

CITY OF EVANSTON, ILLINOIS
Single Audit Reports

For the Ten Months Ended December 31, 2011

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**INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The Honorable Elizabeth B. Tisdahl, Mayor and
Members of the City Council
Evanston, Illinois

We have audited the accompanying Schedule of Expenditures of Federal Awards (Schedule) of the City of Evanston, Illinois (City), for the ten months ended December 31, 2011. This Schedule is the responsibility of the City's management. Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the respective expenditures of federal awards of the City for the ten months ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

In accordance with the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, we have also issued a report dated August 20, 2012 on our consideration of the City's compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133. That report is an integral part of an audit performed in accordance with U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and should be read in conjunction with this report.

A handwritten signature in cursive script that reads "Prado & Renteria".

Chicago, Illinois
August 20, 2012

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Ten Months Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Identifying Number	Federal Expenditures
DEPARTMENT OF AGRICULTURE			
Child and Adult Care Food Program	10.558	05016510P00	\$ 13,649
Summer Food Service Program for Children Passed Through State of Illinois Department of Public Health	10.559	05016510P00	112,623
Summer Food Inspection Program	10.559		600
Total Summer Food Service Program for Children			<u>113,223</u>
Total Department of Agriculture			<u>126,872</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants/Entitlement Grants			
Entitlement year 27	14.218	B01-MC-170013	4,446
Entitlement year 33	14.218	B07-MC-170012	15,301
Entitlement year 36	14.218	B10-MC-170012	72,461
Entitlement year 37	14.218	B11-MC-170012	1,862,084
Total Community Development Block Grants			<u>1,954,292</u>
Emergency Solutions Grant Program	14.231	E11-MC-170012	84,885
Home Investment Partnerships Program	14.239	M05-MC-170218	44,349
Home Investment Partnerships Program	14.239	M06-MC-170218	61,146
Home Investment Partnerships Program	14.239	M09-MC-170218	21,804
Home Investment Partnerships Program	14.239	M10-MC-170218	56,849
Home Investment Partnerships Program	14.239	M11-MC-170218	11,068
Total Home Investment Partnerships Program			<u>195,216</u>
ARRA - Neighborhood Stabilization Program *	14.256	B-09-LN-IL-0026	5,409,752
ARRA - Homeless Prevention and Rapid Pre-Housing Program *	14.257	S09-MY-170012	195,943
Total Department of Housing and Urban Development			<u>7,840,088</u>
DEPARTMENT OF JUSTICE			
Juvenile Accountability Block Grants	16.523	507029	12,917
Crime Victim Assistance	16.575	210045	29,604
Crime Victim Assistance	16.575	211045	14,800
Total Crime Victim Assistance			<u>44,404</u>
Public Safety Partnership and Community Policing Grants	16.710	2008CKWX0591	26,578
Public Safety Partnership and Community Policing Grants	16.710	2008CKWX0593	111,626
Total Public Safety Partnership and Community Policing Grants			<u>138,204</u>
Justice Assistance Grant	16.710		37,221
Total Department of Justice			<u>232,746</u>
DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction	20.205	HPP-0299 (106)	5,458
Highway Planning and Construction	20.205	102121	2,892
Total Highway Planning and Construction			<u>8,350</u>
Total Department of Transportation			<u>8,350</u>
ENVIRONMENTAL PROTECTION AGENCY			
Passed through the Illinois Environmental Protection Agency			
ARRA- Capitalization Grants for Drinking Water State Revolving Funds *	66.468	L17-3382	535,278
Passed through the Illinois Department of Public Health			
Beach Monitoring and Notification Program Implementation Grants	66.472	25380321	12,001
Total Environmental Protection Agency			<u>547,279</u>

See Accompanying Notes to Schedule of Federal Awards

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Ten Months Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Identifying Number	Federal Expenditures
DEPARTMENT OF ENERGY			
ARRA- Energy Efficiency and Conservation Grant Program *			
ARRA EECBG-Water Plant Solar Program	81.128	DE-SC0002447	9,356
ARRA EECBG-Refuse Collect and Disposal	81.128	DE-SC0002447	399
ARRA EECBG-Business District Recycling Cans	81.128	DE-SC0002447	89,875
ARRA EECBG-Interior Lighting Upgrade	81.128	DE-SC0002447	8,731
ARRA EECBG-Street Lighting Upgrade	81.128	DE-SC0002447	188,603
ARRA EECBG-Exterior Lighting Upgrade	81.128	DE-SC0002447	74,065
ARRA EECBG-Water Plant HVAC System	81.128	DE-SC0002447	600
Total ARRA- Energy Efficiency and Conservation Grant Program			371,629
Total Department of Energy			371,629
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Suburban Area Agency on Aging Special Programs for the Aging Title III Part D			
Disease Prevention and Health Promotion Services	93.043	B119	11,459
Special Programs for the Aging Title III Part B Grants for Supportive Services and Senior Centers	93.044	B119	21,293
Passed through State of Illinois Department of Public Health Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	15380028	1,500
Passed through State of Illinois Department of Human Services Social Services Block Grant	93.667	11GM095000	15,740
Maternal and Child Health Services Block Grant to the States	93.994	11GM095000	27,178
Total Department of Health and Human Services			77,170
DEPARTMENT OF HOMELAND SECURITY			
Disaster Grants- Public Assistance (Presidentially Declared Disasters) 2011 Severe Winter Storms	97.036	18000312458200	164,434
Assistance to Firefighters Grant *	97.044	EMW-2009-FV-039334	600,000
Passed through the Illinois Emergency Services and Disaster Agency Homeland Security Grant Program- Citizen Corps Program	97.067		4,382
Homeland Security Grant Program- Terrorism Prepared and Training	97.067		8,245
Total Homeland Security Grant Program			12,627
Total Department of Homeland Security			777,061
Total Expenditures of Federal Awards			\$ 9,981,195

See Accompanying Notes to Schedule of Federal Awards

* Denotes a major program

CITY OF EVANSTON, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Ten Months Ended December 31, 2011

NOTE 1 – REPORTING ENTITY

This report on Federal Awards includes the federal awards of the City of Evanston, Illinois. The reporting entity for the city is based upon criteria established by the Governmental Accounting Standards Board.

The City of Evanston is the primary government according to GASB criteria, while the Town of the City of Evanston (Township) is a component unit.

Federal awards received directly by the Township are not included in this report since the Township’s maintains a different fiscal year end. Those amounts, if any, are audited in conjunction with that fiscal year end and reported in a separate report.

NOTE 2 – BASIS OF PRESENTATION

The accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations.

NOTE 3 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule of expenditures of federal awards, the City of Evanston provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Emergency Solutions Grant Program	14.231	\$80,645
Community Development Block Grants/Entitlement Grants (CDBG)	14.218	\$370,146
ARRA- Homeless Prevention and Rapid Pre-Housing Program (HPRP)	14.257	\$177,421

CITY OF EVANSTON, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Ten Months Ended December 31, 2011

NOTE 4 – PROGRAM INCOME

The City of Evanston received the following program income amounts for ten months ended December 31, 2011. The balances of receipts are from letter of credit drawdowns for the program. The program expenditures for the ten months include expenditures of this program income.

Program Title	Federal CFDA Number	Amount
Community Development Block Grants/Entitlement Grants (CDBG)	14.218	\$166,908
Home Investment Partnerships Program (HOME)	14.239	\$22,820

NOTE 5– LOANS RECEIVABLE OUTSTANDING

The City of Evanston had the following loan receivable balances outstanding at December 31, 2011:

Program Title	Federal CFDA Number	Amount
Community Development Block Grants/Entitlement Grants (CDBG)	14.218	\$1,976,421
Home Investment Partnerships Program (HOME)	14.239	\$2,670,863

NOTE 6 – IEPA LOANS PAYABLE

ARRA-Loan #L17-3382 was awarded to the City. The loan provides for construction of water main and street restoration along Dempster, Dodge and McDaniel Streets and a heated intake system. The maximum loan amount is \$1,933,862. ARRA funds of \$966,931 were exhausted as of February 28, 2011. A total of \$535,278 in federal funds was disbursed by the IEPA during the ten months ended December 31, 2011.

NOTE 7 – NONCASH ASSISTANCE

Of the federal expenditures presented in the schedule of expenditures of federal awards, the City of Evanston did not receive any noncash assistance during the ten months ended December 31, 2011.

NOTE 8 – FEDERAL INSURANCE

The City of Evanston had no federal insurance for the ten months ended December 31, 2011.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Elizabeth B. Tisdahl, Mayor and
Members of the City Council
Evanston, Illinois

Compliance

We have audited the City of Evanston, Illinois (City), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the ten months ended December 31, 2011. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the ten months ended December 31, 2011.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Chicago, Illinois
August 20, 2012

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Ten Months Ended December 31, 2011

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

1) Type of auditors’ report issued:	Unqualified
2) Internal control over financial reporting:	
• Material weakness(es) identified?	X Yes _____ No
• Significant deficiency(s) identified?	X Yes _____ No
3) Noncompliance material to financial statements noted?	_____ Yes X No

Federal Awards

1) Internal control over major programs:	
• Material weakness(es) identified?	_____ Yes X No
• Significant deficiency(s) identified?	_____ Yes X No
2) Type of auditors’ report issued on compliance for major programs:	Unqualified
3) Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.256	ARRA- Neighborhood Stabilization Program (NSP2)
14.257	ARRA- Homeless Prevention and Rapid Pre-Housing Program (HPRP)
66.468	ARRA- Capitalization Grants for Drinking Water State Revolving Funds
81.128	ARRA- Energy Efficiency and Conservation Grant Program (EECBG)
97.044	Assistance to Firefighters Grant

Dollar threshold used to distinguish between type A and type B Programs: \$300,000

Auditee qualified as low risk auditee? _____ Yes X No

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Ten Months Ended December 31, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

See findings 2011-1, 2011-2, 2011-3 and 2011-4 in the separate report titled “Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*”.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2011-5 (CFDA 14.256)

Corrective action taken.

Finding 2011-6 (CFDA 14.256)

Corrective action taken.

Finding 2011-7 (CFDA 14.257)

Corrective action taken.