

CITY OF EVANSTON, ILLINOIS
Single Audit Reports

For the Year Ended December 31, 2018

TABLE OF CONTENTS

Independent Auditors' Report on Schedule of Expenditures of Federal Awards	1-2
Schedule of Expenditures of Federal Awards	3-4
Notes to Schedule of Expenditures of Federal Awards	5-7
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	8-9
Schedule of Findings and Questioned Costs	10-11

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 of the City of Evanston, Illinois (City), for the year ended December 31, 2018 and the related notes (the financial statement).

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

Management is responsible for the preparation and fair presentation of this financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

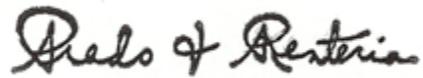
Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued 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 financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 financial statement 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 financial statement.

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 financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards of the City for the year ended December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Delo & Renteria". The signature is written in a cursive, flowing style.

Chicago, Illinois
September 9, 2019

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

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 - 05-016-510P-00	January 1, 2017	N/A	59,478
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 12, 2018	N/A	146,130
Total Department of Agriculture					205,608
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Community Development Block Grants/Entitlement Grants					
Entitlement year 40	14.218	B14MC-170012	June 18, 2014	9,812	216,515
Entitlement year 41	14.218	B15MC-170012	June 15, 2015		759
Entitlement year 42	14.218	B16MC-170012	July 20, 2016		1,952
Entitlement year 43	14.218	B17MC-170012	October 31, 2017	49,438	188,259
Entitlement year 44	14.218	B18MC-170012	July 31, 2018	176,448	1,118,634
Total Community Development Block Grants/Entitlement Grants *				235,698	1,526,119
Emergency Solutions Grant Program	14.231	E16MC-17012	July 20, 2016	9,545	12,224
Emergency Solutions Grant Program	14.231	E17MC-17012	October 31, 2017	122,846	130,623
Emergency Solutions Grant Program	14.231	E18MC-17012	July 31, 2018	67,925	67,925
Total Emergency Solutions Grant Program				200,316	210,772
Home Investment Partnerships Program	14.239	M15-MC-170218	June 18, 2015	55,018	55,018
Home Investment Partnerships Program	14.239	M16-MC-172018	July 20, 2016	116,734	120,607
Home Investment Partnerships Program	14.239	M17-MC-172018	October 31, 2017	54,737	129,527
Home Investment Partnerships Program	14.239	M18-MC-172018	July 31, 2018	26,840	30,144
Total Home Investment Partnerships Program				253,329	335,296
ARRA - Neighborhood Stabilization Program	14.256	S10-MC-170012	January 14, 2010	N/A	33,844
Total Department of Housing and Urban Development					2,106,031
DEPARTMENT OF JUSTICE					
Bulletproof Vest Partnership Program	16.607	2018BUBX18092480	August 18, 2018	N/A	7,064
Body Worn Camera Policy and Implementation	16.835	2017-BC-BX-0085	September 29, 2017	13,231	73,779
Body Worn Camera Policy and Implementation	16.835	2016-BC-BX-K088	September 26, 2016	34,765	139,277
Total Body Worn Camera Policy and Implementation				47,996	213,056
Total Department of Justice					220,120
DEPARTMENT OF TRANSPORTATION					
Highway Planning and Construction	20.205	P-91-301-16	September 20, 2018	N/A	176,490
Highway Planning and Construction	20.205	C-91-467.12	October 1, 2011	N/A	47,246
Highway Planning and Construction	20.205	C-91-118-17	April 21, 2017	N/A	5,796
Total Highway Planning and Construction					229,532
Passed through Illinois Department of Transportation State and Community Highway Safety (STEP)	20.600	700OP170064/800OP18007	October 1, 2016	N/A	49,865
Total Department of Transportation					279,397
DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY					
Passed through the Illinois Department of Public Health Beach Monitoring and Notification Program Implementation Grant	66.472	75380200E	July 1, 2016	N/A	7,800
Passed through Illinois Environmental Protection Agency Capitalization Grants for Drinking Water State Revolving Funds	66.468	L17-5107	September 7, 2018	N/A	539,610
Total Department of Environmental Protection Agency					547,410
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	September 26, 2018	N/A	56,714
Special Programs for the Aging Title III Part C Nutrition Services Total Aging Cluster	93.045	T3C1	September 26, 2018	N/A	43,226
					99,940
Passed through the Illinois of Department of Public Health Public Health Emergency Preparedness	93.074	5NU90TP921904-01-00 AGREEMT 87180027F	May 1, 2017	N/A	56,068
Public Health Emergency Preparedness Total Public Health Emergency Preparedness	93.074	CSFA 482-00-0265 #87180103F	June 2, 2016	N/A	31,866
					87,934
Total Department of Health and Human Services					187,874

See Accompanying Notes to Schedule of Expenditures of Federal Awards

* = Denotes as a major program

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Identifying Number	Award Date	Passed-Through to Subrecipients	Federal Expenditures
DEPARTMENT OF HOMELAND SECURITY					
Passed through the Illinois Emergency Management Agency					
Emergency Management Performance Grants	97.042	917EMAEVANS	April 27, 2018	N/A	31,697
Emergency Management Performance Grants	97.042	817EMAEVANS	April 27, 2018	N/A	28,802
Total Emergency Management Performance Grants					<u>60,499</u>
Total Department of Homeland Security					<u>60,499</u>
NATIONAL ENDOWMENT OF THE ARTS					
Promotion of the Arts	45.024	19926	April 21, 2017	N/A	5,020
Pass thru Museum and Library Science to Loyola University National Leadership Grants	45.312	MG-77-16-0118-16	December 1, 2016	N/A	35,974
Total National Endowment of the Arts					<u>40,994</u>
NATIONAL FISH AND WILDLIFE FOUNDATION					
Migratory Bird Habitat	15.663	NFWF ID2005.16.054554	December 16, 2016	N/A	24,736
Total National Fish and Wildlife Foundation					<u>24,736</u>
Total Expenditures of Federal Awards					<u>\$ 3,672,669</u>

CITY OF EVANSTON, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

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 the 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	\$235,698
Emergency Solutions Grant Program	14.231	\$200,316
HOME Investment Partnerships Program	14.239	\$253,329
Body Worn Camera Policy and Implementation	16.835	\$47,996

CITY OF EVANSTON, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

NOTE 4 – PROGRAM INCOME

The City of Evanston received the following program income amounts for the year ended December 31, 2018. 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	\$131,497
Home Investment Partnerships Program	14.239	\$27,384

NOTE 5– NOTES RECEIVABLE OUTSTANDING

The City of Evanston has several notes receivable outstanding as of December 31, 2018. 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	\$1,907,988
Home Investment Partnerships Program	14.239	\$5,034,702

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, 2018. 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, 2018

NOTE 6– LOANS PAYABLE OUTSTANDING - Continued

Program Title	Federal CFDA Number	Amount
Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$893,091
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$910,802

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, 2018.

NOTE 8 – FEDERAL INSURANCE

The City of Evanston had no federal insurance for the year ended December 31, 2018.

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, 2018. 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, 2018.

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 9, 2019

CITY OF EVANSTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018

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, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

See finding noted 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.