

**CITY OF CHANDLER, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2009**

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**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
of the 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, 2009 which collectively comprise City of Chandler, Arizona's basic financial statements and have issued our report thereon dated December 18, 2009. 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 the City of Chandler, Arizona's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Chandler, Arizona's internal control over financial reporting.

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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, and 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 18, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of City of Chandler, Arizona with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The 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 our auditing procedures for the purpose of expressing our opinion on compliance, 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 of Chandler, Arizona's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 18, 2009. Our audit was performed for the purpose of forming our 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic 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, and 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 18, 2009

**CITY OF CHANDLER, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2009**

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	\$ 1,116,724	\$ -
Capital Fund Program - Program Year 2007	SF-440 (AZ20P02850107)	14.872	134,401	-
Capital Fund Program - Program Year 2008	SF-440 (AZ20P02850108)	14.872	290,849	-
Subtotal CFDA Number 14.872			425,250	-
Capital Fund Program Stimulus - Recovery Act Funded	SF-440 (AZ20S02850109)	14.885	3,318	-
Section 8 Housing Choice Vouchers	SF 547 V	14.871	4,833,684	-
Community Development Block Grant - Program Year 2006	B-06-MC-04-0507	14.218	(2,255)	-
Community Development Block Grant - Program Year 2007	B-07-MC-04-0507	14.218	91,099	11,480
Community Development Block Grant - Program Year 2008	B-08-MC-04-0507	14.218	1,169,805	412,436
Community Development Block Grant - Neighborhood Stabilization Program	B-08-MN-04-0502	14.218	1,164	-
Subtotal CFDA Number 14.218			1,259,813	423,916
Passed through Maricopa County Department of Housing and Community Development:				
HOME - Program Year 2006	M06-DC-04-0227	14.239	21,435	-
HOME - Program Year 2007	M07-DC-04-0227	14.239	(17,291)	-
HOME - Program Year 2008	M08-DC-04-0227	14.239	12,208	-
HOME - Program Year 2009	M09-DC-04-0227	14.239	60,378	-
ADDI - Program Year 2003	M08-DC-04-0227	14.239	3,569	-
ADDI - Program Year 2004	M08-DC-04-0227	14.239	39,109	-
ADDI - Program Year 2005	M08-DC-04-0227	14.239	22,384	-
ADDI - Program Year 2006	M08-DC-04-0227	14.239	5,938	-
Subtotal CFDA Number 14.239			147,730	-
Total Department of Housing and Urban Development			7,786,519	423,916
U.S. Department of Education				
Passed Through State of Arizona:				
Adult Education Grant	09FAEABE-970656-02A	84.002	92,466	-
Adult Education Grant	09FAECIV-970656-01A	84.002	9,231	-
Total Department of Education			101,697	-
National Foundation on the Arts and the Humanities				
Passed Through State of Arizona:				
State Library Program	381-21-01-(01)	45.310	24,764	-
State Library Program	381-24-01-(01)	45.310	15,690	-
Total National Foundation on the Arts and the Humanities			40,454	-
U.S. Department of Justice				
Direct programs:				
Edward Byrne Memorial Justice Assistance Grant	2007-DJ-BX-0283	16.738	3,894	-
Edward Byrne Memorial Justice Assistance Grant	2008-DJ-BX-0356	16.738	8,092	-
Subtotal CFDA Number 16.738			11,986	-
Paul Coverdell Forensic Science Improvement Grant Program	2008-CD-BX-0059	16.742	4,446	-
Bulletproof Vest Partnership Program	N/A	16.607	1,207	-
Passed Through State of Arizona:				
Crime Victim Assistance	2007-VA-GX-0027	16.575	13	-
Crime Victim Assistance	2008-VA-GX-0014	16.575	40,975	-
Subtotal CFDA Number 16.575			40,988	-
Passed Through City of Phoenix:				
Missing Children's Assistance	2005-MC-CX-K009	16.543	9,091	-
Total Department of Justice			67,718	-
Executive Office of the President - Office of National Drug Control Policy				
Passed Through State of Arizona:				
High Intensity Drug Trafficking Area (HIDTA) Drug Grant	HT17-07-1112	95.001	31,713	-
Passed Through City of Phoenix:				
High Intensity Drug Trafficking Area (HIDTA) Drug Grant	120040	95.001	5,951	-
Total Executive Office of the President			37,664	-

**CITY OF CHANDLER, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2009**

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	227,182	-
Passed Through State of Arizona:				
State and Community Highway Safety	2007-OP-014	20.600	7,321	-
State and Community Highway Safety	2008-OP-015	20.600	23,783	-
State and Community Highway Safety	2009-PT-032	20.600	19,000	-
Subtotal CFDA Number 20.600			<u>50,104</u>	-
Alcohol Traffic Safety and Drunk Driving Prevention Incentiv	2007-410-020	20.601	41,374	-
Alcohol Traffic Safety and Drunk Driving Prevention Incentiv	2007-410-022	20.601	64,000	-
Alcohol Traffic Safety and Drunk Driving Prevention Incentiv	2008-410-016	20.601	51,219	-
Alcohol Traffic Safety and Drunk Driving Prevention Incentiv	2008-HF-008	20.601	9,478	-
Subtotal CFDA Number 20.601			<u>166,071</u>	-
Safety Incentive Grants for Use of Seatbelts	2008-OP-003	20.604	9,682	-
Safety Incentive Grants for Use of Seatbelts	2009-OP-020	20.604	1,807	-
Subtotal CFDA Number 20.604			<u>11,488</u>	-
Highway Planning and Construction	JPA 03-081	20.205	517	-
Highway Planning and Construction	JPA 06-088	20.205	24,585	-
Highway Planning and Construction	N/A	20.205	4,081,778	-
Passed Through Maricopa Association of Governments:				
Highway Planning and Construction	N/A	20.205	151,929	-
Subtotal CFDA Number 20.205			<u>4,258,809</u>	-
Passed Through City of Phoenix:				
Federal Transit Formula Grant	AZ-90-X080 (121669)	20.507	31,868	-
Total Department of Transportation			<u>4,745,522</u>	-
U.S. Department of Homeland Security				
Direct programs:				
Assistance to Firefighters Grant	EMW-2007-FP-02225	97.044	43,532	-
Assistance to Firefighters Grant	EMW-2007-FO-04800	97.044	177,171	-
Assistance to Firefighters Grant	EMW-2008-FO-06918	97.044	225,191	-
Subtotal CDFA Number 97.044			<u>445,893</u>	-
Passed Through State of Arizona:				
Homeland Security Grant Program	2006-GE-T6-0007	97.067	550	-
Homeland Security Grant Program	2007-GE-T7-0006	97.067	220,185	-
Homeland Security Grant Program	2008-GE-T8-0006	97.067	235,367	-
Subtotal CFDA Number 97.067			<u>456,102</u>	-
Total Department of Homeland Security			<u>901,995</u>	-
U.S. Department of Agriculture				
Passed Through State of Arizona:				
Cooperative Forestry Assistance	CCG 08-001	10.664	10,000	-
Total Department of Agriculture			<u>10,000</u>	-
Total Expenditures of Federal Awards			<u>\$ 13,691,570</u>	<u>\$ 423,916</u>

**CITY OF CHANDLER, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009**

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*.

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 2009 *Catalog of Federal Domestic Assistance*.

**CITY OF CHANDLER, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

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>
14.871	Section 8 Housing Choice Vouchers
97.044	Assistance to Firefighters Grant
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: \$410,748

Auditee qualified as low-risk auditee? X yes no

**CITY OF CHANDLER, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

SECTION II - FINANCIAL STATEMENT FINDINGS

We noted no significant deficiencies, material weaknesses or instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards*.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

We noted no significant deficiencies, material weaknesses or instances of noncompliance related to the audit of major federal programs as required to be reported by OMB Circular A-133.

CITY OF CHANDLER, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2009

Status of Federal Award Findings and Questioned Costs

Finding No. 07-1

CFDA No. 14.871

Program Name: Section 8 Housing Choice Vouchers

Status: Corrected.