

CITY OF EVANSTON, ILLINOIS
Single Audit Reports

For the Year Ended December 31, 2016

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INDEPENDENT AUDITORS' REPORT

The Honorable Stephen H. Hagerty, Mayor and
Members of the City Council
Evanston, Illinois

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying Schedule of Expenditures of Federal Awards (Schedule) of the City of Evanston, Illinois (City), for the year ended December 31, 2016 and the related notes to the Schedule.

Management's Responsibility for the Schedule of Expenditures of Federal Awards

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 the audit requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 year ended December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we have also issued our report dated September 12, 2017, on our consideration of the City's compliance for each major program and on internal control over compliance required by the Uniform Guidance. The purpose of that report is to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. That report is an integral part of an audit performed in accordance with the Uniform Guidance and should be read in conjunction with this report.



Chicago, Illinois
September 12, 2017

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Identifying Number	Award Date	Passed-Through to Subrecipients	Federal Expenditures
DEPARTMENT OF AGRICULTURE					
Passed through the Illinois State Board of Education Child and Adult Care Food Program	10.558	ISBE 13-4225-00 - 05016510P00	January 20, 2016	-	\$ 28,872
Passed through the Illinois State Board of Education Summer Food Service Program for Children	10.559	ISBE 13-4225-00 - 05061510P00	June 6, 2016	-	147,748
Passed through the State of Illinois Department of Public Health Summer Food Inspection Program	10.559	52280014C	July 1, 2015	-	700
Total Department of Agriculture					<u>177,320</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Community Development Block Grants/Entitlement Grants					
Entitlement year 40	14.218	B14MC-170012	June 18, 2014	219,569	392,139
Entitlement year 41	14.218	B15MC-170012	June 15, 2015	80,831	229,725
Entitlement year 42	14.218	B16MC-170012	July 20, 2016	207,415	1,400,587
Total Community Development Block Grants/Entitlement Grants *					<u>2,022,451</u>
Emergency Solutions Grant Program	14.231	E16MC-17002	June 15, 2015/ July 16, 2016	94,695	106,219
HOME Investment Partnerships Program	14.239	M12-MC-170218	April 19, 2012	81,534	81,534
HOME Investment Partnerships Program	14.239	M13-MC-170218	July 17, 2013	-	2,307
HOME Investment Partnerships Program	14.239	M14-MC-170218	June 18, 2014	27,248	136,395
HOME Investment Partnerships Program	14.239	M15-MC-170218	June 18, 2015	-	18,972
HOME Investment Partnerships Program	14.239	M16-MC-172018	July 20, 2016	20,538	36,969
Total Home Investment Partnerships Program					<u>276,177</u>
ARRA - Neighborhood Stabilization Program	14.256	S10-MC-170012	January 14, 2010	-	91,447
Total Department of Housing and Urban Development					<u>2,496,294</u>
DEPARTMENT OF JUSTICE					
Passed through City of Chicago Department of Police Edward Byrne Memorial Justice Assistance Grant	16.738	33674	October 1, 2015	-	1,821
Justice Assistance Grant Youth Engagement Temp Jobs for Skills	16.738	JAG093014	September 2, 2015	-	20,039
Passed through Illinois Criminal Justice Information Authority Crime Victim Assistance	16.575	215245	September 1, 2016	-	18,503
Total Department of Justice					<u>40,363</u>
DEPARTMENT OF TRANSPORTATION					
Highway Planning and Construction	20.205	P-91-301-16	July 27, 2015	-	198,636
Highway Planning and Construction	20.205	C-91-467.12	October 7, 2015	-	14,191
Highway Planning and Construction	20.205	C-91-248-13/ TE-00D1 (914)	February 13, 2013	-	92,552
Total Highway Planning and Construction					<u>305,379</u>
Passed through Illinois Department of Transportation State and Community Highway Safety (STEP)	20.600	500OP150075	October 5, 2015	-	10,585
State and Community Highway Safety (STEP)	20.600	700OP160131	October 1, 2016	-	34,079
Total State and Community Highway Safety					<u>44,664</u>
Total Department of Transportation					<u>350,043</u>
DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY					
Passed through the Illinois Department of Public Health Beach Monitoring and Notification Program Implementation Grant	66.472	65380089D	Oct. 28, 2015	-	8,000
Total Department of Environmental Protection Agency					<u>8,000</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Identifying Number	Award Date	Passed-Through to Subrecipients	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through Suburban Area Agency on Aging Special Programs for the Aging Title III, Part B					
Grants for Supportive Services and Senior Centers	93.044	B3 OMB/T3BO Ombudsman	December 9, 2015/ December 20, 2016	-	29,956
Special Programs for the Aging Title III Part C Nutrition Services	93.045	T3C1	October 1, 2015	-	44,438
Affordable Care Act State Health Insurance Assistance Program (SHIP) and Aging and Disability Resource Center (ARDC) Option Counseling for Financial Medicare-Medicaid Individual in States with Approved Alignment Models	93.626	AS151613	April 4, 2016	-	1,000
Passed through the Illinois Department of Public Health					
Public Health Emergency Preparedness	93.074	5U90TP000520-04 CONTRACT #67180027D	July 1, 2015	-	26,295
Public Health Emergency Preparedness	93.074	5NU90TP000520-05-00 AGREEMT 377180027E	July 1, 2016	-	42,385
Public Health Emergency Preparedness	93.074	5U90TP000520-04 CONTRACT 67180103D	July 1, 2015	-	25,888
Public Health Emergency Preparedness	93.074	5NU90TP000520-50-00 AGREEMT 77180103E	July 1, 2016	-	18,661
Total Public Health Emergency Preparedness					<u>113,229</u>
Total Department of Health and Human Services					<u>188,623</u>
DEPARTMENT OF HOMELAND SECURITY					
Passed through the Illinois Emergency Management Agency Emergency Management Performance Grants					
	97.042	413 EMAEVANS	October 1, 2015	-	29,005
Total Department of Homeland Security					<u>29,005</u>
NATIONAL ENDOWMENT OF THE ARTS					
Promotion of the Arts	45.024	FY15-2313	May 7, 2015	-	3,000
Total National Endowment of the Arts					<u>3,000</u>
Total Expenditures of Federal Awards					<u>\$ 3,292,648</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

CITY OF EVANSTON, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

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 (GASB).

The City of Evanston is the primary government according to GASB criteria. On April 30, 2014, the Township was discontinued and dissolved following March 18, 2014 general election vote taken by the registered voters of the Evanston Township. Pursuant to 60 ILCS 1/27-15 and 1/27-20, effective 12:00 a.m. May 1, 2014, the City of Evanston assumed all rights, powers, assets, property, obligations and duties of the Evanston Township, including the responsibilities of providing the services that were previously provided by the Township. Beginning May 1, 2014, the functions of the Township are reported along with the City.

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 Uniform Guidance. The City of Evanston has not elected to use the 10% de minimis indirect cost rate.

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
Community Development Block Grants/Entitlement Grants	14.218	\$507,815
Emergency Solutions Grant Program	14.231	\$94,695
HOME Investment Partnerships Program	14.239	\$129,320

CITY OF EVANSTON, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

NOTE 4 – PROGRAM INCOME

The City of Evanston received the following program income amounts for the year ended December 31, 2016. The balances of receipts are from letter of credit drawdowns for the program. The program expenditures for the year include expenditures of this program income.

Program Title	Federal CFDA Number	Amount
Community Development Block Grants/Entitlement Grants	14.218	\$218,738
Home Investment Partnerships Program	14.239	\$13,692
ARRA- Neighborhood Stabilization Program	14.256	\$10,000

NOTE 5– NOTES RECEIVABLE OUTSTANDING

The City of Evanston has several notes receivable outstanding as at December 31, 2016. These loans are for various uses. The Community Development Block Grants/Entitlement Grants Loan funds a number of programs to make decent housing available and affordable to low- and moderate-income families, and to help low- and moderate-income residents maintain their property. The Home Investment Partnerships Program Loan provides loans to housing developers to acquire, rehab or construct housing for low and moderate income households.

Program Title	Federal CFDA Number	Amount
Community Development Block Grants/Entitlement Grants	14.218	\$1,972,669
Home Investment Partnerships Program	14.239	\$4,890,677

The notes receivable balances are not subject to continuing OMB Uniform Guidance compliance requirements.

NOTE 6– LOANS PAYABLE OUTSTANDING

The City of Evanston has the following loans payable outstanding as of December 31, 2016. These loans are from The Capitalization Grants for Drinking Water and Clean Water State Revolving Funds. Projects funded were the sewer lining at Emerson and Davis streets, rehab of large diameter sewers and rehab of the Cleveland street sewer.

CITY OF EVANSTON, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

NOTE 6– LOANS PAYABLE OUTSTANDING - Continued

Program Title	Federal CFDA Number	Amount
Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$400,564
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$1,006,226

The loan payable balances are not subject to continuing OMB Uniform Guidance compliance requirements.

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 year ended December 31, 2016.

NOTE 8 – FEDERAL INSURANCE

The City of Evanston had no federal insurance for the year ended December 31, 2016.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Stephen H. Hagerty, Mayor and
Members of the City Council
Evanston, Illinois

Report on Compliance for Each Major Federal Program

We have audited the City of Evanston, Illinois (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Chicago, Illinois
September 12, 2017

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

- 1) Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**
- 2) Internal control over financial reporting:
- Material weakness(es) identified? X Yes No
 - Significant deficiency(ies) identified? Yes X None reported
- 3) Noncompliance material to financial statements noted? Yes X No

Federal Awards

- 1) Internal control over major federal programs:
- Material weakness(es) identified? Yes X No
 - Significant deficiency(ies) identified? Yes X None reported
- 2) Type of auditors’ report issued on compliance for major federal programs: **Unmodified**
- 3) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants

Dollar threshold used to distinguish between type A and type B Programs: \$750,000

Auditee qualified as low risk auditee? Yes X No

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS

See findings 2016-001 to 2016-002 in the separate report titled “Independent Auditor’s 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

None.