CITY OF EVANSTON, ILLINOIS

COMMUNICATIONS FROM AUDITOR TO MANAGEMENT AND THE CITY COUNCIL

(Including Memorandum on Accounting Procedures, Internal Controls and Other Matters)

February 28, 2010
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To Honorable Elizabeth B. Tisdahl, Mayor and
Members of the City Council
Evanston, Illinois

In planning and performing our audit of the financial statements of City of Evanston as of and for the year ended
February 28, 2010, in accordance with auditing standards generally accepted in the United States of America,
we considered its internal control over financial reporting (internal control) as a basis for designing our auditing
procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of
expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on
the effectiveness of its internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was
not designed to identify all deficiencies in internal control that might be significant deficiencies or material
weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we
consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees,
in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a
timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less
severe than a material weakness, yet important enough to merit attention by those charged with governance.
We believe that the following deficiency constitutes a significant deficiency.

- Internal Controls – Information Technology

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a
reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or
detected and corrected on a timely basis. We believe that the following deficiencies constitute material
weaknesses.

- Internal Control Over Select Business Operations
- Internal Control Over Financial Reporting

These deficiencies are described in detail in the pages that follow this report.

The City of Evanston’s written responses to the material weaknesses, significant deficiencies, and other items
identified in our audit has not been subjected to the audit procedures applied in the audit of the financial
statements, and accordingly, we express no opinion on it.
To Honorable Elizabeth B. Tisdahl, Mayor and Members of the City Council
Evanston, Illinois

This communication is intended solely for the information and use of the City Council and management and is not intended to be, and should not be, used by anyone other than the specified parties.

Oak Brook, Illinois
DATE: 08/23/10
INTRODUCTION

In planning and performing our audit of the financial statements of the City of Evanston, Illinois for the year ended February 28, 2010, we considered the City's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

Below is a list of potential controls that, if in place, would achieve a higher level of reliability that errors or irregularities in your processes would be discovered by your staff. Our procedures identified that these controls do not currently exist, or are not designed or implemented properly, for the City. Keep in mind that some of these controls may not be practical due to your staff size or other reasons. You should also consider the costs of making improvements to the expected benefits. However, current professional standards require us to communicate these to you. In addition, as you make changes within your organization, and we continue to rotate audit procedures, more controls of this kind may be communicated to you.

A separate report will contain our report on internal control. This letter does not affect our report on the financial statements of City of Evanston.

MATERIAL WEAKNESS – INTERNAL CONTROLS OVER SELECT BUSINESS OPERATIONS

ENTITY LEVEL CONTROLS

1. The ability to prepare and initiate journal entries is delegated to various levels of finance employees. These entries do not post to the system until the Accounting Manager reviews and approves them. However, there is no review and approval of journal entries initiated and recorded by the Accounting Manager. An entry could be made or improperly supported without the City’s knowledge.

CITY RESPONSE:

The city believes there are adequate controls in place for journal entry management. It is not common for organizations to have three steps in journal entry review and is much more accepted to have entries done by one staff member and reviewed by the manager. To add another level of management/review would be overly redundant and not cost efficient.

The City made changes during the fiscal year allowing only Accounting Manager to approve journal entries based on the Auditor’s recommendation last year. Department directors periodically review transactions posted to their business units to identify/investigate any material variances from the budget numbers. Budget Division prepares monthly financials which would serve as yet another tool to discover any material misstatements.
MATERIAL WEAKNESS – INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal control is a process – affected by an entity’s governing body, management, and other personnel – designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Internal control consists of five interrelated components:

a. Control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.

b. Risk assessment is the entity’s identification and analysis of relevant risks to achievement of its objectives, forming a basis for determining how the risks should be managed.

c. Control activities are the policies and procedures that help ensure that management directives are carried out.

d. Information and communication systems support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.

e. Monitoring is a process that assesses the quality of internal control performance over time.

As part of our audit process each year, it is our job to understand your internal controls so that we may plan our audit properly. We are also required to communicate with the governing body certain matters that come to our attention regarding your internal controls. The types of information that we communicate to you are in some sense regulated by auditing standards.

Those standards are constantly changing, depending on the perceived concerns at a national level.

More specifically, the system of internal controls over financial reporting is addressed by auditing standards. In theory, a good system of internal controls staffed with enough people with enough training would provide your organization with the ability to not only process and record monthly transactions, but also to prepare a complete set of annual financial statements.
MATERIAL WEAKNESS – INTERNAL CONTROLS OVER FINANCIAL REPORTING (cont.)

The current standard makes it clear that the definition of a material weakness in internal control should now include consideration of the year end financial reporting process. To avoid the auditor reporting a material weakness in internal controls, your system of controls would need to be able to accomplish the following:

1. Present the books and records to the auditor in such a condition that the auditor is not able to identify any material journal entries as a result of our audit procedures. This is very rare indeed for most of our clients.
2. Prepare a complete set of year-end financial statements with a very high level of accuracy. The current standard requires that the level of accuracy be such that there is only a remote likelihood that the auditor discovers a material change to the statements or footnotes. While a number of our clients prepare their own statements, it may not be cost beneficial to scrutinize those statements internally to the same degree that the auditor will do later. If the auditor, therefore, discovers a material change to the statements, by definition, the system of internal controls over financial reporting must have a material weakness.

To accomplish such a high level of internal control over financial reporting is a difficult task for most governments. During the course of our audit, material misstatements of the financial records were found, resulting in audit adjusting entries prepared by the City. The adjustments to the financial statements included the following:

A. Reclassification of outstanding checks as accrued salaries in the General Fund. $2,146,718
B. Reclassification of capital lease payments as debt service in the General Fund and Capital Improvements Fund. $383,764
C. Reclassification of donated capital assets to capital grant and contribution revenue on the Statement of Activities. $3,776,532
D. Correction to recording of capital contribution and transfers between governmental activities and business type activities on the Statement of Activities. $1,090,750
E. Amendment of various footnote disclosures to agree with basic financial statements.
MATERIAL WEAKNESS – INTERNAL CONTROLS OVER FINANCIAL REPORTING (cont.)

These entries were necessary to ensure that the financial statements are fairly stated and, in our judgment, were material to the financial statements. Management subsequently recorded these amounts.

As noted above, the design and implementation of internal controls over financial reporting are the responsibility of the City as emphasized in Statement of Auditing Standards statement No. 115, *Communicating Internal Control Related Matters in an Audit*. We have observed that the improper design and implementation is normally a constraint of cost containment and lack of staffing available to public entities.

**CITY RESPONSE:**

The City’s responses to the above adjustments are as follows.

Each year the definitions of asset, liability, revenue, and expense types may change. Moreover, different auditors may have different opinions on the specific definitions of these accounting terms and when each type and classification should be used. It is important to note that these adjustments did not change city’s overall net assets for the fiscal year 2009-10

A. Accrued Payroll is the amount of salaries that have been earned by employees but not yet paid as of Year end. Outstanding checks are the ones issued by the City during the year but not yet cleared the bank as of year end. Since Auditors asked for a reclassification from outstanding checks to accrued salaries, it had no impact to the City’s overall financial statements. This was a reclassification journal entry and had no impact to the City’s overall financial statements.

B. City concurs this adjustment was necessary although it was only a reclassification adjustment for reporting purposes. Lease /purchase agreements are a liability as is debt service and therefore have no impact to the overall financial statements.

C. This is the amount which IDOT paid on behalf of the City of Evanston for various Public Works projects. City agrees that this reclassification was necessary to properly disclose grants and contributions. It had no impact to the City’s overall financial statements.

D. This is the amount charged to Downtown TIF fund and later capitalized as fixed assets in the Parking Fund. This was a reclassification adjustment to accurately report capital contribution which had no impact to the City’s overall financial statements.

E. These were changes to the foot notes without any impact to the overall financial statements.
As part of the audit, we were required to identify the processes in place that provide a controlled information technology (IT) environment for the applications, supporting systems and infrastructure determined to be critical to the financial statement audit. We documented the processes in place for each of the three main areas of focus: change management, logical access and IT operations. We then assessed the design effectiveness of each of these processes and noted the following opportunities to strengthen the City’s IT controls.

The City has some logical restrictions in place, such as requiring a unique user ID and password to access the systems. Through our discussions with the City and related observations, we noted that the Network password login from the active directory requires eight characters and is changed every 90 days; password complexity is required and the system remembers the last five passwords. Some of the City’s software systems such as AQUAS and PAL also follow these password criteria. Other of the City’s software systems such as CryWolf, JDE and RecTrac require passwords; however they are not in line with recommended password complexity standards. Best practices indicate that other steps could be taken to further ensure the integrity of the data. All passwords should be changed periodically. They should also meet the industry standards for length, expiration, characters, and history (passwords cannot be repeated). However, we understand that purchased software cannot always be modified in order to strengthen password complexity requirements.

CITY RESPONSE – Provided by Information Technology (IT):

The referenced systems- CryWolf, JDE and RecTrac are purchased packages and the City can not change the password handling in these systems. JDE could be upgraded to use our Active Directory and then would be in compliance with best practices.
INVENTORY CONTROLS

During our observation of the City’s physical inventory, we identified several errors in the counts for rubber couplings in the Sewer department. The Sewer department staff corrected the quantities listed on its inventory records before the final inventory lists were submitted to the accounting department for recording in the general ledger. However, we recommend that the department improve its inventory controls by stocking all similar sized parts in one location when possible and using a tagging system to indicate items that have already been counted.

DEFICIT FUND NET ASSETS

At February 28, 2010, the City’s Insurance Internal Activity Fund, reported deficit fund net assets of $4,128,203. The Insurance Fund began the year with a deficit net asset balance of $1,607,345. As this is an internal service fund, all revenues and transfers of net assets are supported by the City’s other funds including the General Fund, Water Fund, and Sewer Fund. These funds are expected to subsidize the Insurance Internal Service Fund’s improvement in future years.

CITY RESPONSE:

The City concurs with the above deficit fund net asset numbers for the Insurance Fund. The City started making inter-fund transfer from Water Fund during the current fiscal year to reflect proportionate estimated Insurance cost for the Water Fund. It is worth noting that the Insurance Fund had a positive cash balance of approximately $1.1M @02/28/10 and the negative fund balance is mainly due to an accrual for short/long term claims payable recorded on the financial statement. The 2010-11 approved budget included significant increases to the transfers to this fund from the General Fund.
INFORMATIONAL POINT – GASB NO. 45: POST EMPLOYMENT BENEFITS

The City implemented the new reporting standard GASB No. 45 for the year ended February 29, 2008. Governmental Accounting Standards Board (GASB) Statement No. 45 establishes standards for the measurement, recognition, and display of other post employment benefits (OPEB) expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the City’s financial statements. The statement improves reporting by requiring governments to:

- Recognize the costs of benefits in periods when the related services are received by the employer. In the past, these costs were recognized when they were paid.
- Recognize information about the actuarial accrued liabilities from the promised benefits associated with past services and whether and to what extent those benefits have been funded.
- Provide information useful in assessing the potential demands on the employer’s future cash flows.

A new actuarial valuation needs to be provided every two years to meet the new requirements. The City completed its most recent actuarial report to comply with GASB No. 45 in the 2009-2010 fiscal year. As a result, another actuarial valuation is not required to be completed for the audit until the year ending December 31, 2011 following the City’s change in fiscal year end.
PROPOSED AND ISSUED GASB CHANGES

GASB No. 51: Accounting and Financial Reporting for Intangible Assets

Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software.

Statement No. 51 requires that all intangible assets be classified as capital assets (except for some that are specifically excluded). Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable.

That means that you should treat costs incurred for intangible assets the same as you would treat costs incurred for other capital assets like a truck or building. Intangible assets will be written off over their useful life (using amortization).

You are also required to implement the new rules retroactively. That means if you have intangible assets that were acquired in previous years, you will need to go back and determine those costs so that you can record the asset and amortization currently. Assets with indefinite useful lives (such as easements) and internally generated software are exempt from the retroactive calculation.

These new rules are effective for your year ending February 28, 2011. We can assist you with the details of the accounting aspects of this requirement at the appropriate time.

GASB No. 54: Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 54, which changes governmental financial reporting. These changes will affect the City’s financial statements in the future, primarily the governmental fund balance sheet presentation. The major change is to the terminology used for fund balance reporting. Reserved, unreserved, and designated terms are all being replaced with nonspendable, restricted, committed, assigned, and unassigned terms and definitions.

The GASB made these changes to fund balance reporting to make it easier for the reader of financial statements to determine the various levels of restrictions that may exist for the future use of fund balance. In addition to the new method for displaying fund balances, the Statement also clarifies the definitions of the various governmental fund types. The final standard for these changes was issued in February 2009. The changes are effective for the City’s year ending December 31, 2011 following the City’s change in fiscal year end.
Current auditing standards establish requirements and provide guidance to an auditor’s communication with those charged with governance in relation to an audit of financial statements. The standard defines those charged with governance as the person(s) with responsibility for overseeing the strategic direction of the entity and obligations related to accountability of the entity. Most times in local government those charged with governance means the governing body.

Among other things, the SAS directs the auditor to communicate with those charged with governance –

- The auditor’s responsibilities under generally accepted auditing standards
- An overview of the planned scope and timing of the audit; and
- Significant findings from the audit.

Regarding the last bullet point, significant findings from the audit, the auditor should communicate:

- The auditor’s view about qualitative aspects of significant accounting practices
- Significant difficulties, if any, encountered during the audit
- Uncorrected misstatements
- Disagreements with management, if any
- Other findings or issues

Unless all of those charged with governance are involved in managing the entity, the following should also be communicated:

- Material corrected misstatements
- Representations the auditor is requesting from management
- Managements consultations with other accountants
- Significant issues, if any, arising from the audit, or subject of correspondence, with management.

How does this impact the City of Evanston? We are providing increased communications to you throughout the audit process. We have previously issued an additional letter to you covering the items noted above. The new requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

In addition, as this audit is concluded, we use what we have learned to begin the planning process for next year’s audit. It is important that you understand the following points about the scope and timing of our next audit:

a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:

- Identify types of potential misstatements.
- Consider factors that affect the risks of material misstatement.
- Design tests of controls, when applicable, and substantive procedures.

c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with Government Auditing Standards, our report will contain the following restriction: “This report is intended solely for the information and use of the client’s management, others within the City, federal (and state) awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.”

d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

We are very interested in your views regarding certain matters. Those matters are listed here:

a. We typically will communicate with your top level of management unless you tell us otherwise.

b. We understand that the City Council has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the City.

c. We need to know your views about your City's objectives and strategies, and the related business risks that may result in material misstatements.

d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?

e. Have you had any significant communications with regulators?

f. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness, and actions of the City concerning:

a. The City's internal control and its importance in the City, including how those charged with governance oversee the effectiveness of internal control?

b. The detection or the possibility of fraud?
We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. We completed preliminary audit work during the month of February. Our final fieldwork was completed in June. After fieldwork, we wrap up our audit procedures at our office. Final copies of our report and other communications are issued after approval by your staff.

REQUIRED COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

The following section presents communications required by our professional standards.

**Our Responsibility Under Auditing Standards Generally Accepted in the United States of America, OMB Circular A-133 Audit Guidelines**

The objective of a financial statement audit is the expression of an opinion on the financial statements. We conducted the audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements prepared by management with your oversight are free of material misstatement, whether caused by error or fraud. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management or those charged with governance of their responsibilities.

As part of the audit we obtained an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. The audit was not designed to provide assurance on internal control or to identify deficiencies in internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City of Evanston’s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal award in order to determine our 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 Audit Guidelines.
REQUIRED COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE (CONT).

As part of obtaining reasonable assurance about whether City of Evanston’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133 Audit Guidelines, we examined, on a test basis, evidence about City of Evanston’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement applicable to each of its major federal and state programs for the purpose of expressing an opinion on City of Evanston’s compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on City of Evanston’s compliance with those requirements.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

Our responsibility does not extend beyond the audited financial statements identified in this report. We do not have any obligation to and have not performed any procedures to corroborate other information contained in client prepared documents, such as official statements related to debt issues.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated February 16, 2010.

QUALITATIVE ASPECTS OF THE ENTITY’S SIGNIFICANT ACCOUNTING PRACTICES

Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Evanston are described in Note 1 to the financial statements. No new accounting policies were adopted. The application of existing policies was not changed during fiscal year 2010. We noted no transactions entered into by the City of Evanston during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.
REQUIRED COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE (CONT).

**Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Depreciation expense
- Allowance for doubtful accounts
- Insurance claims payable

**Financial Statement Disclosures**

The disclosures in the financial statements are neutral, consistent, and clear.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing our audit.

**Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the City of Evanston’s financial reporting process. Matters underlying adjustments proposed by the auditor could potentially cause future financial statements to be materially misstated.

All audit and bookkeeping adjustments we prepared were included in your financial statements. Copies of these adjustments are available from management.
The following audit adjustments, in our judgment, indicate matters that could have a significant effect on the City of Evanston’s financial reporting process:

<table>
<thead>
<tr>
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<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
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<td>1,090,750</td>
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CITY RESPONSE:

The above audit adjustments did not change overall net assets of the City as of 02/28/10.

In addition, the attached schedule in Appendix A of this report summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.
REQUIRED COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE (CONT).

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter, and attached as Appendix B to this report.

INDEPENDENCE

We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and the City of Evanston that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements for the year ended February 28, 2010, Baker Tilly Virchow Krause, LLP hereby confirms in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants, that we are, in our professional judgment, independent with respect to the City of Evanston and provided no services to the City of Evanston other than the audit of the current year’s financial statements and non-audit services which in our judgment do not impair our independence.

- Adjusting journal entries
- Compiled regulatory report (Annual Financial Report)

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Evanston’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

It was a pleasure to work with the City’s Accounting and Finance staff again this year. We would like to thank you for allowing us to serve you and we look forward to the opportunity to work with the City in the future. If there are any questions, please contact: Jason Coyle - 630-645-6205 or Brian Imhoff - 630-645-6217.

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