

RESOLUTION 19-163

A RESOLUTION TO CONTRACT WITH CROSSLIN AND ASSOCIATES TO PERFORM THE SINGLE AUDIT OF THE CITY OF SPRING HILL FEDERAL GRANT PROGRAMS FOR FISCAL YEAR 2016-2017

WHEREAS, it is necessary to perform a single audit of the City's financial records at the close of fiscal year 2017; and

WHEREAS, city staff contracted with Crosslin and Associates to perform the 2016 - 2017 audit ; and

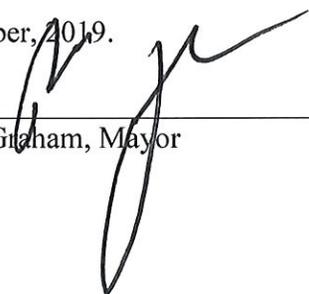
WHEREAS, city staff reviewed the federal grant expenses incurred during the 2016 - 2017 fiscal year and determined a single audit is required of federal grant programs; and

WHEREAS, the firm has proposed a single audit charge in the original audit proposal for the performance of a single audit in any fiscal year between 2015 - 2019 at a cost of \$4,000 for one major fund and \$2,000 for each additional fund per year.

NOW THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Spring Hill, that a contract to perform a single audit of the City's financial records for fiscal year 2016-2017, is hereby granted to the firm of Crosslin and Associates, in the amount not to exceed \$4,000.00.

BE IT FURTHER RESOLVED the Mayor is hereby authorized to sign any and all documents relating to this award.

Passed and adopted this 16th day of September, 2019.



Rick Graham, Mayor

ATTEST:

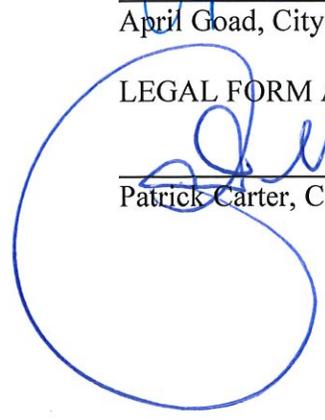


April Goad, City Recorder

LEGAL FORM APPROVED:



Patrick Carter, City Attorney





City of Spring Hill
Board of Mayor and Aldermen

Date: August 27, 2019
Memo to: Board of Mayor and Alderman
From: Tonya Travis, Finance Director
Re: Resolution 19-163, A Resolution to Contract with Crosslin and Associates to Perform the Single Audit of the City of Spring Hill Federal Grant Programs for Fiscal Year 2016 – 2017

**RESOLUTION NUMBER 19-163 – A RESOLUTION TO CONTRACT WITH
CROSSLIN AND ASSOCIATES TO PERFORM THE SINGLE AUDIT OF THE CITY
OF SPRING FEDERAL GRANT PROGRAMS FOR FISCAL YEAR 2016 - 2017**

BACKGROUND INFORMATION: In April of 2019, the City received notification from TDOT of expenses due to TDOT for various components of the Duplex Road widening project dating from 2008 – 2018 for the NEPA, design and right-of-way phases that the City was responsible for paying 100%. These expenses occurred with other agencies contracted to perform the services related to these three phases.

The amount invoiced from TDOT in April of 2019 totaled \$556,615.39 of which 80% (\$445,292.31) was covered under the Small Cities Surface Transportation Block Grant (STBG). STBG funds are considered federal grant programs and are included in the calculation to determine the requirement of a single audit of federally funded programs. The \$445,292.31 expense was recognized in the 2016 – 2017 fiscal year and the total federal grant funds expended exceeded the \$750,000 threshold for fiscal year 2016 - 2017 requiring a single audit.

Funds for this contract will come from salary savings from the Purchasing Agent position as follows: Finance \$4,000 (110-41500-200)

The services will be conducted in September/October with a final report in December 2019 so the single audit can be submitted for approval with the 2018-2019 audit.

ATTACHMENTS: Resolution 19-163, Contract with Crosslin Associates

RECOMMENDATION: Approve Resolution 19-163.



August 7, 2019

Mr. Victor Lay
City Administrator
Ms. Tonya Travis
Finance Director
and
Board of Mayor and Aldermen
City of Spring Hill, Tennessee
199 Town Center Parkway
Spring Hill, Tennessee 37174

Dear Mr. Lay, Ms. Travis, and Aldermen,

As stated in our engagement letter dated May 16, 2016, the City of Spring Hill, Tennessee (the "City") engaged Crosslin, PLLC ("Crosslin") as your external auditors for the fiscal years ending in 2016 through 2019, with optional renewals through 2023. In our original engagement letter, it stated that "Our fees are based upon the time required by the individuals assigned to the engagements. The fees are based on anticipated cooperation from your personnel and the assumption that significant unexpected circumstances will not be encountered during the audits," and "If significant additional time is necessary due to specific circumstances beyond our control, which increases the scope of the audit, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Specific examples of items requiring additional audit time would be the discovery of fraud or illegal activities, significant changes in the nature of funds or the reporting entity as required by GASB (i.e. component unit), increases in scope as requested by the Board of Mayor and Aldermen or management or Single Audit under the OMB Uniform Guidance (i.e. federal grant funds). Additionally, the fees assume that management will be prepared."

Based on recent discoveries of facts, it has been determined that a Single Audit is now required for fiscal year 2017, which we will conduct accordingly. Our fees for which will be as stated in our proposal dated April 18, 2016, "Fees associated with a single audit, if one were to become required would be \$4,000 for one major program and \$2,000 for each additional program." As noted in our engagement letter and proposal, these fees are based on continued support from City management, and does not include any non-attest services, other than the assistance with financial statement preparation and the preparation of the schedule of expenditures of federal awards, also see independence below.



Based on recent announcements of funding from the U.S. Department of Transportation funding projects to the City, a Single Audit will also be required when those funds are expended over the threshold set by the OMB *Uniform Guidance*. A Single Audit may also be required based on aggregate expenditures of other federal funds. When this becomes applicable our fees will be as stated above for each fiscal year audit applicable.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the City in the performance of our services. Any discussions that you have with personnel of our Firm regarding employment could pose a threat to our independence. Therefore, we request that you inform us immediately prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

In order for us to remain independent, professional and regulatory standards require us to maintain certain respective roles and relationships with you with respect to the non-attest services described above. Prior to performing such services in conjunction with our audits, management must acknowledge its acceptance of certain responsibilities.

We will not perform management functions or make management decisions on behalf of the City. However, we will provide advice and recommendations to assist management of the City in performing its functions and fulfilling its responsibilities.

The City agrees to perform the following functions in connection with our performance of the non-attest services:

- a. Make all management decisions and perform all management functions with respect to the non-attest services provided by us.
- b. Assign personnel with suitable skill, knowledge, and/or experience to oversee the nonattest services and evaluate the adequacy and results of the services.
- c. Accept responsibility for the results of nonattest services.
- d. Establish and maintain internal controls over the nonattest services.

The services are limited to those outlined above. We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. The City must make all decisions with regard to our recommendations. By signing this Agreement, you acknowledge your acceptance of these responsibilities.



We appreciate the continued opportunity to be of service to you and believe this letter accurately summarizes the additional services required, which is in addition to our previous agreement. If you have any questions, please let us know. If you agree with the additional terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. Thank you again for the opportunity to continue to provide our services to the City. We appreciate your business and look forward to working with you.

Very truly yours,

CROSSLIN, PLLC

A handwritten signature in black ink that reads "Erica D. Saeger".

Erica D. Saeger
Principal

Accepted:

CITY OF SPRING HILL, TENNESSEE

A handwritten signature in black ink, appearing to be "J. Saeger", written over a horizontal line.

Management Signature