
~~1999~~ Annual Report
2000

**Read-Dunning
Redevelopment Project Area**



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

~~JUNE 30, 2000~~ 2001

June 30, 2001

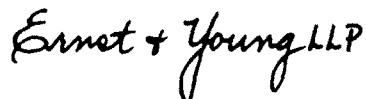
Ms. Alicia Mazur Berg
Commissioner
Department of Planning and Development
121 N. LaSalle St.
Chicago, Illinois 60602

Dear Commissioner:

Enclosed is the annual report for the Read-Dunning 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

Read-Dunning Redevelopment Project Area 2000 Annual Report

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ANNUAL REPORT – READ-DUNNING REDEVELOPMENT PROJECT AREA IN COMPLIANCE WITH SECTION (d) OF 65 ILCS 5/11-74.4-5.

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City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Alicia Mazur Berg
Commissioner

21 North LaSalle Street
Chicago, Illinois 60602

(312) 744-4190

(312) 744-2271 (FAX)

<http://www.cityofchicago.org>

June 30, 2001

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 Read-Dunning Redevelopment Project Area (Report) pursuant to 65 ILCS 5/11-74.4-5(d).

Sincerely,

A handwritten signature in black ink that reads "Alicia Mazur Berg".

Alicia Mazur Berg
Commissioner

NEIGHBORHOODS



Read-Dunning Redevelopment Project Area 2000 Annual Report

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

The Project Area was designated on January 11, 1991. The Project Area may be terminated no later than January 11, 2014.

The following is said ordinance as passed:

WHEREAS, Under ordinances adopted on January 11, 1991 and published in the Journal of the Proceedings of the City Council for such date (the "Journal of Proceedings") at pages 28768 to 28828, and under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4.1, et seq., as amended (the "Act"), the City Council (the "Corporate Authorities") of the City of Chicago (the "City"): (i) approved a redevelopment plan and project (the "Redevelopment Plan") for a portion of the City known as the "Read/Dunning Redevelopment Project Area" (the "Redevelopment Project Area") (such ordinance being defined herein as the "Plan Ordinance"); (ii) designated the Redevelopment Project Area as a "redevelopment project area" within the requirements of the Act (the "Designation

Ordinance”) and, (iii) adopted tax increment financing for the Redevelopment Project Area (the “T.I.F. Adoption Ordinance”) (the Plan Ordinance, the Designation Ordinance and the T.I.F. Adoption Ordinance are collectively referred to in this ordinance as the “T.I.F. Ordinances”); and

WHEREAS, The Corporate Authorities have determined that an amendment to the Redevelopment Plan is necessary to incorporate the “portability” language included in Section 11-74.4-4(q) of the Act and in the Illinois Industrial Jobs Recovery Law, 65 ILCS 5/11-74.6-15(s) (1998 State Bar Edition), as amended, to permit the City to transfer a certain amount of tax increment revenues to and from the Redevelopment Project Area and other redevelopment areas contiguous to or separated only by a public right-of-way from the Redevelopment Project Area, and vice versa; and

WHEREAS, Under Section 11-74.4-5(c) of the Act, certain amendments may be made to a redevelopment plan without further hearing, provided that notice is given as set forth in the Act, including: (i) an amendment which does not substantially change the nature of a redevelopment plan approved by a municipality; and, (ii) an increase in the total estimated redevelopment project costs stated in a redevelopment plan by not more than five percent (5%) after adjustment for inflation from the date of adoption of a redevelopment plan; and

WHEREAS, The Corporate Authorities find that allowing for the portability of not to exceed ten percent (10%) of the Estimated Project Costs set forth in Section V.D. of the Redevelopment Plan, as such Estimated Project Costs are increased by five percent (5%) after adjustment for inflation from the date of adoption of the Redevelopment Plan, does not constitute a substantial change in the nature of the Redevelopment Plan; and

WHEREAS, The Redevelopment Plan established the estimated dates of completion of the redevelopment project described in the Redevelopment Plan and of the retirement of obligations issued to finance redevelopment project costs to be January 11, 2014, which date is not more than twenty-three (23) years from the date of the adoption of the Designation Ordinance, and the Corporate Authorities made a finding in the Plan Ordinance that such dates were not more than twenty-three (23) years from the date of the adoption of the Designation Ordinance in accordance with the provisions of Section 11-74.4-3(n)(3) of the Act in effect on the date of adoption of the T.I.F. Ordinances; and

WHEREAS, Public Act 91-478 (the “Amendatory Act”), which became effective November 1, 1999, amended the Act, among other things, to: (i) change the dates set forth in Section 11-74.4-3(n)(3) of the Act by which redevelopment projects must be completed and obligations issued to finance redevelopment project costs must be retired to be no later than December 31 of the year in which the payment to a

municipal treasurer as provided in Section 11-74.4-8(b) of the Act is to be made with respect to ad valorem taxes levied in the twenty-third (23rd) calendar year after the year in which the ordinance approving a redevelopment project area is adopted; and (ii) provide that a municipality may amend an existing redevelopment plan to conform such redevelopment plan to Section 11-74.4-3(n)(3) of the Act, as amended by the Amendatory Act, by an ordinance adopted without further hearing or notice and without complying with the procedures provided in the Act pertaining to an amendment to or the initial approval of a redevelopment plan and project and designation of a redevelopment project area; and

WHEREAS, The Corporate Authorities desire to amend the Redevelopment Plan to conform the Redevelopment Plan to Section 11-74.4-3(n)(3) of the Act, as amended by the Amendatory Act, in accordance with the procedures set forth in amended Section 11-74.4-3(n)(3); now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Recitals. The above recitals are incorporated herein and made a part hereof.

SECTION 2. Approval Of Amendment To Redevelopment Plan. The "Revision Number 1 to the Read/Dunning Tax Increment Financing Redevelopment Plan and Project", a copy of which is attached hereto as Exhibit A (the "Plan Amendment Number 1"), is hereby approved. Except as amended hereby, the Redevelopment Plan shall remain in full force and effect.

SECTION 3. Finding. The Corporate Authorities hereby find that the estimated dates of completion of the redevelopment project described in the Redevelopment Plan and of the retirement of obligations issued to finance redevelopment project costs set forth in the Redevelopment Plan, as amended by the Plan Amendment, conform to the provisions of Section 11-74.4-3(n)(3) of the Act, as amended by the Amendatory Act.

SECTION 4. Invalidity Of Any Section. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this ordinance.

SECTION 5. Superseder. All ordinances (including, without limitation, the T.I.F. Ordinances), resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflicts.

SECTION 6. Effective Date. This ordinance shall be in full force and effect immediately upon its passage.

Exhibit "A" referred to in this ordinance reads as follows:

Exhibit "A".

City Of Chicago

Read/Dunning Tax Increment

Redevelopment Area

Redevelopment Plan And Project

Revision Number 1.

[Note: Alphabetical order of section designations reflects original document.]

E. Sources of Funds to Pay Redevelopment Project Costs Eligible Under Illinois T.I.F. Statute.

Funds necessary to pay for public improvements and other project costs eligible under the T.I.F. statute are to be derived principally from property tax increment revenues, proceeds from municipal obligations to be retired primarily with tax increment revenues and interest earned on resources available but not immediately needed for the Redevelopment Plan and Project.

"Redevelopment Project Costs" specifically contemplate those eligible public costs set forth in the Illinois statute and do not contemplate the preponderance of the costs to redevelop the area. The majority of development costs will be *privately* financed, and T.I.F. or other public sources are to be used only to leverage and commit private redevelopment activity.

The tax increment revenues which will be used to pay debt service on the tax increment obligations, if any, and to directly pay redevelopment project costs shall be the incremental increase in property taxes attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the R.P.A. over and above the initial equalized assessed value of each such lot, block, tract or parcel in the R.P.A. in the 1989 tax year.

Among the other sources of funds which may be used to pay for redevelopment project costs and debt service on municipal obligations issued to finance project costs are the following: special service area taxes, the proceeds of property sales, property taxes, certain land lease payments, certain Motor Fuel Tax revenues, certain state and federal grants or loans, certain investment income and such other sources of funds and revenues as the City may from time to time deem appropriate.

If the Redevelopment Project Area is contiguous to, or separated only by a public right-of-way from, one (1) or more redevelopment project areas created under the Act, the City may utilize revenues received under the Act from the Redevelopment Project Area in an amount not to exceed ten percent (10%) of the Estimated Project Costs set forth in Section V, Part D, as such Estimated Project Costs are increased by five percent (5%) after adjustment for inflation from the date the Redevelopment Plan was adopted, to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas or other redevelopment project areas separated only by a public right-of-way, and vice versa. In addition, if the Redevelopment Project Area is contiguous to, or separated only by a public right-of-way from, one or more redevelopment project areas created under the Industrial Jobs Recovery Law (the "Law"), 65 ILCS 5/11-74.6-1, et seq. (1996 State Bar Edition), as amended (an "IJRB Project Area"), the City may utilize revenues received from such IJRB Project Area(s) in an amount not to exceed ten percent (10%) of the Estimated Project Costs set forth in Section V, Part D, as such Estimated Project Costs are increased by five percent (5%) after adjustment for inflation from the date the Redevelopment Plan was adopted, to pay eligible redevelopment project costs or obligations issued to pay such costs in the Redevelopment Project Area, and vice versa. Such revenues may be transferred outright from or loaned by the IJRB Project Area to the Redevelopment Project Area and vice versa. The amount of revenue from the Redevelopment Project Area made available to support any contiguous redevelopment project areas, or those redevelopment project areas separated only by a public right-of-way, when added to all amounts used to pay eligible redevelopment project costs within the Redevelopment Project Area, shall not at any time exceed the total Estimated Project Costs, as adjusted, described in this Redevelopment Plan. This paragraph is intended to give the City the benefit of the "portability" provisions set forth in the Act, 65 ILCS 5/11-74.4-4 (q), and the Law, 65 ILCS 5/11-74.6-15(s).

The Redevelopment Project Area would not reasonably be expected to be developed without the use of the incremental revenues provided by the Act.

F. Nature And Term Of Obligations To Be Issued.

The City may issue obligations secured by the tax increment special tax allocation fund established for the Redevelopment Project Area pursuant to the Act or such other funds as are available to the City by virtue of its power pursuant to the Illinois

State Constitution.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired no later than December 31 of the year in which the payment to the municipal treasurer as provided in Section 11-74.4-8(b) of the Act is to be levied in the twenty-third (23rd) calendar year after the year in which the ordinance approving the Original Project Area and Original Redevelopment Plan was adopted (such ultimate retirement date occurring on December 31, 2015). [Any and/or all obligations issued by the City pursuant to this Redevelopment Plan and Project and the Act shall be retired not more than twenty-three (23) years from the date of adoption of the ordinance approving the redevelopment Project Area.] However, the final maturity date of any obligations issued pursuant to the Act may not be later than twenty (20) years from their respective date of issuance. One (1) or more series of obligations may be issued from time to time in order to implement this Redevelopment Plan and Project. The total principal and interest payable in any year, or projected to be available in that year, from tax increment revenues and from bond sinking funds, capitalized interest, debt service reserve funds and all other sources of funds as may be provided by ordinance.

Those revenues not required for principal and interest payments, for required reserves, for bond sinking funds, for redevelopment project costs, for early retirement of outstanding securities, and to facilitate the economical issuance of additional bonds necessary to accomplish the Redevelopment Plan, may be declared surplus and shall then become available for distribution annually to taxing districts overlapping the R.P.A. in the manner provided by the Act.

Such securities may be issued on either a taxable or tax-exempt basis, with either fixed rate or floating interest rates; with or without capitalized interest; with or without deferred principal retirement; with or without interest rate limits except as limited by law; and with or without redemption provisions.

G. Most Recent Equalized Assessed Valuation (E.A.V.) Of Properties In The Redevelopment Project Area.

The most recent estimate of equalized assessed valuation (E.A.V.) of the property within the R.P.A. is approximately *Six Million Thirty-seven Thousand One Hundred Seventy-five Dollars (\$6,037,175)* which is the 1989 equalized assessed valuation. The Boundary Map, (Sub)Exhibit 3, shows the location of the R.P.A.

H. Anticipated Equalized Assessed Valuation.

Upon completion of the anticipated private development of the Redevelopment Project Area over a ten (10) year period, it is estimated that the equalized assessed valuation of the property within the Redevelopment Project Area will be approximately Forty-five Million Dollars (\$45,000,000). The estimate assumes a constant Cook County equalization factor (multiplier) of 1.9122 and 1990 dollars.

Relocation: The City may pay for certain relocation costs, conformant with City policies and regulations.

Interest Cost Coverage: The City may pay for certain interest costs incurred by a redeveloper for construction, renovation or rehabilitation of the redevelopment project. Such funding would be paid for out of annual tax increment revenue generated from the R.P.A. as allowed under the Act.

Professional Services: The City may use tax increment financing to pay necessary planning, legal, engineering, administrative and financing costs during project implementation.

B. Commitment To Fair Employment Practices And Affirmative Action.

As part of any Redevelopment Agreement entered into by the City and any private developers, both will agree to establish and implement an honorable, progressive, and goal-oriented affirmative action program that serves appropriate sectors of the City. The program will conform to the most recent City policies and plans.

With respect to the public/private development's internal operations, both entities will pursue employment practices which provide equal opportunity to all people regardless of sex, color, race or creed. Neither party will countenance discrimination against any employee or applicant because of sex, marital status, national origin, age or the presence of physical handicaps. These nondiscriminatory practices will apply to all areas of employment, including: hiring, upgrading and promotions, terminations, compensation, benefit programs and education opportunities.

All those involved with employment activities will be responsible for conformance to this policy and the compliance requirements of applicable state and federal regulations.

The City and private developers will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level. Additionally, any public/private entities will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which all employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals.

Finally, the entities will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner. Underlying this policy is the recognition by the entities that successful affirmative action programs are important to the continued growth and vitality of the community.

C. Completion Of Redevelopment Project And Retirement Of Obligations To Finance Redevelopment Costs.

The estimated date for completion of Redevelopment Projects is no later than December 31, 2015. [This Redevelopment Project will be completed on or before a date twenty-three (23) years from the adoption of an ordinance designating the Redevelopment Project Area.] The City expects that the Redevelopment Project will be completed sooner than the maximum time limit set by the Act, depending on the incremental property tax yield. Actual construction activities for both phases are anticipated to be completed within approximately seven (7) to ten (10) years.

[(Sub)Exhibit 3 referred to in this Read/Dunning Tax Increment
Redevelopment Area Redevelopment Plan and
Project Revision Number 1 unavailable
at time of printing.]

**Read-Dunning Redevelopment Project Area
2000 Annual Report**

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

Please see attached.

CITY OF CHICAGO, ILLINOIS
READ-DUNNING
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2000 AND 1999

CITY OF CHICAGO, ILLINOIS
READ-DUNNING REDEVELOPMENT PROJECT

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BANSLEY AND KIENER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

125 SOUTH WACKER DRIVE

CHICAGO, ILLINOIS 60606-4496

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 combined balance sheet of the Read-Dunning Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2000, and the related combined statements of revenues, expenditures and changes in fund balance - governmental funds for the years ended December 31, 2000 and 1999. These combined financial statements are the responsibility of the City of Chicago's management. Our responsibility is to express an opinion on these combined financial statements based on our audits. We previously audited and reported upon the balance sheet as of December 31, 1999, totals of which are included for comparative purposes only.

We conducted our audits 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Read-Dunning Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2000, and the results of its governmental funds operations and changes in fund balance for the years ended December 31, 2000 and 1999 in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The schedule of expenditures by statutory code on page 7, 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 combined financial statements of Read-Dunning Redevelopment Project of the City of Chicago, Illinois. Such additional information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the combined financial statements taken as a whole.

Bansley and Kiener, L.L.P.

Certified Public Accountants

May 11, 2001

CITY OF CHICAGO, ILLINOIS
READ-DUNNING REDEVELOPMENT PROJECT

COMBINED BALANCE SHEETS
DECEMBER 31, 2000
(With Comparative Totals for 1999)

<u>ASSETS</u>	<u>Governmental Funds</u>	<u>General Long-term Debt Account Group</u>	<u>Total 2000</u>	<u>Total 1999</u>
Cash and investments	\$ 7,030,232	\$ -	\$ 7,030,232	\$ 5,439,440
Property taxes receivable	2,700,000	-	2,700,000	1,826,503
Accrued interest receivable	63,458	-	63,458	49,452
Amount available for debt service	-	972,892	972,892	1,316,481
Amount to be provided for retirement of general long-term debt	-	5,677,108	5,677,108	5,498,519
Total assets	<u>\$ 9,793,690</u>	<u>\$ 6,650,000</u>	<u>\$ 16,443,690</u>	<u>\$ 14,130,395</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Vouchers payable	\$ 2,536	\$ -	\$ 2,536	\$ 563
Due to other City funds	46,960	-	46,960	42,364
Accrued interest payable	247,044	-	247,044	252,844
Deferred revenue	2,700,000	-	2,700,000	1,484,081
Bonds payable (Note 2)	165,000	6,650,000	6,815,000	6,975,000
Total liabilities	<u>3,161,540</u>	<u>6,650,000</u>	<u>9,811,540</u>	<u>8,754,852</u>
Fund balance				
Reserved for debt service	972,892	-	972,892	1,316,481
Designated for future redevelopment project costs	5,659,258	-	5,659,258	4,059,062
Total fund balance	<u>6,632,150</u>	<u>-</u>	<u>6,632,150</u>	<u>5,375,543</u>
Total liabilities and fund balance	<u>\$ 9,793,690</u>	<u>\$ 6,650,000</u>	<u>\$ 16,443,690</u>	<u>\$ 14,130,395</u>

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

CITY OF CHICAGO, ILLINOIS
READ-DUNNING REDEVELOPMENT PROJECT

COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEARS ENDED DECEMBER 31, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
Revenues		
Property tax	\$ 1,730,511	\$ 1,793,064
Interest	241,619	170,083
Total revenues	<u>1,972,130</u>	<u>1,963,147</u>
Expenditures		
Capital projects	56,435	78,695
Debt service		
Principal retirement	165,000	160,000
Interest	494,088	505,688
Total expenditures	<u>715,523</u>	<u>744,383</u>
Revenues over expenditures	1,256,607	1,218,764
Fund balance, beginning of year	<u>5,375,543</u>	<u>4,156,779</u>
Fund balance, end of year	<u><u>\$ 6,632,150</u></u>	<u><u>\$ 5,375,543</u></u>

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

CITY OF CHICAGO, ILLINOIS
READ-DUNNING REDEVELOPMENT PROJECT

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Description of Project

The Read-Dunning Tax Increment Redevelopment Project Area (Project) was established in January 1991. This area has been established to finance improvements, leverage private investment, create and retain jobs and to retire a portion of the General Obligation Tender Bonds, Series 1992B, in the principal amount of \$5,600,000. Reimbursements, if any, are made to the developer for project costs, as infrastructure improvements are completed and pass City Inspection. Various phases will include a combination of residential, industrial and commercial development.

Principal and interest on the bonds will be paid from incremental property taxes generated by the redevelopment district.

Basis of Accounting

The Project is accounted for within the capital project, debt service and special revenue funds of the City. The Bonds Payable are recorded in the City's General Long-term Debt Account Group. The report is presented herein on a combined basis.

The financial statements are prepared on the modified accrual basis of accounting and current financial resources measurement focus 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. Expenditures are recorded when the liability is incurred.

Fixed assets are not capitalized in the general operating funds but, instead, are charged as current expenditures when purchased. The General Fixed Asset Account Group of the City includes the capital assets, if any, of the Project.

Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

CITY OF CHICAGO, ILLINOIS
READ-DUNNING REDEVELOPMENT PROJECT
NOTES TO COMBINED FINANCIAL STATEMENTS
(Continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

Cash and Investments

The bond proceeds and incremental taxes associated with the Read-Dunning Tax Increment Financing District are deposited with the City Treasurer or in a separate trust account. Eligible project expenditures are approved by the Department of Planning and Development in accordance with the project budget and paid from the trust account. Eligible project expenditures may be paid from bond proceeds or incremental taxes in excess of next year's annual debt service, after fully funding of all other funds and accounts.

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.

Property Taxes

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.

CITY OF CHICAGO, ILLINOIS
READ-DUNNING REDEVELOPMENT PROJECT

NOTES TO COMBINED FINANCIAL STATEMENTS
(Continued)

Note 2 – Bonds Payable

In November 1996, the City issued \$7,035,000 of Read-Dunning Tax Increment Allocation Bonds payable serially through January 1, 2014, beginning January 1, 1999. The bonds have an interest rate of 7.25 percent. The aggregate maturities of the bonds (principal portion only) are as follows:

2001	\$ -
2002	240,000
2003	250,000
2004	255,000
2005	340,000
Thereafter	<u>5,565,000</u>
	<u>\$6,650,000</u>

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

<u>Code Description</u>	<u>2000</u>	<u>1999</u>
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	\$ 56,435	\$ 78,695
Costs of financing, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto	<u>659,088</u>	<u>665,688</u>
	<u>\$ 715,523</u>	<u>\$ 744,383</u>

**Read-Dunning Redevelopment Project Area
2000 Annual Report**

(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: Carol Reckamp, Director of Local
Government

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

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

Dean L. Viverito, Comptroller
Forest Preserve District of Cook County
536 North Harlem Avenue
River Forest, Illinois 60305

Michael Koldyke, Chairman
Chicago School Finance Authority
135 S. LaSalle Street, Suite 3800
Chicago, Illinois 60603

David Doig, General Superintendent & CEO
Chicago Park District
541 N. Fairbanks Court, 7th Floor
Chicago, Illinois 60611

Paul Vallas, Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603
Attn: Linda Wrightsell

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

Lawrence Gulotta, Treasurer
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426
Attn: Dr. K. Lime, Manager

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 ILCS/11-74.4-1 et seq., (the "Act") with regard to the Read-Dunning Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:

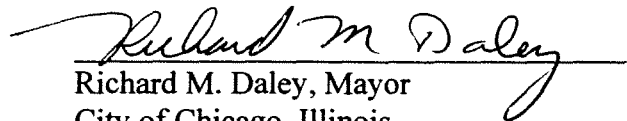
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2000, 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, 2001.


Richard M. Daley, Mayor
City of Chicago, Illinois

**Read-Dunning Redevelopment Project Area
2000 Annual Report**

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

Please see attached.



June 30, 2001

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) 744-6900
(312) 744-8538 (FAX)
(312) 744-2963 (TTY)

<http://www.ci.chi.il.us>

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

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

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

Dean L. Viverito, Comptroller
Forest Preserve District of Cook County
536 North Harlem Avenue
River Forest, Illinois 60305

Michael Koldyke, Chairman
Chicago School Finance Authority
135 S. LaSalle Street, Suite 3800
Chicago, Illinois 60603

David Doig, General Superintendent &
CEO
Chicago Park District
541 N. Fairbanks Court, 7th Floor
Chicago, Illinois 60611

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Lawrence Gulotta, Treasurer
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426
Attn: Dr. K. Lime, Manager

Re: Read-Dunning
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.

NEIGHBORHOODS



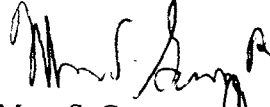
Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following 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:

Read-Dunning Redevelopment Project Area 2000 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, 2000	
	2000
Revenues	
Property tax	\$ 1,730,511
Sales tax	-
Interest	241,619
Total revenues	1,972,130
Expenditures	
Costs of studies, admin., and professional services. (q)(1)	56,435
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)	659,088
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)	-
low income households. (q)(11)(F)	-
Cost of day care services and operational costs of day care centers. (q)(11.5)	-
Total expenditures	715,523
Revenues over expenditures	1,256,607
Fund balance, beginning of year	5,375,543
Fund balance, end of year	\$ 6,632,150
Fund balance	
Reserved for debt service	\$ 972,892
Reserved for encumbrances	-
Designated for future redevelopment project costs	5,659,258
Total fund balance	<u>\$ 6,632,150</u>

Read-Dunning Redevelopment Project Area 2000 Annual Report

(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.

Name	Service	Amount
Ernst & Young LLP	Consultant	\$6,305
Cole Taylor Bank	Financial	\$659,088
Administrative Costs ¹	Admin.	\$46,960

¹ Costs relate directly to the salaries of Department of Planning employees working solely on tax increment financing districts and their related fringe benefits.

**Read-Dunning Redevelopment Project Area
2000 Annual Report**

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

During 2000, the City did not purchase any property in the Project Area.

Read-Dunning Redevelopment Project Area 2000 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 12/31/00, and of such investments expected to be undertaken in Year 2001; also, a project-by-project ratio of private investment to public investment from 11/1/99 to 12/31/00, 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.

Read-Dunning Redevelopment Project Area 2000 Annual Report

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

During 2000, no projects were implemented

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

Redevelopment activities undertaken within this Project Area during the year 2000, if any, have been made pursuant to i) the Redevelopment Plan for that Project Area, and ii) the one or more Redevelopment Agreements, if any, 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(d)(7)(C)

During 2000, no agreements were entered into with regard to the disposition or redevelopment of any property within the Project Area.

Read-Dunning Redevelopment Project Area 2000 Annual Report

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

The Project Area has received \$ 7,421,571 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(d)(7)(E)

During 2000, 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.

Read-Dunning Redevelopment Project Area 2000 Annual Report

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

During 2000, no reports were submitted to the City by the Joint Review Board.

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

During 2000, no public investment was undertaken in the Project Area. As of December 31, 2000, no public investment was estimated to be undertaken for 2001.

**Read-Dunning Redevelopment Project Area
2000 Annual Report**

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

During 2000, there were no obligations issued for this Project Area.

**Read-Dunning Redevelopment Project Area
2000 Annual Report**

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

During 2000, there were no obligations issued for the Project Area.

**Read-Dunning Redevelopment Project Area
2000 Annual Report**

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

Please see attached.

Bansley and Kiener, L. L. P.
Certified Public Accountants

Established 1922

BERNARD J. SULLIVAN, C.P.A.
RICHARD J. QUINN, C.P.A.
FRANK S. GADZALA, C.P.A.
PAUL A. MERKEL, C.P.A.
THOMAS A. TYLER, C.P.A.
JOHN W. SANEW III, C.P.A.
THOMAS A. CERWIN, C.P.A.
STEPHEN R. PANFIL, C.P.A.
MICHAEL D. HUELS, C.P.A.
ROBERT J. MARSCHALK, C.P.A.
THOMAS J. CAPLICE, C.P.A.
ROBERT J. HANNIGAN, C.P.A.
GERALD J. PATER, C.P.A.
VINCENT M. GUZALDO, C.P.A.
TIMOTHY J. QUINN, C.P.A.
MAUREEN B. SHANAHAN, C.P.A.

125 SOUTH WACKER DRIVE CHICAGO, ILLINOIS 60606-4496 312/263-2700 FAX: 312/263-6935

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 combined balance sheet of Read-Dunning Redevelopment Project of the City of Chicago, Illinois as of December 31, 2000, and the related combined statement of revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated May 11, 2001.

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 Read-Dunning 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, 2001

Read-Dunning Redevelopment Project Area 2000 Annual Report

(11) GENERAL DESCRIPTION AND MAP

The Read-Dunning Redevelopment Project Area is located on the City of Chicago's northwest side. The Project Area is generally bounded by North Harlem Avenue on the west, Forest Preserve Boulevard and West Montrose Avenue on the north, North Narragansett Avenue on the east, and West Irving Park Road on the south. 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.

