

RESOLUTION NO. R2010-37

A RESOLUTION AUTHORIZING THE TOWN MANAGER TO ENTER INTO A CONTRACT WITH JOHNSON, MURPHEY & WRIGHT, P.C. TO AUDIT TOWN ACCOUNTS FROM JULY 1, 2009 THROUGH JUNE 30, 2010, AND TO PROVIDE PAYMENT FOR MUNICIPAL AUDITING SERVICES PERFORMED ON TOWN ACCOUNTS FOR THAT TIME PERIOD IN THE AMOUNT OF \$17,275.00.

BE IT RESOLVED by the Town Council of the Town of Signal Mountain, Tennessee that the Town Manager is authorized to enter into a contract with Johnson, Murphey & Wright, P.C. to audit Town Accounts from July 1, 2009 through June 30, 2010 and to provide payment for municipal auditing services performed on Town Accounts for that time period in the amount of \$17,275.00. A copy of the Contract to Audit Accounts is attached.



MAYOR



RECORDER

5/10/10

DATE

5-10-10

DATE

CONTRACT TO AUDIT ACCOUNTS

OF

TOWN OF SIGNAL MOUNTAIN, TENNESSEE

(GOVERNMENTAL UNITS AND/OR RECIPIENTS OF
GRANT FUNDS)

FOR THE PERIOD

FROM JULY 1, 2009 TO JUNE 30, 2010

Please include current email information below. If your email information changes after this contract is approved, updated information should be submitted via the form located at:
<http://www.comptroller.state.tn.us/ma/forminst.htm>.

CPA's E-Mail Address:

btw@jmw-cpa.com

Government's/Nonprofit's E-Mail Address:

(See Instruction # 10)

Contract Filing

Electronically Filed
(the signed document was scanned into a digital document or a digital graphic or typed signature was used in the electronic contract)

Paper Copy Filed

(See Instruction #2)

Report Filing

Copies of the audit report resulting from this contract are to be filed with the office noted below:

County Audit
(CA.Contracts@tn.gov)

Municipal Audit
(MA.Contracts@tn.gov)

(See Instruction # 9)

CONTRACT TO AUDIT ACCOUNTS

of TOWN OF SIGNAL MOUNTAIN, TENNESSEE

(Name of Organization)

This agreement made this 26th day of FEBRUARY, 2010, by and between JOHNSON, MURPHEY & WRIGHT, P.C.

(Auditor)

301 NORTH MARKET STREET, CHATTANOOGA, TN 37405

, hereinafter referred to as the "auditor"

(Full Address of Auditor)

and TOWN OF SIGNAL MOUNTAIN, TENNESSEE

(Name of Organization)

1111 RIDGEWAY AVENUE, SIGNAL MOUNTAIN, TN 37377

, hereinafter referred to as the "organization"

(Full Address of Organization)

(governmental unit or grant recipient), as follows:

1. In accordance with the requirements of the laws and/or regulations of the State of Tennessee, the auditor shall perform a financial and compliance audit of the financial statements of all funds of the organization for the period beginning JULY 1, 2009, and ending JUNE 30, 2010 with the **exception of the funds listed below:**

2. The auditor shall conduct the audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and requirements prescribed by the Comptroller of the Treasury, State of Tennessee. If applicable, the audit is to be conducted in accordance with the provisions of the Single Audit Act and U.S. Office of Management and Budget (OMB) *Circular A-133*. The audit is also to be conducted in accordance with any other applicable federal management circulars. It is agreed that this audit will conform to standards, procedures, and reporting requirements established by the Comptroller of the Treasury. It is further agreed that any deviation from these standards and procedures will be approved in writing by the Comptroller of the Treasury prior to the execution of the contract. The interpretation of this contract shall be governed by the above-mentioned publications and the laws of the State of Tennessee.

3. The auditor shall, as part of the written audit report, submit to the organization's management and those charged with governance:

- a report containing an expression of an unqualified or modified opinion on the financial statements. (See Instruction 4) This report shall state the audit was performed in accordance with *Government Auditing Standards*, except when a disclaimer of opinion is issued. If the organization is a component unit or fund of another entity, it is agreed that: (a) the financial statements may be included in the financial statements of the other entity; (b) the principal auditor for the other entity may rely upon the contracted auditor's report; (c) any additional information required by the principal auditor of the other entity will be provided in a timely manner.
- a report on the internal control and on compliance with applicable laws and regulations and other matters. This report shall be issued regardless of whether the organization received any federal funding. Audit reports of entities which are subject to the provisions of the Single Audit Act and OMB *Circular A-133* shall include the additional report required by that circular. The reports will set forth findings, recommendations for improvement, concurrence or nonconcurrence of appropriate officials with the audit findings, comments on corrective action taken or planned, and comments on the disposition of prior year findings.

4. If a management letter or any other reports or correspondence relating to other matters involving internal controls or noncompliance are issued in connection with this audit, a copy shall be filed with the Comptroller of the Treasury. Such management letters, reports, or correspondence shall be consistent with the findings published in the audit report (i.e., they shall disclose no reportable matters or significant deficiencies not also disclosed in the findings found in the published audit report).

5. The auditor shall furnish 15 printed copies and/or an electronic copy of the report to the organization's management and those charged with governance. It is anticipated that the auditor's report shall be filed prior to 12-31-2010, but in no case, shall be filed later than six (6) months following the fiscal period to be audited, without prior written explanation to the Comptroller of the Treasury, State of Tennessee and the organization. The auditor shall file one (1) electronic copy (See Instruction 12) of said report with the Comptroller of the Treasury, State of Tennessee, and with the appropriate officials of the granting agencies listed below. Requirements for additional copies should also be addressed as follows:

6. The auditor agrees to retain working papers for no less than five (5) years from the date the report is received by the Department of Audit. In addition, the auditor agrees that all audit working papers shall, upon request, be made available in the manner requested by the Comptroller for review by the Comptroller of the Treasury or the Comptroller's representatives, agents, and legal counsel, while the audit is in progress and/or subsequent to the completion of the report. Furthermore, at the Comptroller's discretion, it is agreed that the working papers will be reviewed at the office of the auditor, the entity, or the Comptroller and that copies of the working papers can be made by the Comptroller's representatives or may be requested to be made by the firm and may be retained by the Comptroller's representatives.

7. Any reasonable suspicion of fraud, such as defalcation, misappropriation, misfeasance, malfeasance, embezzlement or other illegal acts shall be reported by the auditor, in writing immediately upon discovery, to the Comptroller of the Treasury, State of Tennessee, who shall under all circumstances have the authority, at the discretion of the Comptroller, to directly investigate such matters. If the circumstances disclosed by the audit call for a more detailed investigation by the auditor than necessary under ordinary circumstances, the auditor shall inform the organization's management and those in charge of governance in writing of the need for such additional investigation and the additional compensation required therefor. Upon approval by the Comptroller of the Treasury, an amendment to this contract may be made by the organization's management and those charged with governance and the auditor for such additional investigation. (See Instruction 11)

8. (Special Provisions) INCLUDES CONTINUING SAS104-111 RISK ASSESSMENT PROCEDURES.

9. In consideration of the satisfactory performance of the provisions of this contract, the organization shall pay to the auditor a fee of \$18,250.00 (Fees may be per diem or fixed amounts. If per diem, an estimated gross fee should be furnished to the governing unit for budgetary purposes. A schedule of such per diem fees should be set forth below. Interim billings may be arranged with consent of both parties to this contract.) Provision for the payment of fees under this agreement has been or will be made by appropriation of management and those charged with governance. Fees under this agreement shall not include anything other than audit charges.

(Estimated gross fee: _____)

SCHEDULE OF PER DIEM FEES:

\$17, 275 Audit

\$ 975 Additional Single Audit Procedures (If necessary)

10. As the auditor and authorized representative of the firm, I do hereby affirm that our office is currently registered with the State Board of Accountancy and our organization has participated in an external quality control review at least once every three (3) years, conducted by an organization not affiliated with our firm, that a copy of our most recent external quality control review report has been provided to the organization, and that all members of the staff assigned to this audit have obtained the necessary hours of continuing professional education required by *Government Auditing Standards*. (Refer to instruction 8). In addition, as the auditor I also affirm that all auditors participating in the engagement are independent under the requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards*.

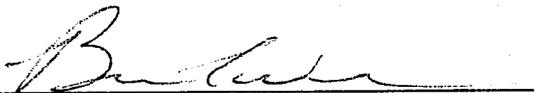
11. This writing, including any amendments, contains all terms of this contract. There are no other agreements between the parties hereto and no other agreements relative hereto shall be enforceable, unless entered into in accordance with the procedures set out herein and approved by the Comptroller of the Treasury, State of Tennessee. If digital signatures, as defined in Instruction 2 of this contract, are used in this contract, all parties agree that they are acceptable as provided for in the Uniform Electronic Transaction Act.

JOHNSON, MURPHEY & WRIGHT, P.C.

Audit Firm

BRIAN T. WRIGHT

Print or Type Signature Name

By 
Signature

Title/Position: PARTNER/CPA

Date: FEBRUARY 26, 2010

TOWN OF SIGNAL MOUNTAIN, TENNESSEE

Governmental Unit or Grant Recipient

MARK A. JOHNSON

Print or Type Signature Name

By 
Signature

Title/Position: RECORDER/FINANCE DIRECTOR

Date: May 10, 2010

Approved by the Comptroller of the Treasury, State of Tennessee

For the Comptroller:

By

Date: