

**CITY OF EVANSTON, ILLINOIS**  
**Single Audit Reports**

**For the Year Ended December 31, 2017**

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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, 2017 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 and 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.

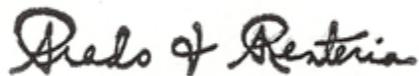
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***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, 2017 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 4, 2018, 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 4, 2018

**CITY OF EVANTSON, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2017**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Identifying Number	Award Date	Passed-Through to Subrecipients	Federal Expenditures
<b>DEPARTMENT OF AGRICULTURE</b>					
Passed through the Illinois State Board of Education Child and Adult Care Food Program	10.558	ISBE 13-4225-00 - 05-016-510P-00	January 20, 2016	N/A	54,590
Passed through the Illinois State Board of Education Summer Food Service Program for Children	10.559	ISBE 13-4225-00 - 05-016-510P-00	June 6, 2016	N/A	164,506
Passed through the State of Illinois Department of Public Health Summer Food Inspection Program	10.559	55280014C	July 1, 2015	N/A	300
<b>Total Department of Agriculture</b>					<b><u>219,396</u></b>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
Community Development Block Grants/Entitlement Grants					
Entitlement year 40	14.218	B14MC-170012	June 18, 2014	72,688	293,941
Entitlement year 41	14.218	B15MC-170012	June 15, 2015		132,108
Entitlement year 42	14.218	B16MC-170012	July 20, 2016	85,599	200,940
Entitlement year 43	14.218	B17MC-170012	October 31, 2017	258,327	1,279,980
Total Community Development Block Grants/Entitlement Grants *				416,614	1,906,969
Emergency Solutions Grant Program	14.231	E15MC-17002	June 15, 2015	3,214	3,214
Emergency Solutions Grant Program	14.231	E16MC-17002	July 16, 2016	109,100	113,793
Emergency Solutions Grant Program	14.231	E17MC-17002	October 31, 2017	10,347	10,347
Total Emergency Solution Grant Program				122,661	127,354
Home Investment Partnerships Program	14.239	M14-MC-170218	June 18, 2014	48,265	48,265
Home Investment Partnerships Program	14.239	M15-MC-170218	June 18, 2015	142,089	181,510
Home Investment Partnerships Program	14.239	M16-MC-172018	July 20, 2016	37,256	147,675
Home Investment Partnerships Program	14.239	M17-MC-172018	October 31, 2017	3,606	20,605
Total Home Investment Partnerships Program				231,216	398,055
ARRA - Neighborhood Stabilization Program	14.256	S10-MC-170012	January 14, 2010	N/A	37,641
<b>Total Department of Housing and Urban Development</b>					<b><u>2,470,019</u></b>
<b>DEPARTMENT OF JUSTICE</b>					
Passed through City of Chicago Department of Police 2016 Edward Byrne Memorial Justice Assistance Grant	16.738	2016-DJ-BX-0106	September 7, 2016	N/A	14,685
Passed through Illinois Criminal Justice Information Authority Crime Victim Assistance	16.575	70VFL215245	October 6, 2016	N/A	41,631
Bulletproof Vest Partnership Program	16.607		August 18, 2016	N/A	7,939
<b>Total Department of Justice</b>					<b><u>64,255</u></b>
<b>DEPARTMENT OF TRANSPORTATION</b>					
Highway Planning and Construction	20.205	P-91-301-16	July 27, 2015	N/A	200,751
Highway Planning and Construction	20.205	C-91-467.12	October 7, 2015	N/A	8,171
Highway Planning and Construction	20.205	C-91-248-13 / TE-00D1 (914)	February 13, 2013	N/A	1,268
Total Highway Planning and Construction					210,190
Passed through Illinois Department of Transportation State and Community Highway Safety(STEP)	20.600	700OP170064/800OP170064	October 5, 2015	N/A	28,976
State and Community Highway Safety(STEP)	20.600	700OP170064/800OP18007	October 1, 2016	N/A	5,830
Total State and Community Highway Safety(STEP)					34,806
Safe Routes to School Speed Feedback Signs	20.205	C-91-029-16	November 17, 2014	N/A	18,528
Bike Parking Project at Main Street CTA Station	20.205	C-91-118-17		N/A	5,796
<b>Total Department of Transportation</b>					<b><u>269,320</u></b>
<b>DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY</b>					
Passed through the Illinois Department of Public Health Beach Monitoring and Notification Program Implementation Grant	66.472	75380200E	July 1, 2016	N/A	8,295
<b>Total Department of Environmental Protection Agency</b>					<b><u>8,295</u></b>

\* = Denotes a major program

**CITY OF EVANTSON, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Identifying Number	Award Date	Passed-Through to Subrecipients	Federal Expenditures
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
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 20, 2016	N/A	54,620
Special Programs for the Aging Title III Part C Nutrition Services	93.045	T3C1	September 26, 2016	N/A	42,196
Senior Health Insurance Program	93.045	SHIP171813	May 30, 2017	N/A	1,183
Passed through the Illinois of Department of Public Health Public Health Emergency Preparedness	93.074	5NU90TP000520-05-00 AGREEMT 77180027E	July 1, 2016	N/A	54,021
Cities Readiness Initiative	93.074	5NU90TP000520-50-00 AGREEMT 77180103E	July 1, 2016	N/A	40,822
Passed through Public Health Institute of Metropolitan Chicago HIV Region 8 Prevention Services	93.940		April 25, 2017	N/A	3,470
<b>Total Department of Health and Human Services</b>					<b><u>196,312</u></b>
<b>DEPARTMENT OF HOMELAND SECURITY</b>					
Passed through the Illinois Emergency Management Agency Emergency Management Performance Grants	97.042	EMW-2015-FO-04058	August 20, 2016	N/A	221,091
<b>Total Department of Homeland Security</b>					<b><u>221,091</u></b>
<b>NATIONAL ENDOWMENT OF THE ARTS</b>					
Promotion of the Arts	45.024	19926	April 21, 2017	N/A	8,980
Pass thru Museum and Library Science to Loyola University STEMeX	45.312	MG-77-16-0118-16	December 1, 2016	N/A	37,343
<b>Total National Endowment of the Arts</b>					<b><u>46,323</u></b>
<b>NATIONAL FISH AND WILDLIFE FOUNDATION</b>					
Migratory Bird Habitat	15.663	2005.16.054554	December 16, 2016	N/A	32,985
<b>Total National Fish and Wildlife Foundation</b>					<b><u>32,985</u></b>
<b>Total Expenditures of Federal Awards</b>					<b><u>\$ 3,527,996</u></b>

See Accompanying Notes to Schedule of Expenditures of Federal Awards,

\* = Denotes a major program

**CITY OF EVANSTON, ILLINOIS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2017**

**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.

**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	\$416,614
Emergency Solutions Grant Program	14.231	\$122,661
HOME Investment Partnerships Program	14.239	\$231,216

**CITY OF EVANSTON, ILLINOIS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2017**

**NOTE 4 – PROGRAM INCOME**

The City of Evanston received the following program income amounts for the year ended December 31, 2017. 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	\$117,004
Home Investment Partnerships Program	14.239	\$27,509

**NOTE 5– NOTES RECEIVABLE OUTSTANDING**

The City of Evanston has several notes receivable outstanding as of December 31, 2017. 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	\$1,830,122
Home Investment Partnerships Program	14.239	\$5,008,706

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, 2017. 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, 2017**

**NOTE 6– LOANS PAYABLE OUTSTANDING - Continued**

Program Title	Federal CFDA Number	Amount
Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$381,656
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$958,972

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, 2017.

**NOTE 8 – FEDERAL INSURANCE**

The City of Evanston had no federal insurance for the year ended December 31, 2017.

**NOTE 9 – INDIRECT COST RATE**

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



**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, 2017. 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, 2017.

### **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 4, 2018

**CITY OF EVANSTON, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2017**

**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? \_\_\_\_\_ Yes      X   No
  - Significant deficiency(ies) identified? \_\_\_\_\_   X   Yes    \_\_\_\_\_ 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, 2017**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

See finding #2017-01 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.