

June 23, 2015

Mayor Jane W. Dawkins	P
Commissioner Paul Don King	A
Commissioner Ronnie Lancaster	P
Commissioner Jeff Powers	P
Commissioner Jimmy Wigfall	P

The Board of Mayor and City Commissioners met in a Regular City Meeting on Tuesday, June 23, 2015. This meeting was not held on June 9th due to lack of quorum.

A **Motion** was made by Commissioner Wigfall, seconded by Commissioner Powers, to approve the minutes of the May 12, 2015 meeting. Four voted aye.

A **Motion** was made by Commissioner Wigfall, seconded by Commissioner Lancaster, to approve the minutes of the May 28, 2015. Four voted aye.

A **Motion** was made by Commissioner Wigfall, seconded by Commissioner Lancaster, to add a 6 month probation/merit raise, to the City's Policy/Procedure Manual. Four voted aye.

A **Motion** was made by Commissioner Lancaster, seconded by Commissioner Wigfall, to secure the audit contract with Linda Bean-Householder, Artman Certified Public Accountants. Roll call vote: Commissioner Lancaster, yes; Commissioner Wigfall, yes; Commissioner Powers, no; Mayor Dawkins, yes. Three voted aye.

After a public hearing, a **Motion** to pass on second (2nd) and final reading **Ordinance # 754** (An Ordinance Amending the Annual Budget for the City of South Pittsburg, TN, for Fiscal Year 2014-2015) was made by Commissioner Wigfall, seconded by Commissioner Lancaster. Four voted aye.

After a public hearing, a **Motion** to pass on second (2nd) and final reading **Ordinance # 755** (An Ordinance of the City of South Pittsburg, TN, Adopting the Annual Budget and Tax Rate for the Fiscal Year Beginning July 1, 2015 and Ending June 30, 2016) was made by Commissioner Lancaster, seconded by Commissioner Wigfall. Commissioner Lancaster, Commissioner Wigfall, and Mayor Dawkins voted yes. Commissioner Powers voted no.

A **Motion** was made by Commissioner Wigfall, seconded by Commissioner Lancaster, to reappoint Kenneth Hookey to the Marion Natural Gas Board of Directors. Four voted aye.

A **Motion** was made by Commissioner Lancaster, seconded by Commissioner Wigfall, to renew the annual contract with SETDD re: Local Planning Assistance. Four voted aye.

A **Motion** to adjourn the meeting was made by Commissioner Wigfall, seconded by Commissioner Lancaster. Four voted aye.

Respectfully submitted,

Mayor Jane W. Dawkins
Diane Beavers, City Recorder

HOUSHOLDER ARTMAN, PLLC
CERTIFIED PUBLIC ACCOUNTANTS



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Tullahoma, Tennessee 37388

Telephone 931-455-4248
Fax 931-393-2122

April 6, 2015

Board of Aldermen/Commissioners
City of South Pittsburg, Tennessee

We are pleased to confirm our understanding of the services we are to provide the City of South Pittsburg, Tennessee for the year ended June 30, 2015. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the City of South Pittsburg, Tennessee as of and for the year ended June 30, 2015. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City of South Pittsburg, Tennessee's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City of South Pittsburg, Tennessee's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) GASB supplementary pension and OPEB information
- 3) Budget comparison schedules.

We have also been engaged to report on supplementary information other than RSI that accompanies the City of South Pittsburg, Tennessee's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Schedule of expenditures of federal awards.
- 2) Combining statements
- 3) Individual fund statements.

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1) Statistical data

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (2) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (3) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and OMB Circular A-133 in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements, schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and schedule of expenditures of

federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. You agree to assume all management responsibilities for any nonaudit services we provide; oversee the services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review on October 31, 2015.

You are responsible for preparation of the schedule of expenditures of federal awards in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In the event that a dispute arises at any time between the company and the firm that cannot be resolved through discussion or voluntary mediation, the parties agree to submit the entire dispute to binding, non-public arbitration. The arbitration shall take place in the offices of the arbitrator, or at a mutually agreeable location. The rules under which the arbitration shall take place shall be the rules of the American Arbitration Association or other such alternative dispute resolution procedure as may be agreed upon by the parties. Any statements made in preparation for or the conduct of the actual arbitration shall be confidential and the parties agree not to use any

such statements in any other matter, including any litigation between the parties and other third-parties not a party to this engagement letter. Unless otherwise agreed, the parties agree that no depositions shall proceed in connection with the arbitration and that only requests for the production of documents shall be used as a discovery device in the arbitration. Moreover, unless otherwise agreed, the parties agree that an arbitration of the dispute shall take place no later than six (6) months after service of a demand for arbitration on the other party.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of City of South Pittsburg, Tennessee's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of City of South Pittsburg, Tennessee's major programs. The purpose of these procedures will be to express an opinion on City of South Pittsburg, Tennessee's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. We will provide an electronic copy of our reports to the City of South Pittsburg, Tennessee; however It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide electronic copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of Housholder Artman, PLLC and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the State of Tennessee or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Housholder Artman, PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the grantor agencies. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately August 1, 2015 and to issue our reports no later than December 31, 2015. Linda L. Bean is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. The entity will have all books and records ready for audit and will provide all schedules and additional information by the due date established when the information is requested. Any delays in having the books and records ready for audit or in providing schedules and additional information will be included in determining whether penalties apply.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$18,500 as detailed below:

City of South Pittsburg	\$ 4,625.00
Marion Natural Gas & Board of Water Works & Sewer	<u>13,875.00</u>
	\$18,500.00

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us

for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2014 peer review report accompanies this letter.

We appreciate the opportunity to be of service to the City of South Pittsburg, Tennessee and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

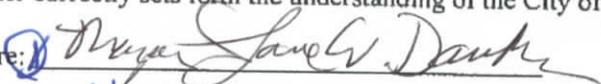
Very truly yours,

Housholder Artman PLLC

Housholder Artman, PLLC

RESPONSE:

This letter correctly sets forth the understanding of the City of South Pittsburg, Tennessee.

Signature: 

Title: Mayor

CONTRACT TO AUDIT ACCOUNTS
OF
City of South Pittsburg

FROM July 01, 2014 TO June 30, 2015

This agreement made this 1st day of May 2015, by and between Housholder Artman, PLLC, PO Box 1568, Tullahoma, TN 37388, hereinafter referred to as the "auditor" and City of South Pittsburg, of 204 West 3rd Street, South Pittsburg, TN 37380, hereinafter referred to as the "organization", 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 organization for the period beginning July 01, 2014, and ending June 30, 2015 with the exceptions 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, as detailed in the *Audit Manual*. Additional information and procedures necessary to comply with requirements of governments other than the State of Tennessee are permissible provided they do not conflict with or undermine the requirements previously referenced. 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) a report containing an expression of an unqualified or modified opinion on the financial statements, as prescribed by the *Audit Manual*. 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; and (c) any additional information required by the principal auditor of the other entity will be provided in a timely manner.

 - b) 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 file one (1) electronic copy of said report with the Comptroller of the Treasury, State of Tennessee. The auditor shall furnish 20 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 December 31, 2015, but in no case, shall be filed later than six (6) months following the period to be audited, without explanation to the Comptroller of the Treasury, State of Tennessee and the organization. Requirements for additional copies, including those to be filed with the appropriate officials of granting agencies, are listed below:

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, (regardless of materiality) or other unlawful acts including, but not limited to theft, forgery, credit/debit card fraud, or any other act of unlawful taking, waste, or abuse of, or official misconduct, as defined in *Tennessee Code Annotated*, § 39-16-402, involving public money, property, or services shall, upon discovery, be promptly reported in writing by the auditor 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. Notwithstanding anything herein to the contrary, the Comptroller of the Treasury, State of Tennessee, acknowledges that the auditor's responsibility hereunder is to design its audit to obtain reasonable, but not absolute, assurance of detecting fraud that would have a material effect on the financial statements, as well as other illegal acts or violations of provisions of contracts or grant agreements having a direct and material effect on financial statement amounts. 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.

8. Group Audits. The provisions of Section 8, relate exclusively to contracts to audit components of a group under SAS 122, Section AU-C 600. (See definitions in AU-C 600, Paragraph 11.) Section 8 is only applicable to an auditor that audits a component (e.g. a fund, component unit, or other component) of a county government that is audited by the Division of Local Government Audit (LGA). Section 8 is intended to satisfy the communication requirements for the group auditor (LGA) to the component auditor under AU-C 600.

- a) The Division of Local Government Audit (LGA) shall be considered the "group auditor" for any contract to audit a component of an applicable county government. LGA shall present the county's financial statements in compliance with U.S. Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). LGA shall conduct the audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.
- b) The contracting auditor shall be considered the "component auditor" for purposes of this section.
- c) The financial statements audited by the component auditor should be presented in accordance with GAAP as promulgated by GASB. If the financial reporting framework for any component does not conform to this basis, the financial reporting framework should be disclosed in Section 9 (Special Provisions). (Component financial statements that are not presented using the same financial reporting framework as the county's financial statements may cause this contract to be rejected.)
- d) The component auditor shall conduct the component audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.
- e) The component auditor shall cooperate with LGA to accomplish the group audit. It is anticipated that LGA will make reference to the component auditor's report in the group audit report. Should LGA find it necessary to assume responsibility for the component auditor's work, the terms, if any, shall be negotiated under a separate addendum to this contract.
- f) The component auditor shall follow the ethical requirements of *Government Auditing Standards* and affirms that the component auditor is independent to perform the audit and will remain independent throughout the course of the component audit engagement.
- g) The component auditor affirms that the component auditor is professionally competent to perform the audit. LGA may confirm certain aspects of the component auditor's competence through the Tennessee State Board of Accountancy.
- h) The component auditor will be contacted via email by the LGA's Audit Review Manager with the estimated date of the conclusion of LGA's audit of the county government. The component auditor agrees to update subsequent events between the date of the component auditor's report and the date of the conclusion of LGA's audit of the county government. Additional subsequent events should be communicated via email to LGA's Audit Review Manager.
- i) The component auditor shall read LGA's audited financial statements for the county government for the previous fiscal year noting in particular related parties in the notes to the financial statements, and material misstatement findings in the Findings and Questioned Costs Section. The previous year audited financial statements can be obtained from the Comptroller's website at www.comptroller.tn.gov. As required by generally accepted auditing standards, we have identified Management Override of Controls and Improper Revenue Recognition as presumptive fraud risks. The component auditor shall communicate to LGA (i.e. group management) on a timely basis related parties not previously identified by the group management in LGA's prior year audited financial statements. Related parties should be communicated via email to LGA's Audit Review Manager.
- j) The component auditor's report should not be restricted as to use in accordance with AU-C, 25 (b) and AU-C, 905.
- k) Sections 1-7 and Sections 9-13 of this contract are also applicable to the component auditor during the performance of the component audit.

9. (Special Provisions)

10. In consideration of the satisfactory performance of the provisions of this contract, the organization shall pay to the auditor a fee of (Fees may be fixed amounts or estimated.) (Fixed Amount: 18,500) or (Estimated gross fee:)

(If not fixed amount, an estimated gross fee should be furnished to the governing unit for budgetary purposes. A schedule of fees and/or rates 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.

SCHEDULE OF FEES AND/OR RATES:

11. As the authorized representative of the firm, I do hereby affirm that:

- our firm and all individuals participating in the audit are in compliance with all requirements of the Tennessee State Board of Accountancy and;
- our firm has participated in an external quality control review at least once every three (3) years, conducted by an _____ organization not affiliated with our firm, and that a copy of our most recent external quality control review report has been provided to _____ the organization, and the office of the Tennessee Comptroller of the Treasury approving this contract;
- all members of the staff assigned to this audit have obtained the necessary hours of continuing professional education required by *Government Auditing Standards*.
- all auditors participating in the engagement are independent under the requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards*.

12. This writing, including any amendments or special provisions, 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. In the event of a conflict or inconsistency between this contract and the special provisions contained in paragraph 9 of this contract, the special provision(s) are deemed to be void. Any changes to this contract must be agreed to in writing by the parties hereto and must be approved by the Comptroller of the Treasury, State of Tennessee. All parties agree that the digital signatures, that is, the electronic signatures applied by submitting the contract, are acceptable as provided for in the Uniform Electronic Transaction Act. Any paper documents submitted related to this contract will be converted to an electronic format and such electronic document(s) will be treated as the official document(s).

13. If any term of this contract is declared by a court having jurisdiction to be illegal or unenforceable, the validity of the remaining terms will not be affected, and, if possible, the rights and obligations of the parties are to be construed and enforced as if the contract did not contain that term.

Housholder Artman, PLLC

City of South Pittsburg

Audit firms

Governmental Unit or Organization

 **Linda Bean**

 **Sammy Burrows**

By _____
Signature

By _____
Signature

Title/Position: **Partner/CPA**

Title/Position: **City Administrator**

E-mail address: **lbean@haa-cpa.com**

E-mail address: **sburrows@southpittsburg-tn.gov**

Date: **May 01, 2015**

Date: **May 04, 2015**

Approved by the Comptroller of the Treasury, State of Tennessee

For the Comptroller:

By

Date:

ORDINANCE NO. 754

AN ORDINANCE AMENDING THE ANNUAL BUDGET FOR THE CITY OF SOUTH PITTSBURG, TENNESSEE FOR FISCAL YEAR 2014-2015

WHEREAS, *Tennessee Code Annotated* Title 9 Chapter 1 Section 116 requires funds first be appropriated before being expended and that no appropriations may exceed available funds;

WHEREAS, *Tennessee Code Annotated* Title 6 Chapter 56 Section 208 allows amendment of the budget ordinance in the same manner as any other ordinance may be amended;

WHEREAS, funds were not appropriated for the payment of all outstanding obligations for the fiscal year as noted below;

WHEREAS, unanticipated expenditures need to be budgeted within the General Fund and the Sanitation Fund to better reflect anticipated spending requirements for the remainder of the fiscal year;

NOW, THEREFORE BE IT ORDAINED by the Board of Mayor and Commissioners for South Pittsburg, Tennessee, that:

SECTION 1: Appropriations. The governing body appropriates the following increases:

General Fund:

New Revenues:

	<u>Account Name</u>	<u>Current Budget</u>	<u>New Budget</u>	<u>Increase (Decrease)</u>
110-31100	Current Property Tax	491,000	500,000	9,000
110-31720	Wholesale Liquor Tax	34,008	42,000	7,992
110-32600	Building Permits	10,306	17,000	6,694
110-31710	Wholesale Beer Tax	132,000	135,000	3,000
110-31912	Cable TV Franchise Tax	26,735	30,000	3,265
110-33510	State Sales Tax	208,000	216,000	8,000
110-33540	Alcoholic Beverage Tax	3,000	5,200	2,200
110-33591	TVA Gross Receipts Tax	33,400	35,000	1,600
110-33593	Corporate Excise Tax	2,000	3,500	1,500
110-34750	Auditorium Charges	0	6,000	6,000
110-33400	Grant Proceeds	0	1,468,321	1,468,321
110-36974	Oper. Transfers MNG	131,200	162,054	30,854
110-27000	Fund Balance Reduction			115,370
				<u>1,663,796</u>

46,133	FEMA
238,200	Shaw
600,093	TDOT
583,895	NRCS/CDBG
<u>1,468,321</u>	

New Expenditures:

110-51640-249	Other Util Svcs.	0	238,200	238,200
110-51640-295	Landfill Services	16,728	20,000	3,272
110-51640-931	Roads, Sts... (TDOT)	0	750,116	750,116
110-51640-938	Stormwater Conts. (CDBG/NRCS)	0	583,895	583,895

110-41100-252	Legal Services	10,000	15,000	5,000
110-41200-141	Judicial OASI	360	370	10
110-41600-142	Health Insurance	12,200	15,200	3,000
110-41600-290	Other Contractual Ser	9,000	12,500	3,500
110-41600-310	Office Supplies	5,000	7,000	2,000
110-41600-320	Operating Supplies	4,000	6,500	2,500
110-41990-721	Industrial Recruitment	6,000	13,000	7,000
110-41990-722	Community Promo.	24,000	36,000	12,000
110-41990-791	Other Grants, Contributions	0	3,100	3,100
110-42100-122	Police Overtime	20,000	28,000	8,000
110-42100-132	Holiday Pay	14,129	22,629	8,500
110-42100-141	OASI	25,697	26,400	703
110-42100-142	Health Insurance	42,774	57,774	15,000
	Repair & Maintance Motor			
110-42100-261	Vehicles	10,000	15,000	5,000
110-42100-320	Operating Supplies	20,000	30,000	10,000
110-44400-244	Gas MNG	0	2,000	2,000
110-44400-722	Community Promo.	4,000	5,000	1,000
				<u>1,663,796</u>

**Sanitation
Fund:**

New Revenues:

131-34400	Charges for Services	163,272	174,272	11,000
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New Expenditures:

131-43200-195	Garbage Collection Fees	160,000	171,000	11,000
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Drug

Fund:

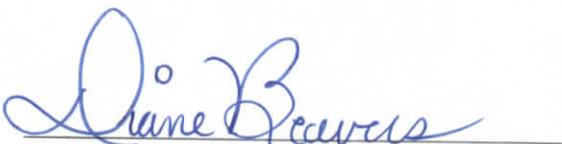
141-42129-940	Machinery & Equipment	0	3,997	3,997
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Fund Balance Reduction 3,997

Section 3 : Submission to the Director of Local Finance. This amendment will be submitted to the Director of the Office of State and Local Finance as required by state statute to show continued compliance with the requirements of Tennessee Code Annotated Title 9 Chapter 21 Section 403 to maintain a balanced budget.



Jane W. Dawkins
Mayor



Diane Beavers City Recorder
City Recorder

Passed 1st Reading May 12, 2015

Passed 2nd Reading 6.23.15

Public Hearings 6/23/15

Ord. # 754

Ordinance # 755

Robert Simpson
Terry Lea Burrows
Jane Cooper
Bills Nungesser
Gene D. Elliott
Taver Shattuck
Carmen O'Hagan
Gregory K. Harpe
Carolyn K. Millhise

Robert Simpson
T. Lea Burrows
Jane Cooper
Gene D. Elliott
Taver Shattuck
Carmen O'Hagan
Gregory K. Harpe
Carolyn K. Millhise

ORDINANCE NO. 755

AN ORDINANCE OF THE CITY OF SOUTH PITTSBURG, TENNESSEE ADOPTING THE ANNUAL BUDGET AND TAX RATE FOR THE FISCAL YEAR BEGINNING JULY 1, 2015 AND ENDING JUNE 30, 2016

WHEREAS, *Tennessee Code Annotated* Title 9 Chapter 1 Section 116 requires that all funds of the State of Tennessee and all its political subdivisions shall first be appropriated before being expended and that only funds that are available shall be appropriated; and

WHEREAS, the Municipal Budget Law of 1982 requires that the governing body of each municipality adopt and operate under an annual budget ordinance presenting a financial plan with at least the information required by the state statute, that no municipality may expend any moneys regardless of the source except in accordance with a budget ordinance and that the governing body shall not make any appropriation in excess of estimated available funds; and

WHEREAS, the governing body has published the annual operating budget and budgetary comparisons of the proposed budgets with the prior year (actual) and the current year (estimated) in a newspaper of general circulation not less than ten (10) days prior to the meeting where the governing body will consider final passage of the budget.

NOW, THEREFORE BE IT ORDAINED BY THE CITY OF SOUTH PITTSBURG, TENNESSEE AS FOLLOWS:

SECTION 1: That the governing body estimates anticipated revenues of the municipality from all sources to be as follows:

General Fund	FY 2014 Actual	FY 2015 Estimated	FY 2016 Proposed
Local Taxes	\$1,431,047	\$1,387,460	\$1,426,600
Intergovernmental Revenue	\$359,531	\$1,843,475	\$479,850
Fines and Forfeitures	\$80,640	\$38,000	\$40,000
Miscellaneous Revenue	\$55,905	\$37,100	\$15,000
Total Revenues	\$1,927,123	\$3,305,585	\$1,961,450
Transfers In	\$83,364	\$162,054	\$131,200
Beginning Cash Balance	\$390,517	\$741,015	\$767,000
Total Available Funds	\$2,401,004	\$4,090,416	\$2,859,050

Sanitation Fund	FY 2014 Actual	FY 2015 Estimated	FY 2016 Proposed
Other Financing Sources	\$16,354	\$20,000	\$20,000
Charges for Services	\$158,235	\$157,000	\$157,000
Total Revenues	\$174,589	\$177,000	\$177,000
Beginning Cash Balance	\$0	\$0	\$0
Total Available Funds	\$174,589	\$177,000	\$177,000

Drug Fund	FY 2014 Actual	FY 2015 Estimated	FY 2016 Proposed
Court Fines and Costs	\$4,806	\$473	\$0
Interest Earned	\$14	\$20	\$20
Total Revenue	\$4,820	\$493	\$20
Beginning Cash Balance	\$2,334	\$7,154	\$7,647
Total Available Funds	\$7,154	\$7,647	\$7,667

Capital Fund	FY 2014 Actual	FY 2015 Estimated	FY 2016 Proposed
Other Financing Sources (Grants)	\$142,097	\$368,699	
TDOT Grant			\$0
Community Development Grant			\$100,000
Miscellaneous			\$0
Interest Earned	\$43		
Total Revenue	\$142,140	\$368,699	\$100,000
Capital Outlay Note	\$175,087		\$0
Transfers In	\$152,955	\$1,263,064	\$152,071
Beginning Cash Balance	\$15,537	\$0	\$40,000
Total Available Funds	\$485,719	\$1,631,763	\$292,071

SECTION 2: That the governing body appropriates from these anticipated revenues and unexpended and unencumbered funds as follows:

General Fund	FY 2014 Actual	FY 2015 Estimated	FY 2016 Proposed
General Government	\$400,201	\$488,877	\$567,580
Public Safety	\$598,163	\$649,586	\$572,990
Public Works	\$406,244	\$452,264	\$509,708
Parks and Recreation	\$239,777	\$177,823	\$169,801
Debt Service	\$13,327	\$4,100	\$500
Operating Transfers	\$169,309	\$1,721,811	\$272,071
Total Appropriations	\$1,827,021	\$3,494,461	\$2,092,650

Sanitation Fund	FY 2014 Actual	FY 2015 Estimated	FY 2016 Proposed
Sanitation	\$158,235	\$157,000	\$157,000
Landfill	\$16,354	\$20,000	\$20,000
Prior Period Adjustment	\$0		
Total Appropriations	\$174,589	\$177,000	\$177,000

Drug Fund	FY 2014 Actual	FY 2015 Estimated	FY 2016 Proposed
Police	\$0	\$50	\$0
Total Appropriations	\$0	\$50	\$0

Capital Fund	FY 2014 Actual	FY 2015 Estimated	FY 2016 Proposed
Other Utility Services	\$142,097	\$407,901	\$0
Capital Outlay	\$239,943	\$1,162,497	\$123,750
Note	\$93,296	\$61,365	\$128,321
Total Appropriations	\$475,336	\$1,631,763	\$252,071

SECTION 3: At the end of the current fiscal year the governing body estimates cash balances (deficits) as follows:

General Fund	\$741,000	\$730,000	\$760,000
Sanitation Fund	\$0	\$0	\$0
Drug Fund	\$7,154	\$6,647	\$5,667
Capital Fund	\$26,000	\$26,000	\$26,000

SECTION 4: That the governing body recognizes that the municipality has bonded and other indebtedness as follows:

Bonded or Other Indebtedness	Debt Redemption	Interest Requirement	Debt Authorized And Unissued	Condition of Sinking Fund
Bonds	\$0	\$0	\$0	\$0
Notes(Princess)	\$41,820	\$14,545	\$0	\$0
Capital Leases	\$15,457	\$2,235	\$0	\$0
Other Debt(M,A,P)	\$36,132	\$1,624	\$0	\$0
MNG	\$16,500	\$150		

SECTION 5: During the coming fiscal year the governing body has planned capital projects and proposed funding as follows:

Proposed Capital Projects	Proposed Amount Financed by Appropriations	Proposed Amount Financed by Grants
Historical Streets Restoration Repair	\$0	\$0
Stream Repair	\$0	\$100,000
Transportation		
Equipment	\$0	
Other Improvements	\$0	

SECTION 6: No appropriations listed above may be exceeded without an amendment of the budget Ordinance as required by the Municipal Budget Law of 1982 T.C.A. Section 6-56-208.

In addition, no appropriations may be made in excess of available funds except to provide for an actual emergency threatening the health, property or lives of the inhabitants of the municipality and declared by a two – thirds (2/3) vote of at least a quorum of the governing body in accord with Section 6-56-205 of the *Tennessee Code Annotated*.

SECTION 7: Money may be transferred from one appropriation to another in the same fund only by appropriate ordinance by the governing body, subject to such limitations and procedures as it may describe as allowed by Section 6-56-209, *Tennessee Code Annotated*. Any resulting transfers shall be reported to the governing body at its next regular meeting and entered into the minutes.

SECTION 8: A detailed financial plan will be attached to this budget and become part of this budget ordinance. In addition, the published operating budget and budgetary comparisons shown by fund with beginning and ending fund balances and the number of full time equivalent employees required by Section 6-56-206, *Tennessee Code Annotated* will be attached.

SECTION 9: If for any reason a budget ordinance is not adopted prior to the beginning of the next fiscal year, the appropriations in this budget ordinance shall become the appropriations for the next fiscal year until the adoption of the new budget ordinance in accordance with Section 6-56-210, *Tennessee Code Annotated* provided sufficient revenues are being collected to support the continuing appropriations. Approval of the Director of the Division of State and Local Finance in the Comptroller of the Treasury office for a continuation budget will be requested if any indebtedness is outstanding.

SECTION 10: There is hereby levied a property tax of \$.99 per \$100 of assessed value on all real and personal property.

SECTION 11: All unencumbered balances of appropriations remaining at the end of the fiscal year shall lapse and revert to the respective fund balances.

SECTION 12: This ordinance shall take effect immediately after passage of the second and final reading, the public welfare requiring it.

First Reading: May 12, 2015

Final Reading: June 23, 2015



Jane W. Dawkins
Mayor

ATTEST:



Diane Beavers, City Recorder

City of South Pittsburg, Tennessee
 Budget Summary
 FY 2016
 Annual Budget

Fund	Beginning Fund Balance (Spendable)	Revenues	Debt Proceeds	Transfers-In	Estimated Receipts (Est. Rev + Debt Proceeds + Transfers In)	Available Funds (Beg Fund Balance + Estimated Receipts)	Expenditures	Transfers-Out	(Expenditures + Transfers-out) Appropriations	(Est. Receipts - Appropriations) Increase/Decrease	End. Fund Balance
General Fund	\$ (222,604)	\$ 1,961,430	\$ -	\$ 131,200	\$ 2,092,630	\$ 1,970,016	\$ 1,820,579	\$ 272,071	\$ 2,092,650	\$ 122,071	\$ (222,604)
Sanitation Fund	-	157,000	-	-	157,000	157,000	157,000	-	157,000	-	-
Drug Fund	7,154	-	-	-	-	7,154	-	-	-	-	7,154
Capital Fund	218,299	100,000	-	172,071	272,071	490,170	272,071	-	272,071	172,071	218,299
Totals	\$ 2,849	\$ 2,218,430	\$ -	\$ 303,271	\$ 2,521,721	\$ 3,521,570	\$ 2,249,650	\$ 272,071	\$ 3,521,721	\$ 303,271	\$ 2,849

Debt Service

Fund: General Fund	Principal	Interest	Debt Service
Schedule of Outstanding Debt	\$ 82,995	\$ 11,129	\$ 94,124
Less: Budgeted Debt Payments	\$ 82,995	11,129	94,124
Difference:	-	-	-

ATTACHMENT D
City of South Pittsburg, Tennessee
Schedule of Outstanding Debt
Fiscal Year 2016

				Amount	FY 2016 Debt Service Payments		
Notes	Loan Name	Authorized and Unissued	Outstanding at 06/30/15	Payment Fund	Principal	Interest	Total Debt Service
	Local Government Vehicle Loan Police	\$ -	\$ 94,117.71	Capital Projects	\$ 27,364.29	\$ 1,623.29	\$ 28,987.58
	Mower		\$ 10,377.00	Capital Projects	\$ 3,768.00	\$ -	\$ 3,768.00
	NGA Loan		\$ 20,000.00	Capital Projects	\$ 5,000.00	\$ -	\$ 5,000.00
	MNG		\$ 62,200.00	Capital Projects	\$ 16,500.00	\$ 150.00	\$ 16,650.00
	Princess Theatre Capital Outlay Note	-	308,344.58	Capital Projects	41,820.00	14,545.00	56,365.00
	TOTAL NOTES:	\$ -	\$ 495,039.29		\$ 94,452.29	\$ 16,318.29	\$ 110,770.58
Capital Leases	Primary Government		\$ 5,637.24	Computers	\$ 1,252.72		\$ 1,252.72
			\$ 37,649.53	Capital Projects	\$ 15,447.47	\$ 2,234.61	\$ 17,682.08
	TOTAL CAPITAL LEASES:		\$ 43,286.77		\$ 111,152.48	\$ 18,552.90	\$ 129,705.38

Debt Service By Fund

Debt Service By Organization

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
General Fund	\$ 111,152.48	\$ 18,552.90	\$ 129,705.38

All Debt payments are paid by Capital

ATTACHMENT E
City of South Pittsburg, Tennessee
Schedule of Budgeted Debt Payments
FY 2016

Fund	Principal	Interest
General Fund		
Note Principal	111,152.48	
Note Interest		18,552.90
General Fund Total	111,152.48	18,552.90

Public Hearings 6/23/15

ORD # 754

ORD # 755

1) Jeff P
Ryan Lewis
Ellie May Haley
Wendy Blair
Jane Pellam
Tabitha Hughes
Dema High
Carolyn Case

Jeff P
Ryan Lewis
Ellie May Haley
Wendy Blair
Jane Pellam
Tabitha Hughes
Dema High
Carolyn Case

**Chattanooga Area Regional Council of Governments
Southeast Tennessee Development District**

D. Gary Davis
Chairman

David Jackson
Secretary



Hoyt Firestone
Vice-Chairman

John Gentry
Treasurer

April 15, 2015

The Honorable Jane W. Dawkins

Re: Local Planning Assistance for FY 16-17; Contract for Services

Dear Mayor Dawkins,

As you are aware, the contract for local planning services between the City of South Pittsburg and the Southeast Tennessee Development District (SETDD) expires on June 30, 2015. The SETDD has staffed the planning commissions and boards of zoning appeals on a contract basis since July 2011 when the State of Tennessee abolished the Local Planning Assistance Office (LPAO) within the Department of Economic and Community Development.

With the expiration of the state planning grants supplementing the program, the former LPAO rate structure is no longer sufficient to staff and maintain a quality program. As such, the contract enclosed includes a rate increase from the previous contract years. The increase in fees will allow the development district to continue to offer quality planning services and staff.

I have attached a copy of the new contract and a scope of services. Please review both documents and let me know if you have any questions regarding the contract or the services being provided. If you are satisfied with the planning services provided by the SETDD, please return two signed copies of the contract to me and I will return a copy for your records once the contract has been executed. The District will send an invoice once the contract as been executed.

We appreciate the opportunity to serve our communities with this important function of local government and look forward to assisting you in the future. We have been honored to provide this service to the region as we believe planned growth will lead to a more vibrant community and region.

Best regards,

A handwritten signature in blue ink that reads "Jordan Clark".

Jordan Clark
Planning Program Director
SETDD
423-424-4218 (O)
423-322-3854 (M)
jclark@sedev.org

A Contract Between the
SOUTHEAST TENNESSEE DEVELOPMENT DISTRICT
AND
CITY OF SOUTH PITTSBURG

PROVIDING FOR LOCAL PLANNING ADVISORY SERVICES

This **CONTRACT**, entered into as of the first day of July, 2015 by the Southeast Tennessee Development District, an agency composed of member governments in southeast Tennessee, and the City of South Pittsburg, Tennessee.

I. FINDINGS & DECLARATIONS

A. Tennessee Code Annotated, §13-14-101 and its following sections establish a delineation of regions deemed viable to the economic development of the state, and allow creation of development districts for these regions, encompassing one (1) or more counties or parts of counties, so they are conducive to efficient planning and orderly economic development of the state.

B. Tennessee Code Annotated, §64-7-101 and its following sections established the Southeast Tennessee Development District (SETDD), a public body on behalf of the counties of Bledsoe, Bradley, Grundy, Hamilton, McMinn, Marion, Meigs, Polk, Rhea, and Sequatchie and all incorporated municipalities and metropolitan governments located within these counties.

C. SETDD is empowered, among other duties, “to receive and expend funds from any sources for regional staffing, for research, planning, coordination, economic development, demonstration projects and other activities deemed necessary to promote the efficient, harmonious economic development of the region.”

D. The City of South Pittsburg, requests the SETDD to provide planning advisory services, and agrees to appropriate the necessary funds for these services.

II. CONTRACT

In consideration of these findings and declarations and other valuable considerations, the parties agree as follows:

- A. During the twenty-four month period beginning July 1, 2015, and ending June 30, 2017, the SETDD agrees to furnish the services of professionally trained planning advisors who will confer with the local planning commission, board of zoning appeals and other local officials with respect to all phases of the local governments land use planning program. Planning recommendations are advisory only; local communities and their appropriate representatives have the sole authority to enact and enforce ordinances and other regulatory tools. A work program derived from the elements listed below will be developed jointly between SETDD and the contracting community within 30 – 60 days of signing the planning contract by both parties. Other activities may be included depending on the scope and nature of the desired services and SETDD capacity. Any activities requiring additional compensation above and beyond this local planning assistance contract must be agreed upon mutually by the community and SETDD and will be attached as an amendment to this contract for basic services. Planning services may include but are not limited to the following activities:
1. Attendance at planning commission and/or boards of zoning appeals meetings, and other planning functions, assistance in the preparation or review of the long range work program of the planning commission; Public Chapter 1101 Growth Management Plans and amendments, and other planning studies and documents.
 2. Preparation of land use controls for adoption, implementation, and enforcement by local community officials, including but not limited to zoning ordinances, subdivision regulations, flood plain management regulations, or other land use controls; review of development proposals; advice and assistance to administrators of zoning, subdivision regulations, and other land use controls.
 3. Access to the resources of a regional office including drafting, mapping, and geographic information systems support; planning related research.
 4. Specialty training for planning commissions, boards of zoning appeal and local administrators; Assistance in providing information on planning activities and interpreting planning programs and activities to the public through meetings and conferences, news releases and presentations before various groups.
 5. Advice and assistance on all matters relating to state, federal, and regional programs that affect planning and implementation for the locality.
- B. Payment for services provided by SETDD to City of South Pittsburg will be based on the agreed-upon activities enumerated in the approved annual work program included as Section A of the executed contract for services. For the purpose of providing funds

necessary to carry out the provisions of this contract, **IT IS AGREED** that the chief legislative body will pay to the SETDD the sum of \$ 8,000 annually, payable in total upon the effective date of this contract, or in annual installments, due and payable on the first day of the of each fiscal year. The City of South Pittsburg hereby authorizes the SETDD to apply on their behalf for eligible funds from State sources to supplement the planning contract amount during transition in the initial year.

- C. Either party may terminate this Contract by giving written notice to the other party specifying the date of termination, at least ninety (90) days before the termination date. Upon termination of the Contract, the obligation of the SETDD to conduct and carry on the program agreed to under this Contract shall cease, the financial obligation of the chief legislative body as described in this Contract above likewise ceases. If prepayment has been made by the chief legislative body, the SETDD will determine, by prorating, the amount to be refunded.
- D. This Contract is for a period of twenty-four (24) months. The contract will automatically renew for the second year unless notice of termination is given as provided for in Section C above. Local governments are under no obligation to continue SETDD planning services beyond the dates specified in this contract.
- E. In all matters relating to the performance of this contract, the SETDD Executive Director acts for the SETDD, and the Mayor acts for the City of South Pittsburg, Tennessee.

The parties execute this contract through their duly authorized representatives.

For the **SOUTHEAST TENNESSEE DEVELOPMENT DISTRICT**

By: Brian Jones
SETDD Executive Director

Date: 6-29-2015

For the City of South Pittsburg.

By: Jane W. Dawkins
Mayor, Jane Dawkins

Date: 6-23-15