
2002 Annual Report

Archer Courts 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 Archer Courts 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

Archer/Central Redevelopment Project Area 2002 Annual Report

TABLE OF CONTENTS

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

	PAGE
LETTER TO STATE COMPTROLLER.....	1
1) DATE OF DESIGNATION OR TERMINATION	2
2) AUDITED FINANCIALS.....	3
3) MAYOR’S CERTIFICATION.....	4
4) OPINION OF LEGAL COUNSEL.....	5
5) ANALYSIS OF SPECIAL TAX ALLOCATION FUND.....	6
6) DESCRIPTION OF PROPERTY	7
7) STATEMENT OF ACTIVITIES	8
8) DOCUMENTS RELATING TO OBLIGATIONS ISSUED BY THE MUNICIPALITY	12
9) ANALYSIS OF DEBT SERVICE.....	13
10) CERTIFIED AUDIT REPORT	14
11) GENERAL DESCRIPTION AND MAP.....	15



City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Alicia Mazur Berg
Commissioner

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

Sincerely,

A handwritten signature in cursive script that reads "Alicia Mazur Berg".

Alicia Mazur Berg
Commissioner



Archer/Central Redevelopment Project Area 2002 Annual Report

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

The Project Area was designated on May 17, 2000. The Project Area may be terminated no later than May 17, 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.

The following is said ordinance as passed:

WHEREAS, Under ordinances adopted on May 12, 1999, and published in the *Journal of the Proceedings of the City Council of the City of Chicago* for such date (the "*Journal of Proceedings*") at pages 752 to 833, 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 "Archer Courts 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 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 May 12, 2022, 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); and

WHEREAS, The Corporate Authorities further have determined that an amendment to the Redevelopment Plan is necessary to add redevelopment project costs that were added by the Amendatory Act (including but not limited to up to fifty percent (50%) of the cost of construction of new housing units to be occupied by low-income households and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act) to the itemized list of redevelopment project costs set forth in the Redevelopment Plan; and

WHEREAS, Under Section 11-74.4-3(n)(9) of the Act, for redevelopment project areas designated prior to November 1, 1999, a redevelopment plan may be amended without further hearing, provided that notice is given as set forth in the Act, to authorize the municipality to expend tax increment revenues for redevelopment project costs added by the Amendatory Act, so long as such amendment does not increase the total estimated redevelopment project costs stated in a redevelopment plan by more than five percent (5%) after adjustment for inflation from the date of adoption of a redevelopment plan; and

WHEREAS, Pursuant to an ordinance adopted-by The Corporate Authorities on June 6, 2001 and published in the *Journal of the Proceedings of the City Council of the City of Chicago* for such date at pages 59989 through 59996 (the "Initial Ordinance"), as amended by an ordinance adopted by the Corporate Authorities on March 27, 2002 (the "Amendatory Ordinance") (collectively, the Initial Ordinance and the Amendatory Ordinance are referred to herein as the "Project Ordinance"), the City has approved the Archer Courts Phase II Project (the "Project Development"), which Project Development shall be located in the Redevelopment Project Area and shall consist of the development and sale or conveyance by the City of forty-three (43) townhome dwelling units, all as more particularly described in the Project Ordinance; and

WHEREAS, The Project Development is being financed in part from proceeds of the City's Adjustable Rate Demand Revenue Bonds, Series 2000A (Homestart Program), issued pursuant to the Bond Ordinance (as defined in the Project Ordinance); and

WHEREAS, The City desires to make certain appropriations and address related matters, as described herein, under the Project Ordinance; 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 "Amendment Number 1 to the Archer Courts Redevelopment Project Area Tax Increment Financing Eligibility Study and Redevelopment Project and Plan", 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. Appropriations And Related Matters. Capitalized terms used in this paragraph and not otherwise defined shall have the meanings given to such terms in the Project Ordinance. The pledge of the Pledged Funds to payment of the City Notes shall terminate if the Commissioners elect not to issue the City Notes. If the Commissioners elect not to issue the City Notes, then increment that, but for the determination by the City not to issue the City Notes, would have constituted Pledged Funds is hereby authorized and appropriated to be expended to pay for, or to reimburse the City for, all or a portion of the costs of the T.I.F.-Funded Improvements. Disbursement of such funds to pay or reimburse the City for costs of T.I.F.-Funded Improvements shall be in the discretion of the Commissioners. To the extent that increment is used to reimburse the City for the costs of T.I.F.-Funded Improvements, such reimbursed monies shall be deemed to be included in the definition of Reimbursed Monies. GO Bond Proceeds shall be deemed to refer to up to Three Million Five Hundred Thousand Dollars (\$3,500,000) in proceeds available to D.O.H. from the prior sale of General Obligation Bonds. Proceeds from the sale of Project Housing Units that are not required to be deposited under the Indenture are hereby authorized and appropriated to be expended to pay for costs of the Project Development, and such proceeds may be disbursed pursuant to the Development Management Agreement or other development contract, in the D.O.H. Commissioner's discretion, authorized under the Project Ordinance. Except as amended hereby, the Project Ordinance shall remain in full force and effect.

SECTION 5. 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 6. 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 7. 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".

*Archer Courts Redevelopment Project Area
Tax Increment Financing Eligibility
Study And Redevelopment
Project And Plan.*

Amendment Number 1.

To induce redevelopment pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., as amended (the "Act"), the City Council of the City of Chicago (the "City") adopted three (3) ordinances on May 12, 1999 approving the Archer Courts Redevelopment Project Area Tax Increment Financing Redevelopment Project and Plan (the "Original Plan", and as hereby amended, the "Redevelopment Plan"), designated the Archer Courts Redevelopment Project Area (the "R.P.A.") as a redevelopment project area under the Act and adopted tax increment allocation financing for the R.P.A.

The purposes of this Amendment Number 1 are:

- (1) to extend the termination date of the R.P.A. and the date of completion of the Redevelopment Plan in accordance with recent amendments to the Act;
- (2) to add redevelopment project costs to the itemized list of redevelopment project costs set forth in the Redevelopment Plan.

Amendments to the Act contained in Public Act 92-2603 became effective on August 7, 2001. Pursuant to Section 11-74.4-3(n)(3) of the Act, a redevelopment plan approved by a municipality:

"... establishes the estimated dates of completion of the redevelopment project and retirement of obligations issued to finance redevelopment project costs. Those dates shall not be later than December 31st of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 11-74.4-8 of this 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 the redevelopment project area is adopted if the ordinance was adopted on or after January 15, 1981"

Section 11-74.4-3(n)(9) of the Act also provides that:

“(9) For redevelopment project areas designated prior to November 1, 1999, the redevelopment plan that may be amended without further joint review board meeting or hearing, provided that the municipality shall give notice of any such changes by mail to each affected taxing district and registrant on the interested party registry, to authorize the municipality to expend tax increment revenues for redevelopment project costs defined by paragraphs (5) and (7.5), subparagraphs (E) and (F) of paragraph (11), and paragraph (11.5) of subsection (q) of Section 11-74.4-3, so long as the changes do not increase the total estimated redevelopment project costs set out in the redevelopment plan by more than five percent (5%) after adjustment for inflation from the date the plan was adopted.”

Section 11-74.4-3(q)(11)(F) of the Act provides:

“(F) Instead of the eligible costs provided by subparagraphs (B) and (D) of paragraph (11), as modified by this subparagraph, and notwithstanding any other provisions of this Act to the contrary, the municipality may pay from tax increment revenues up to fifty percent (50%) of the cost of construction of new housing units to be occupied by low-income households and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act. The cost of construction of those units may be derived from the proceeds of bonds issued by the municipality under this Act or other constitutional or statutory authority or from other sources of municipal revenue that may be reimbursed from tax increment revenues or the proceeds of bonds issued to finance the construction of that housing.”

Accordingly, the Archer Courts Redevelopment Project Area Tax Increment Financing Eligibility Study and Redevelopment Project and Plan is amended by inserting the text in italics and deleting the text in brackets, as follows:

5.

Financial Plan.

Eligible Costs.

The Act outlines several categories of expenditures that can be funded using tax increment revenues. These expenditures, referred to as eligible redevelopment project costs, include all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Redevelopment Plan pursuant to the

Act. Such costs may include, without limitation, the following:

1. 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, development advisors, development managers, legal, financial, planning or other services (*excluding lobbying expenses*), related hard and soft costs, and other related expenses; provided that no charges for professional services are based on a percentage of the tax increment collected;

2. *the costs of marketing sites within the R.P.A. to prospective businesses, developers and investors;*

3. property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, *site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers*, and the clearing and grading of land;

4. costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, [or] fixtures, *and leasehold improvements;*

5. costs of the construction of public works or improvements;

6. costs of job training and retraining projects *including the cost of "welfare to work" programs implemented by businesses located within the R.P.A.;*

7. financing costs 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 *including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding thirty-six (36) months thereafter and including reasonable reserves related thereto;*

8. all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan and Project, to the extent the City by written agreement accepts and approves such costs;

9. relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;

10. payment in lieu of taxes;

11. costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one (1) or more taxing districts, provided that such costs; (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district(s), which agreement describes the program to be undertaken, including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by the community college district of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act as cited in the Act and by the school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code as cited in the Act;

12. Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:

- a. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
- b. such payments in any one (1) year may not exceed thirty percent (30%) of the annual interest costs incurred by the developer/user with regard to the development project during that year;
- c. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph [11] 12 then the amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; [and]
- d. the total of such interest payments paid pursuant to the Act may not exceed thirty percent (30%) of the total of (i) cost paid or incurred by the developer/user for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act;
- e. *up to seventy-five percent (75%) of the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act;*

f. instead of the eligible costs provided for in subparagraphs (b) and (e) above, the municipality may pay from tax increment revenues up to fifty percent (50%) of the cost of construction of new housing units to be occupied by low- and very low-income households (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act;

13. an elementary, secondary, or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act;

14. the costs of daycare services for children of employees from low-income families working for businesses located within the R.P.A. and all or a portion of the cost of operation of day care centers established by R.P.A. businesses to serve employees from low-income families working in businesses located in the R.P.A.. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed eighty percent (80%) of the City, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development;

15. unless explicitly stated in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost.

Estimated Redevelopment Project Costs.

The estimated eligible costs of this Redevelopment Plan are shown in Table 2. The total eligible cost provides an upper limit on expenditures that are to be funded using tax increment revenues (exclusive of capitalized interest, issuance costs, interest and other financing costs). Within this limit, adjustments may be made in line items without amendment to this Redevelopment Plan. Additional funding in the form of state and federal grants, private developers' contributions and other outside sources may be pursued by the City as a means of financing improvements and facilities which are of benefit to the general community and the Archer Courts R.P.A., but any such funding would not be part of the total redevelopment project costs described in Table 2 of this Redevelopment Plan.

Table 2.

Estimated T.I.F. Eligible Costs.

Project/Improvements	Estimated Project Cost*
Professional Services: studies, surveys	\$ 550,000
Property Assembly: land acquisition, demolition, site preparation	1,500,000
Rehabilitation Costs: public or private buildings and fixtures	1,000,000
Public Works or Improvements ⁽¹⁾	400,000 [1,000,000]
Relocation	100,000
Job Training	250,000
Interest Costs	2,000,000
<i>Cost of construction of low- and very low-income housing</i>	<i>600,000</i>
TOTAL REDEVELOPMENTS COSTS:	\$6,400,000⁽²⁾⁽³⁾

* Exclusive of capitalized interest, issuance costs and other financing costs.

⁽¹⁾ This category may also include reimbursing capital costs of taxing districts impacted by the redevelopment of the Archer Courts R.P.A. As permitted by the Act, the City may pay or reimburse all, or a portion, of a taxing district's capital costs resulting from the redevelopment project pursuant to a written agreement by the City accepting and approving such costs.

⁽²⁾ In addition to the above stated costs, each issue of bonds issued to finance a phase of the project may include an amount of proceeds sufficient to pay customary and reasonable charges associated with the issuance of such obligations. Adjustments to the estimated line item costs above are expected and may be made by the City without amendment to the Redevelopment Plan. Each individual project cost will be reevaluated in light of projected private development and resulting

If necessary, the redevelopment plans for other contiguous redevelopment project areas that may be or already have been created under the Act shall be drafted or amended, as applicable, to add appropriate and parallel language to allow for sharing of revenues between such districts.

Issuance Of Obligations.

To finance project costs, the City may issue bonds or obligations secured by the anticipated tax increment revenue generated within the Archer Courts R.P.A., or such other bonds or obligations as the City may deem as appropriate. The City may permit or require the utilization of guarantees, deposits or other forms of security made available by private sector developers to secure such obligations. In addition, the City may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired *not later than December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 11-74.4-8 of this 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 the redevelopment project area is adopted (such ultimate retirement date occurring on December 31, 2023)* [within twenty-three (23) years from the adoption of this ordinance approving the original Archer Courts R.P.A.]. Also, the final maturity date of any such obligations which are issued may not be later than twenty (20) years from their respective dates of issue. One (1) or more of a series of obligations may be sold at one (1) or more times in order to implement this Redevelopment Plan. The amounts payable in any year as principal and interest on all obligations issued by the City shall not exceed the amounts available from tax increment revenues or other sources of funds, if any, as may be provided by ordinance. Obligations may be of parity or senior/junior lien nature. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund, or optional redemptions.

**Archer/Central 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
ARCHER COURTS
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2002

CITY OF CHICAGO, ILLINOIS
ARCHER COURTS REDEVELOPMENT PROJECT

C O N T E N T S

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

BANSLEY AND KIENER, L. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

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 Archer Courts 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 Archer Courts 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 Archer Courts 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 9, which is also the responsibility of the City of Chicago's management, is presented for purposes of additional analysis and is not a required part of the financial statements of Archer Courts 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.

Bansley and Kuenen, L.L.P.

Certified Public Accountants

May 15, 2003

CITY OF CHICAGO, ILLINOIS
ARCHER COURTS REDEVELOPMENT PROJECT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of the Archer Courts 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 Fund</u>			
	<u>2002</u>	<u>2001</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$570,818	\$1,778	\$569,040	32,004%
Total liabilities	<u>412,644</u>	<u>1,008</u>	<u>411,636</u>	40,837%
Total fund balance	<u>\$158,174</u>	<u>\$ 770</u>	<u>\$157,404</u>	20,442%
Total revenues	\$162,215	\$ 441	\$161,774	36,683%
Total expenditures	<u>4,811</u>	<u>8</u>	<u>4,803</u>	60,038%
Excess of revenues over expenditures	<u>157,404</u>	<u>433</u>	<u>156,971</u>	36,252%
Ending fund balance	<u>\$158,174</u>	<u>\$ 770</u>	<u>\$157,404</u>	20,442%

Analysis of Overall Financial Position and Results of Operations

Property tax revenue for the Project was \$161,749 for the year. This was an increase of 37,429 percent over the prior year. Excess of revenues over expenditures produced an increase in fund balance of \$157,404. The Project's fund balance increased by 20,442 percent from the prior year making available \$158,174 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 and available.

CITY OF CHICAGO, ILLINOIS
ARCHER COURTS REDEVELOPMENT PROJECT

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

<u>ASSETS</u>	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash and investments	\$ 266,546	\$ -	\$ 266,546
Property taxes receivable	303,951	-	303,951
Accrued interest receivable	321	-	321
Total assets	<u>\$ 570,818</u>	<u>\$ -</u>	<u>\$ 570,818</u>
 <u>LIABILITIES</u> 			
Due to other City funds	\$ 4,811	\$ -	\$ 4,811
Due to other Governments	155,734	-	155,734
Deferred revenue	252,099	(252,099)	-
Total liabilities	412,644	(252,099)	160,545
 <u>FUND BALANCE/NET ASSETS</u> 			
Fund balance:			
Designated for future redevelopment project costs	158,174	(158,174)	-
Total liabilities and fund balance	<u>\$ 570,818</u>		
Net assets:			
Restricted for future redevelopment project costs		410,273	410,273
Total net assets		<u>\$ 410,273</u>	<u>\$ 410,273</u>

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

Total fund balance - governmental fund	\$ 158,174
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	<u>252,099</u>
Total net assets - governmental activities	<u>\$ 410,273</u>

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

CITY OF CHICAGO, ILLINOIS
ARCHER COURTS REDEVELOPMENT PROJECT

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

	Governmental Fund	Adjustments	Statement of Activities
Revenues:			
Property tax	\$ 161,749	\$ 251,099	\$ 412,848
Interest	466	-	466
Total revenues	162,215	251,099	413,314
Expenditures/expenses:			
Capital projects	4,811	-	4,811
Excess of revenues over expenditures	157,404	(157,404)	-
Change in net assets	-	408,503	408,503
Fund balance/net assets:			
Beginning of year	770	1,000	1,770
End of year	\$ 158,174	\$ 252,099	\$ 410,273

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

Net change in fund balance - governmental fund	\$ 157,404
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.	251,099
Change in net assets - governmental activities	\$ 408,503

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

CITY OF CHICAGO, ILLINOIS
ARCHER COURTS REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) *Reporting Entity*

In May 1999, the City of Chicago (City) established the Archer Courts Tax Increment Redevelopment Project Area (Project). The area has been established to finance improvements, leverage private investment and create and retain jobs. The Project is accounted for within the special revenue funds of the City.

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

The accompanying financial statements of the Project have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999, the GASB unanimously approved Statement No. 34 (as amended by Statement No. 37), *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* and at a later date, Statement No. 38 *Certain Financial Statements Disclosures*. 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
ARCHER COURTS 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 fund but, instead, are charged as current expenditures when purchased. The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) of the City includes the capital assets and related depreciation, if any, of the Project in which ownership of the capital asset will remain with the City (i.e. infrastructure, or municipal building). All other construction will be expensed in both the government-wide financial statements and the governmental fund as the City nor Project will retain the right of ownership.

(e) *Stewardship, Compliance, and Accountability*

Illinois Tax Increment Redevelopment Allocation Act Compliance

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

Reimbursements

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

SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
ARCHER COURTS 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

\$4,811

**Archer/Central 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 Archer Courts Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:

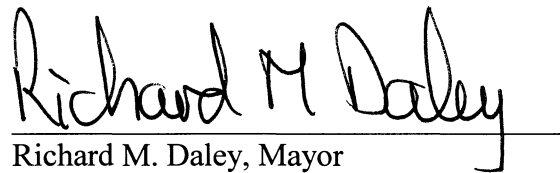
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

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 extending from the end of the name.

Richard M. Daley, Mayor
City of Chicago, Illinois

**Archer/Central 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
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Attn: Jackie Harder

Kim Feeney, Comptroller
Forest Preserve District of Cook County
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Chicago School Finance Authority
135 South LaSalle Street, Suite 3800
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David Doig, General Superintendent &
CEO
Chicago Park District
541 North Fairbanks Court, 7th Floor
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Arne Duncan, Chief Executive Officer
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125 South Clark Street, 5th Floor
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Attn: Linda Wrightsell

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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: Archer Courts
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.



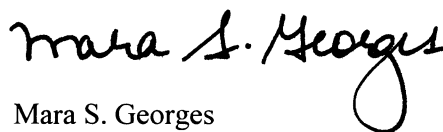
Attorneys, past and present, in the Law Department of the City familiar with the requirements of the Act have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following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

Archer/Central 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	\$	178,571
Sales tax		-
Interest		243
Total revenues		178,814
Expenditures		
Costs of studies, admin., and professional services. (q)(1)		2,961
Marketing costs. (q)(1.6)		-
Property assembly, demolition, site preparation and environmental site improvement costs. (q)(2)		-
Costs of rehabilitation, reconstruction, repair or remodeling and of existing buildings. (q)(3)		-
Costs of construction of public works and improvements. (q)(4)		-
Cost of job training and retraining. (q)(5)		-
Financing costs. (q)(6)		-
Approved capital costs of overlapping taxing districts. (q)(7)		-
Cost of reimbursing school district for their increase costs caused by TIF assisted housing projects (q)(7.5)		-
Relocation costs. (q)(8)		-
Payments in lieu of taxes. (q)(9)		-
Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. (q)(10)		-
Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. (q)(11)(A-E)		-
Costs of construction of new housing units for low income and very low income households. (q)(11)(F)		-
Cost of day care services and operational costs of day care centers. (q)(11.5)		-
Total expenditures		2,961
Revenues over expenditures		175,853
Fund balance, beginning of year		-
Fund balance, end of year	\$	175,853
Fund balance		
Reserved for debt service		-
Reserved for encumbrances		-
Designated for future redevelopment project costs	\$	175,853
Total fund balance	\$	<u>175,853</u>

**Archer/Central 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.

Archer/Central 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 FOLLOWING PAGES.

Archer/Central Redevelopment Project Area 2002 Annual Report

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

During 2002, no projects were implemented.

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

Redevelopment activities undertaken within this Project Area during the year 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)

During 2002, no agreements were entered into with regard to the disposition or redevelopment of any property within the Project Area.

Archer/Central Redevelopment Project Area 2002 Annual Report

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

The Project Area has received \$163,449 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.

Archer/Central Redevelopment Project Area 2002 Annual Report

(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.

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

Since November 1, 1999, no public investment was undertaken in the Project Area. As of December 31, 2002, no public investment is estimated to be undertaken for 2003.

**Archer/Central 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)**

During 2002, there were no obligations issued for the Project Area.

**Archer/Central Redevelopment Project Area
2002 Annual Report**

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

During 2002, there were no obligations issued for the Project Area.

**Archer/Central 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 fund balance sheet of Archer Courts Redevelopment Project of the City of Chicago, Illinois as of December 31, 2002, and the related statement of activities and governmental fund revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated May 15, 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 Archer Courts 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 15, 2003

