Louik/Schneider & Associates to present the eligibility findings and plan for the West Ridge/Peterson Amendment No. 1 TIF.

As you can see in the map behind me the area is outlined. Puget Avenue on the south, Norridge on the north, just shy of Damon Avenue and Hamilton on the east.

The original report was adopted by three ordinances on October 27th of 1986.

The purpose for this amendment is to add language to the original plan in light of the recent amendments to the TIF legislation. To add portability language to the original plan consistent with Section 511-754.1 of the Act, to add additional redevelopment costs to the itemized list of the redevelopment project costs. And to increase the total amount of estimated redevelopment project costs.
The, we can, there was actually no eligibility study done for this amendment because the previous eligibility study held.

So I don't, if you want me, I can read through the findings of the previous eligibility study if you find it necessary.

Otherwise it is the purpose of this meeting is generally to, you know, present the eligibility findings, I can just summarize.

They found eight of the eligibility factors to be present within the area. Age, dilapidation, obsolescence, deterioration, presence of structures below minimum code, inadequate utilities, deleterious land use -- depreciation of physical maintenance.

Those are the eligibility findings just in terms of the plan just to kind of summarize the key things. There is no land use change. It was commercial at the time. It is going to be commercial. It will be commercial.

The site is now unoccupied. It
was, it's vacant. It's approved but vacant. And the plans are still the same to, you know, redevelop an under utilized parcels of property.

MS. KOSMAL: So nothing has happened in some --

MS. RUFFOLO: Something happened since it started. It was improved and the, the buildings were added. And it was developed and it was opened as I believe two retail uses.

The most recent was K-Mart.

MS. KOSMAL: Okay.

MS. RUFFOLO: But I believe there was also one before that.

MS. KOSMAL: Yes, okay.

MS. RUFFOLO: And so now K-Mart is gone, the stores are vacant. It's sitting empty again and they're looking to reuse it for another retail development.

MR. MCCORMICK: Now --

MS. RUFFOLO: No, the boundaries stay exactly the same.

MR. MCCORMICK: They stay the same.
MS. RUFFOLO: Nothing --

MS. KOSMAL: The budget did change.

MS. RUFFOLO: The budget did change substantially. Obviously it was in '86 so the, yeah, there is, it went from three million to, now we got a budget proposed of 8.5 million.

So it will be a great source of, of sales taxes and real estate taxes which the City has been missing.

Any questions? No.

MR. McCORMICK: Based on the presentation, you know, does any members of the Joint Review Board have any questions?

MS. KOSMAL: No other questions.

MR. McCORMICK: Okay. If there are no further questions I will entertain a motion that this Joint Review Board finds that the proposed Amendment No. 1 to the West Ridge/Peterson Tax Increment Financing Redevelopment project area satisfies the redevelopment plan requirements under the TIF Act, the eligibility criteria defined in Section 11-744-3 of the TIF Act and the

ACCURATE REPORTING SERVICE  (312) 263-0052
objectives of the TIF Act and that based on such findings approve such plan under the TIF Act.

Is there a motion?

MS. MARTEK: So moved.

MR. MCCORMICK: Is there a second to the motion?

MS. KOSMAL: Second the motion.

MR. MCCORMICK: If there is any further, is there any further discussion.

If not all in favor vote by, please vote by saying aye.

(Chorus of ayes.)

All opposed.

(No response.)

MR. MCCORMICK: Let the record reflect the Joint Review Board's approval on the proposed Amendment No. 1 to the West Ridge/Peterson Tax Increment Financing Redevelopment project area under this Act.

Do we have a moment to adjourn?

MS. KOSMAL: So moved.

MS. MARTEK: Second.

MR. MCCORMICK: That's it. Thank you
all very much.

MS. RUFFOLO: Very good, thank you.

(Whereupon the meeting adjourned at 10:15 a.m.)
STATE OF ILLINOIS )
) SS.
COUNTY OF COOK )

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
JACK ARTSTEIN

SUBSCRIBED AND SWORN TO
BEFORE ME THIS 13th DAY OF


NOTARY PUBLIC

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

During 2005, there were no obligations issued for the Project Area.
ANALYSIS OF DEBT SERVICE - 65 ILCS 5/11-74.4-5(d)(8)(B)

During 2005, there were no obligations issued for the Project Area.
(10) **CERTIFIED AUDIT REPORTS - 65 ILCS 5/11-74.4-5(d)(9)**

Please see attached.
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 West Ridge-Peterson Avenue Redevelopment Project of the City of Chicago, Illinois as of December 31, 2005, 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 11, 2006.

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 West Ridge-Peterson Avenue 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 11, 2006
(11) GENERAL DESCRIPTION AND MAP

The West Ridge-Peterson Avenue Redevelopment Project Area is generally bounded by West Norwood Avenue on the north, the north-south alley east of Seeley Avenue on the east, West Peterson Avenue on the south, and North Hamilton Avenue (extended) on the west. 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.