City Clerk Document No. ________________

City Council Meeting Date: April 10, 2025

AMENDMENT TO CITY OF CHANDLER AGREEMENT
AUDIT SERVICES
CITY OF CHANDLER AGREEMENT NO. 4596

THIS AMENDMENT NO. 2 (Amendment No. 2) is made and entered into by and between the City of Chandler, an Arizona municipal corporation (City), and Heinfeld, Meech & Co., P.C. (Contractor), (City and Contractor may individually be referred to as Party and collectively referred to as Parties) and made _____________________ , 2025 (Effective Date).

RECITALS

WHEREAS, the Parties entered into an agreement for audit services (Agreement); and

WHEREAS, the term of the Agreement was June 1, 2023, through May 31, 2024, with the option of up to four one-year extensions; and

WHEREAS, the Parties wish to exercise the second option through this Amendment to extend the Agreement for one year.

AGREEMENT

NOW THEREFORE, the Parties agree as follows:

1. The recitals are accurate and are incorporated and made a part of the Agreement by this reference.

2. Section III is amended to read as follows: The Agreement is extended for a one-year period June 1, 2025, through May 31, 2026.

3. The parties agree to the Scope of Services set forth in in Revised Exhibit A, attached hereto and made a part of this Amendment No. 2.

4. Section IV is amended to read as follows: The City will pay the Contractor the per unit cost set forth in Revised Exhibit B, attached hereto and made a part of this Amendment No. 2. Total

payments made to the Contractor during the term of this Amendment No. 2 will not exceed $144,250.

5. All other terms and conditions of the Agreement remain unchanged and in full force and effect. If a conflict or ambiguity arises between this Amendment No. 2 and the Agreement, the terms and conditions in this Amendment No. 2 prevail and control.

IN WITNESS WHEREOF, the Parties have entered into this Amendment on the Effective Date.

FOR THE CITY	**FOR THE CONTRACTOR**
By: ______________________	By: ______________________
Its: Mayor	Its: Partner - Administration

APPROVED AS TO FORM:

By: ______________________

City Attorney JMB

ATTEST:

By: ______________________

City Clerk

REVISED EXHIBIT A
SCOPE OF SERVICES

General Requirements

The audits must be performed in accordance with auditing standards generally accepted in the United States, as set forth by the American Institute of Certified Public Accountants (AICPA), the standards set forth for financial audits in the General Accounting Office (GAO) Government Accounting Standards (as revised in 1994), the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, as well as the following additional requirements:

- The State of Arizona Uniform Expenditure Reporting System requirements
- The State of Arizona Department of Environmental Quality Local Government Financial Test
- The U.S. Department of Housing and Urban Development (HUD) Financial Data Schedule (FDS) per Chapter 2 of the Statement on Standards for Attestation Engagements (SSAE) No. 10 for the AICPA.

In addition, the Contractor may conduct, at the request of the City, other special audits or consulting services for selected departments or programs.

Specific Requirements

The City requires the Contractor to express an opinion on the fair presentation of its basic financial statements in conformity with accounting principles generally accepted in the United States.

The Contractor is not required to audit the combining and individual non-major fund financial statements and supporting schedules. However, the Contractor will provide an “in-relation-to” report on the combining and individual non-major fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements.

The Contractor will be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by auditing standards generally accepted in the United States.

The Contractor is not required to audit the schedule of expenditures of federal awards. However, the Contractor will provide an “in-relation-to” report on that schedule based on the auditing procedures applied during the audit of the financial statements.

Reports

Following the completion of the audit of the year’s financial statements, the Contractor will issue:

- A report on the fair presentation of the City’s financial statements in conformity with accounting principles generally accepted in the United States, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards “in-relation-to” to the audited financial statements.
- A report on the fair presentation of the financial statements of the Chandler Cultural Foundation in conformity with accounting principles generally accepted in the United States.
- A report on compliance and on internal control over financial reporting based on an audit of

financial statements generally accepted government auditing standards.
- A report on compliance and internal control over compliance applicable to each major federal program.
- A report on compliance with the Uniform Expenditure Limitation reporting system requirements, ARS 41-1279.07.
- A report on compliance with the Arizona Department of Environmental Quality Local Government Financial Tet, 40 CFR 258.74.
- Electronic submission of the Financial Data Schedule (SF SAC) to HUD's Real Estate Assessment Center (REAC).
- A report on the fair presentation of the financial statements of the Chandler Health Care Benefit Trust Fund of the City in conformity with accounting principles generally accepted in the U.S.
- A report on the fair presentation of the financial statements of the Chandler Worker's Compensation and Employer Liability Trust Fund of the City in conformity with accounting principles generally accepted in the United States.
- A bi-annual report on the Purchasing Card program beginning with fiscal year ending June 30, 2023.
- A bi-annual report on applying agreed-upon procedures related to the certification of land use assumptions, infrastructure improvement plan and development impact fees.
- Assist in presentation of audit results to City Council per requirements of ARS § 41-1494.

In the required reports on compliance and internal controls, the Contractor will communicate any significant deficiencies found during the audit. 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. Material weaknesses will also be identified as such in the report. Other matters discovered by the Contractor will be reported in a separate letter to management, which will be referred to in the report(s) on compliance and internal controls.

Irregularities and Illegal Acts. Contractor will be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which it becomes aware to the City's Deputy City Manager/CFO.

Contractor will ensure that the City is informed of each of the following:
- The Contractor's responsibility under auditing standards generally accepted in the United States
- Significant accounting policies
- Management judgments and accounting estimates
- Significant audit adjustments
- Other information in documents containing audited financial statements
- Disagreements with management
- Management consultation with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit

Special Considerations
- The City will send its Annual Comprehensive Financial Report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for

Excellence in Financial Reporting program (Certificate Program). The Contractor will be required to review the financial statements against the Certificate Program checklist to ensure compliance with the requirements of that program.

- The City typically prepares one or more official statements each year in connection with the sale of debt securities, which contains the basic financial statements and the auditor's report thereon. Currently, the City does not require its Contractor to issue a "consent and citation of expertise" as the auditor and/or any necessary "comfort letters." However, the Contractor will be required, if requested by the City's financial advisor and/or underwriter, to issue such letters, as needed.
- The City has determined that the U.S. Department of Housing and Urban Development will function as the cognizant agency in accordance with the provisions of the Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.
- The schedule of expenditures of federal awards and related auditor's report, as well as the reports on compliance and internal controls are not to be included in the Annual Comprehensive Financial Report but are to be issued separately.

Working Paper Retention and Access to Working Papers

- All working papers and reports must be retained, at the Contractor's expense, for a minimum of five (5) years, unless the Contractor is notified in writing by the City of the need to extend the retention period. The Contractor will be required to make working papers available, upon request, to the following parties or their designees: City, U.S. Department of Housing and Urban Development, United States General Accounting Office (GAO), parties designated by the federal or state governments or by the City as part of an audit quality review process, and auditors of entities of which the City is a sub-recipient of grant funds.
- In addition, the Contractor will respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

Components for Fiscal Year and Calendar Year Audits will include, but not be limited to the following, and will be scheduled with mutually agreed upon dates:

- Entrance conference with Accounting Senior Manager, Financial Services Assistant Director, Deputy City Manager/CFO and key personnel.
  Note: The purpose of this meeting will be to discuss the interim work to be performed. This meeting will also be used to establish overall liaison for the audit, to make arrangements for workspace and any other needs of the Contractor.
- Detailed Audit Plan
  Note: The Contractor will provide the City with both a detailed plan and a list of all schedules to be prepared by the City. Future years meeting dates, as applicable, will be determined mutually by the City and the Contractor.
- Commencement of year-end-audit field work
- Completion of audit field work
- Draft Financial Statements
  Note: The City will provide the Contractor with a draft of the Annual Comprehensive Financial Report for review.
- Exit interview with Accounting Senior Manager, Financial Services Assistant Director and Deputy City

Manager/CFO

Note: The purpose of the meeting will be to summarize the results of the field work, review significant findings and review the draft financial report.

- Signed Auditors Opinion delivered to the City

Assistance to be provided to the Contractor and Report Preparation

- Accounting Division and Clerical Assistance - the Accounting Division staff and responsible management personnel will be available during the audit to assist the Contractor by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the City.
- Electronic Data Processing (EDP) Assistance - the City's Information Technology Division personnel will be available to provide systems documentation and explanations.
- Statements and Schedules to be prepared by the City Staff - City staff will prepare the trial balances and all required statements and schedules for the Contractor in accordance with the above list of reports.
- Work Area, Telephones, and Photocopying/fax services - the City will provide the Contractor with reasonable workspace, desks and chairs, access to a telephone line, and photocopying/fax facilities.
- Report Preparation - City staff will prepare, print and bind the Annual Comprehensive Financial Report, the ADEQ report and the Uniform Expenditure Reporting System report. The Contractor will prepare, print, and bind the single audit report, Chandler Health Care Benefit Trust report, Chandler Worker's Compensation and Employer Liability Trust report, and Chandler Cultural Foundation report.

REVISED EXHIBIT B
COMPENSATION AND FEES

Fees are inclusive of all services included in the Scope of Services.

DESCRIPTION	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27
Annual Comprehensive Financial Report	$76,500	$78,800	$81,150	$83,600	$86,100
Chandler Cultural Foundation Report	$16,850	$17,350	$17,900	$18,400	$18,950
Chandler Museum Foundation Report	$11,000	$11,350	N/A	N/A	N/A
Single Audit Reports (Uniform Guidance)	$18,750	$19,300	$19,850	$20,450	$21,100
Annual Expenditure Limitation Report	$1,500	$1,550	$1,600	$1,650	$1,700
ADEQ Landfill Assurance Report	$2,250	$2,325	$2,400	$2,475	$2,550
Chandler Worker's Compensation and Employer Liability Trust Fund Report	$7,500	$7,725	$7,950	$8,200	$8,450
Chandler Purchase Card Review Report	$3,650	N/A	$3,850	N/A	$4,050
Development Impact Fees Report	N/A	$14,500	N/A	$15,000	N/A
TOTAL	**$138,000**	**$152,900**	**$134,700**	**$149,775**	**$142,900**

DESCRIPTION	CY 2023	CY 2024	CY 2025	CY 2026	CY 2027
Chandler Health Care Benefits Trust Fund Report	$9,000	$9,275	$9,550	$9,825	$10,125

Professional Hourly Fees for Additional Services

Personnel	Hourly Rate
Partners	$297.05
Managers	$233.40
Supervisory Staff	$175.05
Staff	$127.31
Other (Specify) – Administrative	$79.57

The above hourly rates will be used for the first contract year. These hourly rates will be increased by 3% annually for any additional work completed in subsequent contract years.