
2002 Annual Report

Western Avenue North Redevelopment Project Area



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

JUNE 30, 2003

June 30, 2003

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 Western Avenue North 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

Western Avenue North Redevelopment Project Area 2002 Annual Report

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City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Alicia Mazur Berg
Commissioner

121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-4190
(312) 744-2271 (FAX)

<http://www.cityofchicago.org>

June 30, 2003

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 Western Avenue North Redevelopment Project Area (Report) pursuant to 65 ILCS 5/11-74.4-5(d).

Sincerely,

Alicia Mazur Berg
Commissioner

NEIGHBORHOODS



Western Avenue North Redevelopment Project Area 2002 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 12, 2000. The Project Area may be terminated no later than January 12, 2023.

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

**Western Avenue North Redevelopment Project Area
2002 Annual Report**

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

Please see attached.

CITY OF CHICAGO, ILLINOIS
WESTERN AVENUE NORTH
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2002

CITY OF CHICAGO, ILLINOIS
WESTERN AVENUE NORTH 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 financial statements of the Western Avenue North Redevelopment Project of the City of Chicago, Illinois, as of and for the year ended December 31, 2002, 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 Western Avenue North 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, 2002, 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 Western Avenue North Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2002, 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.

As described in Note 1, the City of Chicago has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of December 31, 2002.

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 10, 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 Western Avenue North 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.

Baneley and Kiener, L.L.P.

Certified Public Accountants

June 5, 2003

CITY OF CHICAGO, ILLINOIS
WESTERN AVENUE NORTH REDEVELOPMENT PROJECT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of the Western Avenue North 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, 2002. Please read it in conjunction with the Project's financial statements, which follow this section.

Overview of the Financial Statements

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

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

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

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

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

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

Condensed Comparative Financial Statements

	<u>Governmental Funds</u>			
	<u>2002</u>	<u>2001</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$2,920,120	\$478,409	\$2,441,711	510%
Total liabilities	<u>772,345</u>	<u>231,688</u>	<u>540,657</u>	233%
Total fund balance	<u>\$2,147,775</u>	<u>\$246,721</u>	<u>\$1,901,054</u>	771%
Total revenues	\$ 941,440	\$252,161	\$ 689,279	273%
Total expenditures	<u>40,386</u>	<u>5,440</u>	<u>34,946</u>	642%
Excess of revenues over expenditures	<u>901,054</u>	<u>246,721</u>	<u>654,333</u>	265%
Proceeds of debt	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	
Ending fund balance	<u>\$2,147,775</u>	<u>\$246,721</u>	<u>\$1,901,054</u>	771%

In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Analysis of Overall Financial Position and Results of Operations

Property tax revenue for the Project was \$937,245 for the year. This was an increase of 273 percent over the prior year. Excess of revenues over expenditures produced an increase in fund balance of \$901,054. The Project's fund balance increased by 771 percent (including proceeds of debt) from the prior year making available \$2,147,775 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 collection. Expenditures increased this year due to the Project's formulation of a redevelopment plan or necessary funding was substantially complete or available. Excess of revenues and other financing sources over expenditures produced an increase in fund balance in the current year.

Debt Administration

Tax Increment Allocation Notes outstanding at December 31, 2002 amounted to \$1,000,000. More detailed information about the Project's long-term liabilities is presented in Note 2 of the financial statements.

CITY OF CHICAGO, ILLINOIS
WESTERN AVENUE NORTH REDEVELOPMENT PROJECT

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2002

<u>ASSETS</u>	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash and investments	\$ 2,089,399	\$ -	\$ 2,089,399
Property taxes receivable	827,000	-	827,000
Accrued interest receivable	<u>3,721</u>	<u>-</u>	<u>3,721</u>
Total assets	<u>\$ 2,920,120</u>	<u>\$ -</u>	<u>\$ 2,920,120</u>
<u>LIABILITIES</u>			
Due to other City funds	\$ 15,984	\$ -	\$ 15,984
Accrued interest payable	-	2,411	2,411
Deferred revenue	756,361	(756,361)	-
Notes payable - Due after one year (Note 2)	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total liabilities	<u>772,345</u>	<u>246,050</u>	<u>1,018,395</u>
<u>FUND BALANCE/NET ASSETS</u>			
Fund balance:			
Reserved for debt service	100,000	(100,000)	-
Designated for future redevelopment project costs	<u>2,047,775</u>	<u>(2,047,775)</u>	<u>-</u>
Total fund balance	<u>2,147,775</u>	<u>(2,147,775)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,920,120</u>		
Net assets:			
Restricted for debt service		853,950	853,950
Restricted for future redevelopment project costs		<u>1,047,775</u>	<u>1,047,775</u>
Total net assets		<u>\$ 1,901,725</u>	<u>\$ 1,901,725</u>

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

Total fund balance - governmental funds	\$ 2,147,775
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.	756,361
Long-term liabilities applicable to the Project's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All long-term liabilities are reported in the statement of net assets.	(1,000,000)
Interest on notes payable is not accrued in governmental funds but rather is recognized as an expenditure when due.	<u>(2,411)</u>
Total net assets - governmental activities	<u>\$ 1,901,725</u>

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

CITY OF CHICAGO, ILLINOIS
WESTERN AVENUE NORTH REDEVELOPMENT PROJECT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Funds	Adjustments	Statement of Activities
Revenues:			
Property tax	\$ 937,245	\$ 529,097	\$ 1,466,342
Interest	4,195	-	4,195
Total revenues	941,440	529,097	1,470,537
Expenditures/expenses:			
Capital projects	40,386	-	40,386
Debt service:			
Interest	-	2,411	2,411
Total expenditures	40,386	2,411	42,797
Excess of revenues over expenditures	901,054	526,686	1,427,740
Other financing sources:			
Proceeds of debt	1,000,000	(1,000,000)	-
Excess of revenues and other financing sources over expenditures	1,901,054	(1,901,054)	-
Change in net assets	-	1,427,740	1,427,740
Fund balance/net assets:			
Beginning of year	246,721	227,264	473,985
End of year	\$ 2,147,775	\$ (246,050)	\$ 1,901,725

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

Net change in fund balance - governmental funds	\$ 1,901,054
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.	529,097
Note proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, issuing debt increases notes payable in the statement of net assets and does not affect the statement of activities.	(1,000,000)
Interest on notes payable is not accrued in governmental funds but rather is recognized as an expenditure when due.	(2,411)
Change in net assets - governmental activities	\$ 1,427,740

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

CITY OF CHICAGO, ILLINOIS
WESTERN AVENUE NORTH REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) *Reporting Entity*

In January 2000, the City of Chicago (City) established the Western Avenue North 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 capital projects, debt service and 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*. In fiscal year 2002, the City adopted these new standards. Certain of the significant changes in the Statements include the following:

- For the first time the financial statements include:
 - 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*.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

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

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

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

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

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

CITY OF CHICAGO, ILLINOIS
WESTERN AVENUE NORTH REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

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

(d) *Assets, Liabilities and Net Assets*

Cash and Investments

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

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

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

Capital Assets

Fixed assets are not capitalized in the governmental funds 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 funds 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. The annual principal and interest payments are made solely from incremental real property taxes, which are paid in the redevelopment district.

CITY OF CHICAGO, ILLINOIS
WESTERN AVENUE NORTH REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 – Notes Payable

In December 2002, the City issued Western Avenue North Redevelopment Project Tax Increment Notes, Series 2002. The notes are for \$1,000,000 and have an interest rate of 8 percent and maturity dates ranging from January 1, 2004 to January 1, 2012. Net proceeds of \$1,000,000 were used to finance certain project costs in the Western Avenue North Redevelopment Project Area.

Long-term liability activity for the year ended December 31, 2002 was as follows:

Beginning balance	\$ -
Additions	1,000,000
Reductions	<u>-</u>
Ending balance	<u>\$1,000,000</u>
Amounts due within one year	<u>\$ -</u>

The remaining maturities of the notes are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ -	\$ 82,630
2004	67,070	74,634
2005	75,066	68,629
2006	81,071	62,144
2007	87,557	55,139
2008-2012	<u>689,236</u>	<u>138,609</u>
	<u>\$1,000,000</u>	<u>\$481,785</u>

SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
WESTERN AVENUE NORTH REDEVELOPMENT PROJECT
SCHEDULE OF EXPENDITURES BY STATUTORY CODE

Code Description

Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, marketing	\$ 20,386
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>20,000</u>
	<u>\$ 40,386</u>

**Western Avenue North Redevelopment Project Area
2002 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, Room 1125
Chicago, Illinois 60606

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

Kim Feeney, Comptroller
Forest Preserve District of Cook County
69 West Washington Street, Room 2060
Chicago, Illinois 60602

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

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

Arne Duncan, 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
Attn: Joe Rose

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

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 Western Avenue North Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:

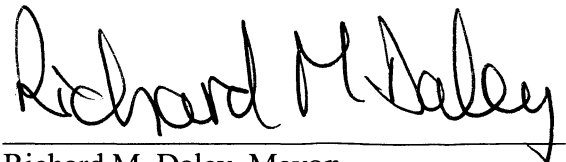
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2002, 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, 2003.

A handwritten signature in black ink that reads "Richard M. Daley". The signature is written in a cursive style with a horizontal line underneath the name.

Richard M. Daley, Mayor
City of Chicago, Illinois

**Western Avenue North Redevelopment Project Area
2002 Annual Report**

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

Please see attached.



City of Chicago
Richard M. Daley, Mayor

Department of Law

Mara S. Georges
Corporation Counsel

City Hall, Room 600
121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-6900
(312) 744-8538 (FAX)
(312) 744-2963 (TTY)

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

June 30, 2003

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, Room 1125
Chicago, Illinois 60606

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

Kim Feeney, Comptroller
Forest Preserve District of Cook County
69 West Washington Street, Room 2060
Chicago, Illinois 60602

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

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

Arne Duncan, 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
Attn: Joe Rose

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

Re: Western Avenue North
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.



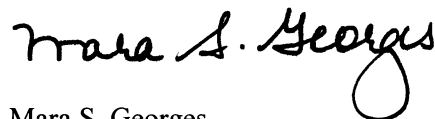
Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following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

No Exceptions

Note the following Exceptions:

Western Avenue North Redevelopment Project Area 2002 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, 2002		2002
Revenues		
Property tax	\$	937,245
Sales tax		-
Interest		4,195
Total revenues		941,440
Expenditures		
Costs of studies, admin., and professional services. (q)(1)		20,386
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)		20,000
Approved capital costs of overlapping taxing districts. (q)(7)		-
Cost of reimbursing school district for their increase costs caused by TIF assisted housing projects (q)(7.5)		-
Relocation costs. (q)(8)		-
Payments in lieu of taxes. (q)(9)		-
Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. (q)(10)		-
Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. (q)(11)(A-E)		-
Costs of construction of new housing units for low income and very low income households. (q)(11)(F)		-
Cost of day care services and operational costs of day care centers. (q)(11.5)		-
Total expenditures		40,386
Revenues over expenditures		901,054
Other financing sources		
Proceeds of debt		1,000,000
Revenues and other financing sources over expenditures		1,901,054
Fund balance, beginning of year		246,721
Fund balance, end of year	\$	2,147,775
Fund balance		
Reserved for debt service		100,000
Reserved for encumbrances		-
Designated for future redevelopment project costs	\$	2,047,775
Total fund balance	\$	<u>2,147,775</u>

**Western Avenue North Redevelopment Project Area
2002 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
Administrative Costs ¹	Administration	\$15,984
Community Bank of Ravenswood	Financing Costs	\$10,000
McGauff and Associates LL	Financing Costs	\$10,000

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

**Western Avenue North Redevelopment Project Area
2002 Annual Report**

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

During 2002, the City did not purchase any property in the Project Area.

Western Avenue North Redevelopment Project Area 2002 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 12/31/02, and of such investments expected to be undertaken in Year 2003; also, a project-by-project ratio of private investment to public investment from 11/1/99 to 12/31/02, 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.

**Western Avenue North Redevelopment Project Area
2002 Annual Report**

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

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

NAME
OF PROJECT

Small Business Improvement Fund (SBIF) Program
--

**Western Avenue North Redevelopment Project Area
2002 Annual Report**

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

Redevelopment activities undertaken within this Project Area during the year 2002, if any, have been made pursuant to i) the Redevelopment Plan for the Project Area, and ii) any Redevelopment Agreements affecting the Project Area, and are set forth on Table 5 herein by TIF-eligible expenditure category.

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

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

PARTIES TO AGREEMENT WITH CITY	NATURE OF AGREEMENT	PROJECT DESCRIPTION	ADDRESS	JOBS CREATED/ RETAINED
Various	Small Business Improvement Fund (SBIF) Program	Rehabilitation of properties owned by qualifying small businesses.	Various	N/A

Western Avenue North Redevelopment Project Area 2002 Annual Report

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

The Project Area has received \$1,117,683 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 2002, 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)

During 2002, no reports were submitted to the City by the Joint Review Board.

Western Avenue North Redevelopment Project Area 2002 Annual Report

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

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

Projects Undertaken in This Redevelopment Project Area	Private Investment Undertaken		Public Investment Undertaken		Ratio Of Private/Public Investment	
	11/1/1999 to End of Reporting FY	Amount Estimated to Complete the Project	11/1/1999 to End of Reporting FY	Amount Estimated to Complete the Project	11/1/1999 to End of Reporting FY	Ratio Estimated as of Project Completion
Project 1: SBIF Program**	n/a	\$2,000,000	\$0	\$1,000,000	n/a	2:1
Total:	n/a	\$2,000,000	\$0	\$1,000,000	n/a	n/a

* 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, or other local, state or federal grants or loans.

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

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

** Depending on the particular goals of this type of program, the City may: i) make an advance disbursement of the entire public investment amount to the City's program administrator, ii) disburse the amounts through an escrow account, or iii) pay the funds out piecemeal to the program administrator as each ultimate grantee's rehabilitation work is approved under the program.

**Western Avenue North Redevelopment Project Area
2002 Annual Report**

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

This information is contained in the official statements, limited offering memoranda, promissory notes or debt service schedules of such obligations. See attached.

SPECIMEN

STATE OF ILLINOIS
COUNTY OF COOK
CITY OF CHICAGO

TAX INCREMENT ALLOCATION REVENUE NOTE
(WESTERN AVENUE NORTH REDEVELOPMENT PROJECT)
TAXABLE SERIES 2002

SOLE NOTE:
REGISTERED
NO. ONE

PRINCIPAL AMOUNT:

\$1,000,000

INTEREST RATE

MATURITY DATE

DATED DATE

8.0%

January 1, 2012

December 20, 2002

Registered Owner: Community Bank of Ravenswood

[1] The City of Chicago (the "City") acknowledges itself to owe, and for value received promises to pay from the source and as hereinafter provided to the Registered Owner identified above, or registered assigns as provided below, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the date of this Note or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above, per the payment schedule attached hereto as Schedule 1, until the Principal Amount is paid, except as the provisions set forth in this Note with respect to prepayment prior to maturity are and become applicable to this Note. No interest shall accrue on this Note after its maturity unless this Note shall have been presented for payment at maturity and shall not have been paid. The principal of and interest on this Note are payable in any coin or currency that at the time of payment is legal tender for the payment of public and private debts. Both the principal of this Note and the interest payable on this Note are payable at the office of the City Comptroller, presently located at 33 North LaSalle Street, Room 600, Chicago, Illinois 60602, as Note registrar and paying agent (the "Registrar"). Payment of principal of and interest on this Note shall be made on each applicable payment date to the Registered Owner of this Note on the registration books of the City maintained by the Registrar at the close of business on the 15th day of the month next preceding the applicable payment date and shall be paid by check or draft of the Registrar mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar.

[2] This Note is issued pursuant to Division 74.4 of Article 11 of the Illinois Municipal Code (the "Act"), and all laws amendatory of the Act and supplemental to the Act, and the principal of and interest on this Note are payable from Pledged Revenues (as defined in the hereinafter defined Note Ordinance), including the ad valorem taxes, if any, arising from the taxes levied upon taxable real property in the Western Avenue North Redevelopment Project Area established by the City in accordance with the provisions of the Act (the "Project Area") by any and all taxing districts or municipal corporations having the power to tax real property in the Project Area, which taxes are attributable to the increase in the then current equalized assessed valuation of each taxable lot, block, tract or parcel of real property in the Project Area over and above the initial equalized assessed value of each such piece of property as of May 17, 2000, as determined by the County Clerk of The County of Cook, Illinois, in accordance with the provisions of the Act (the "Incremental Taxes"). This Note is being issued for the purpose of providing funds to pay a portion of the Project Costs which have been approved for the Project Area, all as more fully described in an ordinance authorizing the issuance of this Note (the "Note Ordinance") adopted by the City Council of the City on October 2, 2002, to all the provisions of which the Registered Owner by the acceptance of this Note assents. This Note, together with the interest on this Note, are limited obligations of the City, payable solely from Pledged Revenues, including the Incremental Taxes and the amounts on deposit in and pledged to the various funds and accounts as provided in the Note Ordinance. For the prompt payment of this Note, both principal and interest, as stated above, at maturity, the Pledged Revenues are hereby irrevocably pledged. THIS NOTE DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION, EXCEPT AS HEREIN PROVIDED. NO REGISTERED OWNER OF THIS NOTE SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE CITY FOR PAYMENT OF PRINCIPAL OF OR INTEREST ON THIS NOTE.

[3] Under the Act and the Note Ordinance, the Incremental Taxes shall be deposited in the Western Avenue North Redevelopment Project Area Special Tax Allocation Fund of the City (the "Tax Allocation Fund"). Moneys on deposit in the Note Fund created within the Tax Allocation Fund shall be used and are pledged for paying the principal of and interest on this Note and then in making any further required payments to the funds and accounts as provided by the terms of the Note Ordinance.

[4] It is hereby certified and recited that all conditions, acts and things required by law to exist or to be done precedent to and in the issuance of this Note did exist, have happened, been done and performed in regular and due form and time as required by law, and the City by this Note covenants and agrees that it has made provision for the segregation of those Incremental Taxes to be deposited in the Note Fund, and that it will properly account for those taxes and will comply with all the covenants of and maintain the funds and accounts as provided by the Note Ordinance.

[5] This Note is issued initially in fully registered form and is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the office of the Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment

of the charges provided in the Note Ordinance, and upon surrender and cancellation of this Note. Upon such transfer a new Note or Notes of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange for the old Note or Notes.

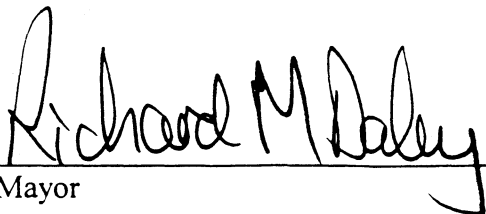
[6] The City and the Registrar may deem and treat the Registered Owner of this Note as the absolute owner of this Note for the purpose of receiving payment of or on account of principal of this Note, premium, if any, and interest due on this Note and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary.

[7] This Note may be prepaid prior to maturity at the option of the City, in whole or in part on any date from any available funds of the City without penalty or premium. Any prepayments of principal of this Note will be made in inverse order of maturity.

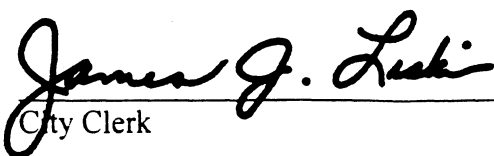
[8] The rights and obligations of the City and of the Registered Owner of this Note may be modified or amended at any time with the consent of the City and of the Registered Owner of not less than a majority in outstanding principal amount of this Note, provided that no such modification or amendment shall extend the maturity or reduce the interest rate on or otherwise alter or impair the obligation of the City to pay the principal of and interest on this Note, at the time and place and at the rate and in the currency provided in the Note Ordinance without the express consent of the Registered Owner of such Note or permit the creation of a preference or priority of any Note or Notes over any other Note or Notes.

[9] IN WITNESS WHEREOF, the City of Chicago, by its City Council, has caused this Note to be signed by the manual or duly authorized facsimile signature of the Mayor and City Clerk, all as appearing on this Note and as of the Dated Date identified above.

[SEAL]



Mayor



City Clerk

(ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Name and Address of Assignee)

the within Note and does hereby irrevocably constitute and appoint _____
_____ or its successor as attorney to transfer the said Note on the books
kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

SCHEDULE 1 TO NOTE

[see attached]

Estimated Straightline Amortization Calculation for Western Avenue North SBIF Note

<u>Original Balance</u>	\$ 1,000,000
<u>Original Rate</u>	8%
<u>Term in Years</u>	9
<u>Funding Date</u>	20-Dec-02
<u>First payment</u>	1-Jan-04
<u>Maturity</u>	1-Jan-12

	<u>P&I</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
1/04 Year 1	\$ 149,700.00	\$ 67,069.86	\$ 82,630.14	\$ 932,930.14
1/05 Year 2	\$ 149,700.00	\$ 75,065.59	\$ 74,634.41	\$ 857,864.55
1/06 Year 3	\$ 149,700.00	\$ 81,070.84	\$ 68,629.16	\$ 776,793.71
1/07 Year 4	\$ 149,700.00	\$ 87,556.50	\$ 62,143.50	\$ 689,237.21
1/08 Year 5	\$ 149,700.00	\$ 94,561.02	\$ 55,138.98	\$ 594,676.19
1/09 Year 6	\$ 149,700.00	\$ 102,125.91	\$ 47,574.09	\$ 492,550.28
1/10 Year 7	\$ 149,700.00	\$ 110,295.98	\$ 39,404.02	\$ 382,254.30
1/11 Year 8	\$ 149,700.00	\$ 119,119.66	\$ 30,580.34	\$ 263,134.65
1/12 Year 9	\$ 284,185.42	\$ 263,134.65	\$ 21,050.77	\$ (0.00)
Year 10	\$ -	\$ -	\$ (0.00)	\$ (0.00)
Totals	\$ 1,481,785.42	\$ 1,000,000.00	\$ 481,785.42	

COMMUNITY BANK OF RAVENSWOOD LOAN SETTLEMENT STATEMENT

City of Chicago Tax Increment Allocation Note
Name of Borrower(s)
Western Avenue North Redevelopment Project
Property Address

December 20, 2002
Date of Closing
December 20, 2002
Date of Disbursement

AMOUNT OF LOAN: \$1,000,000.00 RATE OF INTEREST: 8% ANNUAL PRINCIPAL & INTEREST PAYMENT: \$ 149,770.00
EACH ANNUAL PAYMENT OF \$ 149,770.00 IS DUE ON THE 1st DAY OF EACH YEAR, BEGINNING January 1, 2004 (see below for payment breakdown)

A CREDITS TO BORROWERS

AMOUNT OF LOAN..... \$ 1,000,000.00
PRE-PAID COMMITMENT FEE.....
TOTAL CREDITS..... \$ 1,000,000.00

B WE HAVE CHARGED, OR WILL CHARGE, TO YOUR ACCOUNT FOR EXPENSES INCURRED IN CONNECTION WITH THIS LOAN THE FOLLOWING ITEMS:

ITEM	RECIPIENT or EXPLANATION	AMOUNT
INTEREST	_____ days @ _____ /day	_____
DEBT RESERVE FUND	10%	\$ 100,000.00
SERVICE CHARGE	_____	\$ 10,000.00
APPRAISAL FEE	_____	_____
UCC FILING FEES	_____	_____
ENVIRONMENTAL FEE	_____	_____
ATTORNEY FEE/DOCUMENTATION	_____	\$ 10,000.00
FLOOD CERTIFICATION	_____	_____
1ST MORTGAGE PAYOFF	_____	_____
OTHER	_____	_____
TOTAL DEDUCTIONS BY BANK FOR LOAN EXPENSE.....		\$ 120,000.00
	FROM BORROWER:.....	\$ 880,000.00

YOUR ANNUAL LOAN PAYMENT IS DUE THE 1st DAY OF EACH YEAR BEGINNING January 1, 2004

THE UNDERSIGNED ACKNOWLEDGE THE RECEIPT OF THIS LOAN STATEMENT, AND AGREES TO THE CORRECTNESS THEREOF AND AUTHORIZES AND RATIFIES THE DISBURSEMENT OF ALL FUNDS THEREIN.

PRINCIPAL AND INTEREST: \$ 149,770.00
REAL ESTATE TAX ESCROW: _____
INSURANCE ESCROW: _____
TOTAL ANNUAL PAYMENT: \$ 149,770.00

BORROWERS:

COMMUNITY BANK OF RAVENSWOOD
2300 W LAWRENCE AVENUE
CHICAGO IL 60625

BY: 
William M. Marquardsen

DATE: December 20, 2002

DATE: December 20, 2002

**Western Avenue North Redevelopment Project Area
2002 Annual Report**

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

This information is contained in the official statements, limited offering memoranda, promissory notes or debt service schedules of such obligations. See attached.

**Western Avenue North Redevelopment Project Area
2002 Annual Report**

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

Please see attached.

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

Established 1922

BERNARD J. SULLIVAN, C.P.A.
RICHARD J. QUINN, C.P.A.
PAUL A. MERKEL, 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.
GERARD 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 statement of net assets and governmental funds balance sheet of Western Avenue North Redevelopment Project of the City of Chicago, Illinois as of December 31, 2002, and the related statement of activities and governmental funds revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated June 5, 2003.

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 Western Avenue North 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

June 5, 2003

Western Avenue North Redevelopment Project Area 2002 Annual Report

(11) GENERAL DESCRIPTION AND MAP

The Western Avenue North Redevelopment Project Area is located on the north side of the City of Chicago, approximately seven (7) miles northwest of the City's central business district. The Project Area is generally described as Western Avenue from Foster to Montrose, Lawrence from Ashland to Virginia, Lincoln from Foster to Lawrence and Damen from Foster to Eastwood. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal opinion in the Redevelopment Plan.

