

**CITY OF CHANDLER, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2010**

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HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS



**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**

Honorable Mayor and Members of the City Council
City of Chandler, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of City of Chandler, Arizona as of and for the year ended June 30, 2010, which collectively comprise City of Chandler, Arizona's basic financial statements and have issued our report thereon dated December 16, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Chandler, Arizona's internal control over financial reporting 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 City of Chandler, Arizona's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Chandler, Arizona's internal control over financial reporting.

A deficiency in internal control 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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Chandler, Arizona's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

December 16, 2010



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

Independent Auditors' Report

Honorable Mayor and Members of the City Council
City of Chandler, Arizona

Compliance

We have audited City of Chandler, Arizona's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Chandler, Arizona's major federal programs for the year ended June 30, 2010. City of Chandler, Arizona's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Chandler, Arizona's management. Our responsibility is to express an opinion on City of Chandler, Arizona's compliance based on our audit.

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

In our opinion, City of Chandler, Arizona complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Chandler, Arizona as of and for the year ended June 30, 2010, and have issued our report thereon dated December 16, 2010, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise City of Chandler, Arizona's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounts and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

December 16, 2010

**CITY OF CHANDLER, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2010**

Federal Grantor/ Pass-Through Grantor/ Program Title	Contract Number	Federal CFDA Number	Expenditures	Payments To Subrecipients
U.S. Department of Housing and Urban Development				
Direct programs:				
Public and Indian Housing	SF-440	14.850	\$ 1,101,277	\$ -
Capital Fund Program (CFP) Cluster:				
Public Housing Capital Fund - Program Year 2008	SF-440 (AZ20P02850108)	14.872	179,731	-
Public Housing Capital Fund - Program Year 2009	SF-440 (AZ20P02850109)	14.872	305,372	-
Subtotal CFDA Number 14.872			<u>485,103</u>	<u>-</u>
Public Housing Capital Fund Stimulus (Formula) - Recovery Act Funded	SF-440 (AZ20S02850109)	14.885	592,343	-
Subtotal Capital Fund Program (CFP) Cluster			<u>1,077,446</u>	<u>-</u>
Section 8 Housing Choice Vouchers	SF 547 V	14.871	4,804,098	-
CDBG-Entitlement Grants Cluster:				
Community Development Block Grant - Program Year 2007	B-07-MC-04-0507	14.218	2,465	2,465
Community Development Block Grant - Program Year 2008	B-08-MC-04-0507	14.218	111,879	18,479
Community Development Block Grant - Program Year 2009	B-09-MC-04-0507	14.218	873,984	452,080
Community Development Block Grant - Neighborhood Stabilization Program	B-08-MN-04-0502	14.218	1,616,842	1,572,255
Subtotal CFDA Number 14.218			<u>2,605,170</u>	<u>2,045,279</u>
Community Development Block Grant ARRA Entitlement Grants (CDBG-R) - Recovery Act Funded	B-09-MY-04-0507	14.253	102,360	-
Subtotal CDBG-Entitlement Grant Cluster			<u>2,707,530</u>	<u>2,045,279</u>
Homelessness Prevention and Rapid Re-Housing Program (HPRP) - Recovery Act Funded	S-09-MY-04-0507	14.257	254,315	238,942
Passed through Maricopa County Department of Housing and Community Development:				
Home Investment Partnerships Program - Program Year 2008	M08-DC-04-0227	14.239	13,422	-
Home Investment Partnerships Program - Program Year 2009	M09-DC-04-0227	14.239	27,640	-
Home Investment Partnerships Program - Program Year 2006	M08-DC-04-0227	14.239	5,315	-
Home Investment Partnerships Program - Program Year 2007	M08-DC-04-0227	14.239	11,286	-
Home Investment Partnerships Program - Program Year 2008	M08-DC-04-0227	14.239	3,019	-
Subtotal CFDA Number 14.239			<u>60,682</u>	<u>-</u>
Total Department of Housing and Urban Development			<u>10,005,348</u>	<u>2,284,221</u>
Institute of Museum and Library Services				
Passed Through State of Arizona:				
Grants to States	381-21-01-(01)	45.310	11,233	-
Grants to States	381-24-01-(01)	45.310	15,236	-
Grants to States	2009-32201-02	45.310	19,930	-
Total Institute of Museum and Library Services			<u>46,399</u>	<u>-</u>
U.S. Department of Justice				
Direct programs:				
Edward Byrne Memorial Justice Assistance Grant Program	2007-DJ-BX-0283	16.738	4,940	-
Edward Byrne Memorial Justice Assistance Grant Program	2008-DJ-BX-0356	16.738	17,940	-
Subtotal CFDA Number 16.738			<u>22,880</u>	<u>-</u>
Paul Coverdell Forensic Sciences Improvement Grant Program	2008-CD-BX-0059	16.742	42,646	-
Bulletproof Vest Partnership Program	N/A	16.607	2,493	-
Passed through State of Arizona:				
Crime Victim Assistance	2007-VA-GX-0027	16.575	54,536	-
Edward Byrne Memorial Justice Assistance Grant Program	2009-DJ-BX-0342	16.738	73,314	-
Edward Byrne Memorial Justice Assistance Grant - (JAG) Program/ Grants to Units of Local Governments Recovery Act Funded	2009-SB-B9-2970	16.804	131,683	-
Total Department of Justice			<u>327,552</u>	<u>-</u>

**CITY OF CHANDLER, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2010**

Federal Grantor/ Pass-Through Grantor/ Program Title	Contract Number	Federal CFDA Number	Expenditures	Payments To Subrecipients
U.S. Department of Transportation				
Direct programs:				
Airport Improvement Program	N/A	20.106	443,160	-
Passed Through State of Arizona:				
Highway Safety Cluster:				
State and Community Highway Safety	2008-OP-015	20.600	18,126	-
State and Community Highway Safety	2010-OP-005	20.600	24,657	-
State and Community Highway Safety	2010-PT-094	20.600	177	-
Subtotal CFDA Number 20.600			<u>42,960</u>	<u>-</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive	2007-410-020	20.601	32,662	-
Alcohol Traffic Safety and Drunk Driving Prevention Incentive	2008-410-016	20.601	23,781	-
Alcohol Traffic Safety and Drunk Driving Prevention Incentive	2008-410-046	20.601	2,022	-
Alcohol Traffic Safety and Drunk Driving Prevention Incentive	2010-410-025	20.601	12,854	-
Subtotal CFDA Number 20.601			<u>71,319</u>	<u>-</u>
Occupant Protection	2010-OP-006	20.602	17,798	-
Safety Incentive Grants for Use of Seatbelts	2008-OP-003	20.604	14,453	-
Safety Incentive Grants for Use of Seatbelts	2009-OP-020	20.604	5,795	-
Subtotal CFDA Number 20.604			<u>20,248</u>	<u>-</u>
Subtotal Highway Safety Cluster			<u>152,325</u>	<u>-</u>
Highway Planning and Construction Cluster:				
Highway Planning and Construction	JPA 03-081	20.205	4,619	-
Highway Planning and Construction	JPA 06-088	20.205	121,646	-
Highway Planning and Construction	N/A	20.205	1,427,176	-
Highway Planning and Construction	JPA 09-0511	20.205	306,136	-
Subtotal Highway Planning and Construction Cluster			<u>1,859,577</u>	<u>-</u>
Passed Through Maricopa Association of Governments:				
Highway Planning and Construction	N/A	20.205	170,275	-
Subtotal CFDA Number 20.205			<u>2,029,852</u>	<u>-</u>
Federal Transit Formula Grants - Recovery Act Funded	IGA 118-41-2010	20.507	577,293	-
Total Department of Transportation			<u>3,202,630</u>	<u>-</u>
U.S. Department of Energy				
Direct programs:				
Energy Efficiency and Conservation Block Grant Program - Recovery Act Funded	N/A	81.128	128,670	-
U.S. Department of Homeland Security				
Direct programs:				
Assistance to Firefighters Grant	EMW-2007-FP-02225	97.044	4,290	-
Assistance to Firefighters Grant	EMW-2007-FO-04800	97.044	32,966	-
Assistance to Firefighters Grant	EMW-2008-FO-06918	97.044	190,839	-
Assistance to Firefighters Grant	EMW-2009-FO-10290	97.044	1,130	-
Subtotal CFDA Number 97.044			<u>229,225</u>	<u>-</u>
Passed Through State of Arizona:				
Homeland Security Grant Program	2007-GE-T7-0006	97.067	2,349	-
Homeland Security Grant Program	2008-GE-T8-0006	97.067	5,215	-
Homeland Security Grant Program	2007-GE-T7-0006	97.067	4,266	-
Homeland Security Grant Program	2008-GE-T8-0006	97.067	126,554	-
Homeland Security Grant Program	2008-GE-T9-0006	97.067	5,880	-
Homeland Security Grant Program	2009-GE-T9-0006	97.067	129,851	-
Subtotal CFDA Number 97.067			<u>274,115</u>	<u>-</u>
Total Department of Homeland Security			<u>503,340</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 14,213,939</u>	<u>\$ 2,284,221</u>

**CITY OF CHANDLER, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010**

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Chandler, Arizona and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2010 *Catalog of Federal Domestic Assistance*.

**CITY OF CHANDLER, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218, 14.253	CDBG – Entitlement Grants Cluster
14.872, 14.885	Capital Fund Program (CFP) Cluster
14.257	Homelessness Prevention and Rapid Re-housing Program – Stimulus Recovery Act Funded
20.507	Federal Transit Formula Grant – Stimulus Recovery Act Funded

Dollar threshold used to distinguish between Type A and Type B programs: \$426,419

Auditee qualified as low-risk auditee? X yes no

**CITY OF CHANDLER, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

**SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

None reported.

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None reported.

**CITY OF CHANDLER, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2010**

Status of Federal Award Findings and Questioned Costs

The City had no findings or questioned costs related to federal awards noted in prior audits that require a status.