



March 6, 2020

Via E-mail

Ms. Megan Smith, CPA
Accountability Services Manager
Office of the Auditor General
2910 N. 44th Street, Suite 410
Phoenix, Arizona 85018

RE: Reports Required by the Uniform Expenditure Reporting System

In accordance with state statute, the City of Chandler is submitting the following:

1. Independent Auditor's Report on the compliance of the Annual Expenditure Limitation Report.
2. Annual Expenditure Limitation Report, Part I
3. Annual Expenditure Limitation Report, Part II
4. Reconciliation Report
5. Notes to Annual Expenditure Limitation Report
6. The City's Comprehensive Annual Financial Report (CAFR)
For the year ended June 30, 2019
7. The Independent Accountants' Report on the compliance of the Highway User Revenue Fund monies.

Should you have any questions, please contact me at (480) 782-2316.

Sincerely,

Sherry McGlade, CPA, MBA
Accounting Supervisor



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Accounting Division
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City of Chandler
Annual expenditure limitation report
Year ended June 30, 2019

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INDEPENDENT ACCOUNTANT'S REPORT

The Auditor General of the State of Arizona

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

We have examined the accompanying Annual Expenditure Limitation Report of City of Chandler, Arizona for the year ended June 30, 2019, and the related notes to the report. The City's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the uniform expenditure reporting system, in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented, in all material respects, in accordance with the uniform expenditure reporting system as described in Note 1.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
March 6, 2020

City of Chandler
Annual expenditure limitation report—part I
Year ended June 30, 2019

1. Economic Estimates Commission expenditure limitation	\$	239,416,325	
2. Voter-approved alternative expenditure limitation (approved August 28, 2018)		875,686,342	
3. Enter applicable amount from line 1 or line 2	\$		875,686,342
4. Amount subject to the expenditure limitation (total amount from part II, line C)	\$	501,321,636	
8. Subtotal	\$		501,321,636
10. Total adjusted amount subject to the expenditure limitation	\$		501,321,636
11. Amount under (in excess of) the expenditure limitation	\$		374,364,706

If excess expenditures are reported, provide an explanation.

Delete all line item descriptions not used.

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of chief financial officer

Dawn Lang

Name and title:

Dawn Lang- Management Services Director

Telephone number: 480-782-2255

Date:

3-6-20

See accompanying notes to report.

City of Chandler
Annual expenditure limitation report—part II
Year ended June 30, 2019

Description		Governmental funds	Enterprise funds	Internal service funds	Fiduciary funds	Total
A.	Amounts reported on the reconciliation, line D	\$ 323,247,698	\$ 149,061,282	\$ 29,012,656	\$ -	\$ 501,321,636
B.	Less exclusions claimed:					
	16. Total exclusions claimed	-	-	-	-	-
C.	Amounts subject to the expenditure limitation	\$ 323,247,698	\$ 149,061,282	\$ 29,012,656	\$ -	\$ 501,321,636

If an individual fund category/type amount is negative, reduce exclusions claimed to net to zero.

Delete all exclusion line item descriptions not used.

See accompanying notes to report.

City of Chandler
Annual expenditure limitation report—reconciliation
Year ended June 30, 2019

Description	Governmental funds	Enterprise funds	Internal service funds	Fiduciary funds	Total
<u>A.</u> Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 323,247,698	\$ 145,255,181	\$ 29,309,593	\$ -	\$ 497,812,472
<u>B.</u> Subtractions:					
<u>1.</u> Items not requiring use of current financial resources:					
<u>a.</u> Depreciation		45,057,583			45,057,583
<u>b.</u> Loss on disposal of capital assets		102,400			102,400
<u>c.</u> Bad debt expense		475,470			475,470
<u>d.</u> Pension and other postemployment benefits (OPEB) expense		950,258			950,258
<u>e.</u> Claims incurred but not reported (IBNR)			6,718,226		6,718,226
<u>g.</u> Total subtractions	-	46,585,711	6,718,226	-	53,303,937
<u>C.</u> Additions:					
<u>1.</u> Principal payments on long-term debt	-	23,656,918			23,656,918
<u>2.</u> Capital asset acquisitions	-	24,793,692			24,793,692
<u>3.</u> Amounts paid in the current year but reported as expenses in previous years:					
<u>a.</u> Claims previously recognized as IBNR		1,941,202	6,421,289		6,421,289
<u>4.</u> Pension and OPEB contributions paid in the current year	-	50,391,812	6,421,289	-	1,941,202
<u>5.</u> Total additions	-	50,391,812	6,421,289	-	56,813,101
<u>D.</u> Amounts reported on part II, line A	<u>\$ 323,247,698</u>	<u>\$ 149,061,282</u>	<u>\$ 29,012,656</u>	<u>\$ -</u>	<u>\$ 501,321,636</u>

Delete all subtraction and addition line item descriptions not used.

See accompanying notes to report.

City of Chandler
Notes to annual expenditure limitation report
Year ended June 30, 2019

Note 1 - Summary of significant accounting policies

The annual expenditure limitation report (AELR) is presented as prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted *August 28, 2018*, as authorized by the Arizona Constitution, Article IX, §20(9). The City's budget for Fiscal Year 2018-19 was approved on *June 14, 2018*.

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; statement of cash flows for the proprietary funds; and the statement of changes in fiduciary net position for the fiduciary funds.

Note 2 Total Expenditures/Expenses/Deductions

Enterprise Funds:	
Total Operating Expenses	\$ 127,579,253
Interest Expense	14,223,085
Loss on Disposal of Capital Assets	102,400
Amortization of deferred bond items	57,087
Equity Interest in Joint Venture	3,293,356
Total:	<u>\$ 145,255,181</u>

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Chandler, Arizona's (City) compliance as to whether highway user revenue fund monies received by the City of Chandler pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the City of Chandler, were used solely for authorized transportation purposes during the year ended June 30, 2019. Management is responsible for the City of Chandler's compliance with those requirements. Our responsibility is to express an opinion on the City of Chandler, Arizona's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about the City of Chandler's compliance with the requirements referred to above, in all material respects. An examination involves performing procedures to obtain evidence about the City of Chandler's compliance with the requirements referred to above. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance of the report, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City of Chandler's compliance with specified requirements.

In our opinion, the City of Chandler, Arizona complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2019.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
December 23, 2019