

**CITY OF JEFFERSON CITY, TENNESSEE**

**PROPOSAL FOR FINANCIAL AND  
COMPLIANCE AUDIT SERVICES**

**June 30, 2025**

**CITY OF JEFFERSON CITY, TENNESSEE**  
**PROPOSAL FOR FINANCIAL AND COMPLIANCE AUDIT SERVICES**

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**CITY OF JEFFERSON CITY, TENNESSEE**  
**PROPOSAL FOR FINANCIAL AND COMPLIANCE AUDIT SERVICES**  
**EXECUTIVE SUMMARY**

- Brown Jake & McDaniel, PC has been an East Tennessee CPA firm since 1980. We currently have more than thirty governmental audit clients (including ten municipal governments). The firm has received an unqualified opinion with no letter of comments on all AICPA peer reviews. The firm is properly licensed to practice in the State of Tennessee and approved by the Comptroller of the Treasury to audit local governments.
- Brown Jake & McDaniel, PC has five partners, six full-time and one part-time staff member.
- Jim Booher will be the principal overseeing the job. He has been performing governmental audits for over thirty years. Frank McDaniel will be the independent reviewing principal for the engagement and has also been recognized as a Certified Governmental Financial Accountant by the Association of Government Accountants. All staff members have significant experience and training in governmental audits.
- Brown Jake & McDaniel, PC will be available to the City for specialized consultation and support assistance on sensitive or highly specialized issues.
- The audit will be made in accordance with auditing standards generally accepted in the United States of America and government auditing standards generally accepted in the United States of America. The audit approach will consist of four phases:
  - Planning and Fraud and Other Risk Assessments
  - Systems Evaluation
  - Testing
  - Reporting

All other technical requirements of the City's request for proposal will be complied with.

- All staff attends at least 40 hours of continuing professional education each year and have extensive experience in governmental auditing.
- The fixed fee for the June 30, 2025 audit services would be as follows:

City of Jefferson City, Tennessee:	
Audit of Financial Statements	\$35,700
Municipal Crosswalk	<u>5,000</u>
	<u>\$40,700</u>

- We are willing to perform the audit for two additional years with fees increasing for inflation and changes required for any new auditing standards.
- Similar size municipal audits performed by Brown Jake & McDaniel, PC include the City of Sevierville, Tennessee, the City of Lenoir City, Tennessee, the City of Newport, Tennessee, the Town of White Pine, Tennessee, and the Town of Dandridge, Tennessee. We are familiar with your accounting software system as it is also utilized by a number of our clients.
- We will begin the audit by June 30, 2025. We would expect, with your cooperation, to complete the engagement by December 15, 2025.

# **BROWN JAKE & McDANIEL, PC**

**CERTIFIED PUBLIC ACCOUNTANTS  
2607 KINGSTON PIKE, SUITE 110  
KNOXVILLE, TENNESSEE 37919-3336  
865/637-8600 • fax: 865/637-8601**

JOE L. BROWN, CPA, CGFM, CGMA  
FRANK D. McDANIEL, CPA, CGFM, CGMA  
TERRY L. MOATS, CPA, CGFM, CGMA  
JAMES E. BOOHER, CPA, CGMA

**MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS**

March 31, 2025

City of Jefferson City, Tennessee  
Attention: Bettina Chandler, City Recorder  
112 City Center Drive  
Jefferson City, TN 37760

We are pleased to submit our proposal for providing professional audit services to the City of Jefferson City, Tennessee for the year ending June 30, 2025. We can provide the City with quality service on a timely basis at competitive rates with experienced professionals. The principals in our firm represent more than one hundred thirty years of public accounting experience. We are familiar with the operations of municipal governments and utility systems having audited city governmental entities, municipal electric, water, sewer and gas utilities, water and gas districts, and numerous other not-for-profit agencies which receive various state and federal grant assistance. We believe we can provide a fresh and challenging look at the City's operations.

Enclosed in this proposal are the following:

- Brief history and philosophy of Brown Jake & McDaniel, PC
- Summary of the approach to the audit
- Brief outline of the principals of the firm
- List of references of municipal entities
- Firm's peer review executive committee acceptance

We maintain quality service by requiring active principal participation in all of our engagements. The audit team will be headed up by Jim Booher and Frank McDaniel. They have extensive experience in the audits of municipalities and federal assistance programs and have been performing audits for municipal governments for over thirty years. Additional staff auditors will be performing routine audit functions under their supervision. All of the participants in the engagement have substantial experience in auditing municipal governments and federal assistance programs. Our objective is to provide you with the most experienced staff available.

Our firm's personnel always meet and often exceed continuing professional education requirements of the Tennessee State Board of Accountancy and Generally Accepted Governmental Auditing Standards in the United States of America. Our principals and staff have attended seminars in the last year concerning financial governmental accounting standards, auditing standards, and compliance auditing related to federal assistance programs. Firm representatives annually attend the Government Auditors Training Seminar sponsored by the Tennessee Comptroller of the Treasury Department of Audit.

Brown Jake & McDaniel, PC is a member of the AICPA Peer Review Program and received an unqualified opinion with no letter of comments on all nine of our peer reviews. Only a limited number of participating firms in Tennessee have received this achievement. The firm's principals are among a limited number of CPAs in Tennessee who have been qualified by the AICPA Peer Review Program to perform quality control reviews of their peers' accounting and auditing practices. The firm and these principals have performed and participated in numerous quality reviews during the last thirty years.

City of Jefferson City, Tennessee  
March 31, 2025  
Page 2

Brown Jake & McDaniel, PC has a strong commitment to our governmental accounting, auditing and consulting practice. Traditionally, some firms view this small segment of their practices as a way to cover cost between tax season and calendar year end engagements. We practice and provide our services in the governmental area throughout the year. We could provide the City with extensive listings of past and prior experience, but we believe the engagements we are currently performing best represent our abilities and expertise. Brown Jake & McDaniel, PC currently performs the audit engagements of ten municipalities in East Tennessee. We currently perform the audits of twenty-one utility enterprise funds in East Tennessee, including seven electric, eleven water and sewer, and three natural gas utilities. In addition, we perform audits for twenty other governmental clients including school systems, pension plans, utility districts, authorities, and special-purpose government entities. We do not believe any other firm can claim this level of experience. Municipal financial and bond advisors and rating agencies are familiar with our firm which lends credibility to the financial statements we audit.

In addition, we perform the audits of numerous not-for-profit agencies who have received state and federal grant assistance. In performing these governmental engagements, we have audited Community Development Block grants, Housing and Urban Development grants, Economic Development Administration grants, Farmers Home Administration bond issues, and various other state agency grants. As you can see, we have the experience and the knowledge required to perform your audit and provide other services as desired by the City.

We are familiar with electronic data processing (EDP) systems. We audit municipalities that utilize numerous governmental accounting software systems, including Local Government Corporation software. We will utilize the capabilities of your system to provide meaningful audit data and analysis where possible. The firm utilizes computers to perform audit program design and audit test sample design, selection and evaluation.

The audit will be a financial and compliance audit and will be conducted in accordance with auditing standards generally accepted in the United States of America and adopted by the American Institute of Certified Public Accountants, and the standards adopted by the Comptroller of the Treasury of the United States and those prescribed by the Comptroller of the Treasury of the State of Tennessee. Furthermore, the audit will be conducted in accordance with all guidelines as specified in the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), if applicable. Our proposed fixed fee for performing the audit of the City for the year ending June 30, 2025 is \$40,700.00.

Our fees include auditing normal, recurring federal and state funding currently being received. Any significant additions or changes to the current requirements will require a fee adjustment. Our proposal is for three years with the fees for the years ending in 2026 and 2027 being adjusted annually for inflation based on increases in the consumer price index published by the U.S. Department of Commerce and would be adjusted for any new audit requirements upon your approval.

We understand that the City's staff will be responsible for having the accounting records balanced and reconciled at year-end and for preparing various client-prepared informational schedules and analysis.

We have available staff to properly complete the audit by the required December 15, 2025 due date. Our staff will perform the field work at your offices. Our firm has \$5,000,000 of insurance coverage and is financially stable.

City of Jefferson City, Tennessee  
March 31, 2025  
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Our services go beyond traditional audit services and encompass management advisory and consulting services, accounting systems analysis, special reviews and analysis of computerized accounting systems. We will be available to assist you with year-end closing, software consultation, and other special accounting needs throughout the year. This work, as requested, will be billed at our regular hourly rates.

We are confident that we can provide the City with the best professional service and experience available. We would greatly value the City as a client and look forward to a continuing relationship of respect, trust and confidence by the technical knowledge we exhibit and the professional manner in which we perform the engagement.

If you have any questions or need additional information, please do not hesitate to telephone us.

Sincerely yours,

A handwritten signature in dark ink that reads "James E. Booher, CPA". The signature is written in a cursive, flowing style.

James E. Booher, CPA, Principal

## ABOUT OUR FIRM

Since 1980, **BROWN JAKE & McDANIEL, PC**, Certified Public Accountants, has been providing quality, personalized financial guidance to businesses and individuals. Our services include tax planning, tax return preparation, consulting services, compiling financial statements, financial statement review and audit services, as well as bookkeeping and payroll services.

Brown Jake & McDaniel, PC is one of the leading accounting firms in Knoxville, Tennessee. Our goal is to ensure quality service to our clients through active involvement of the firm's principals in each engagement. Our principals have more than one hundred sixty years of combined experience in a multitude of professions and industries. By combining our qualified and personable staff with our principals, we are able to provide our clients with a high level of service at a great value.

## OUR MISSION

Our mission is to help clients maintain financial viability in the present, while taking a proactive approach to achieve future goals. This requires open communication to reach an understanding of our clients' needs through research and sound analysis. Brown Jake & McDaniel, PC is dedicated to meeting these goals with high standards of excellence and professionalism. We have been a staple of the area's business community for years, and are humbled by the level of esteem we have earned.

Our dedication to hard work has earned the respect of the business and financial community in and around the East Tennessee area. We believe this to be a direct derivative of our talent and responsiveness to our client base. Whether you are a current or prospective client, rest assured that individuals and businesses who choose Brown Jake & McDaniel, PC receive competent and timely service and advice.

**LIST OF REFERENCES**

Mrs. Maggie Hunt  
Finance Director  
City of Lenoir City, Tennessee  
P.O. Box 445  
Lenoir City, TN 37771  
(865) 986-2715

Mrs. Rebecca Penney  
City Recorder  
City of Etowah, Tennessee  
723 Ohio Avenue  
Etowah, TN 37331  
(423) 263-2202

Mrs. Lynn McClurg  
City Recorder/Chief Financial Officer  
City of Sevierville, Tennessee  
P.O. Box 5500  
Sevierville, TN 37864  
(865) 453-5504

Mrs. Christina Matthews  
City Recorder/Chief Financial Officer  
City of Newport, Tennessee  
100 East Main Street  
Newport, TN 37822  
(423) 623-7323

Mr. Gregory J. Fay  
General Manager  
Clinton Utilities Board  
P.O. Box 296  
Clinton, TN 37717  
(865) 457-9232

Mrs. Suzan Williams  
Assistant General Manager  
Lenoir City Utilities Board  
P.O. Box 449  
Lenoir City, TN 37771  
(865) 986-6591



## **PRINCIPALS**

### **Joe L. Brown, CPA, CGFM, CGMA**

Joe is a graduate of the University of Tennessee with a major in accounting. He has over fifty-five years' experience in public accounting including seven years with an international accounting firm. Joe's experience includes extensive involvement in the areas of auditing and business consulting. Joe is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants and the Tennessee Society of Certified Public Accountants. He has been recognized by the Association of Government Accountants as a Certified Government Financial Manager.

### **Frank D. McDaniel, CPA, CGFM, CGMA**

Frank is an honors graduate of the University of Tennessee with a major in accounting. Frank was a member of Beta Alpha Psi Accounting Honorary Society. He has nearly fifty years' experience in public accounting including six years with an international accounting firm. Frank's experience includes formal training and application of Computer Assisted Audit Techniques. Frank also has experience in hardware and software selection for accounting systems. Frank is a Certified Public Accountant and is a member of the American Institute of Certified Public Accountants and the Tennessee Society of Certified Public Accountants. He has been recognized by the Association of Government Accountants as a Certified Government Financial Manager.

### **Terry L. Moats, CPA, CGFM, CGMA**

Terry is a graduate of the University of Tennessee with a major in accounting. Terry was a member of Beta Alpha Psi Accounting Honorary Society. Terry also holds a Masters of Accountancy degree from The University of Tennessee. He has over thirty years' experience in public accounting. Terry's experience includes governmental accounting and auditing services as well as for-profit and not-for-profit accounting and auditing services. Terry also prepares individual and business tax returns. Terry is a Certified Public Accountant and is a member of the American Institute of Certified Public Accountants and the Tennessee Society of Certified Public Accountants. He has been recognized as a Chartered Global Management Accountant by the American Institute of Certified Public Accountants and he has been recognized by the Association of Government Accountants as a Certified Government Financial Manager.

### **James E. Booher, CPA, CGMA**

Jim is a graduate of Carson-Newman College in Jefferson City, Tennessee with a major in accounting. He has over thirty years' experience in public accounting. Jim's experience includes for-profit and not-for-profit accounting and auditing as well as governmental accounting and auditing services. Jim also prepares individual, trust and estate, business tax returns and tax-exempt information returns. Jim is a Certified Public Accountant and is a member of the American Institute of Certified Public Accountants and the Tennessee Society of Certified Public Accountants.

### **Haley S. Slagle, CPA, CGMA**

Haley is a graduate of Carson-Newman College in Jefferson City, Tennessee with a major in accounting. She has over fifteen years of experience in public accounting. Haley's experience includes for-profit and not-for-profit accounting and auditing as well as governmental accounting and auditing services. Haley also prepares individual, trust and estate, business tax returns and tax-exempt information returns. Haley is a Certified Public Accountant and is a member of the American Institute of Certified Public Accountants and the Tennessee Society of Certified Public Accountants.

**CITY OF JEFFERSON CITY, TENNESSEE**

**APPROACH TO THE AUDIT**

**2025**

## **CITY OF JEFFERSON CITY, TENNESSEE**

### **APPROACH TO THE AUDIT**

**2025**

#### **Overview**

The audit we are proposing to perform will be made in accordance with auditing standards generally accepted in the United States of America and government auditing standards generally accepted in the United States of America.

The primary purpose of the audit is to express an opinion on the financial statements. An audit is subject to the inherent risk that errors or irregularities may not be detected. If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, Brown Jake & McDaniel, PC, CPAs will promptly advise the City. Further, no extended services will be performed unless they are authorized in the contractual agreement in an amendment to the original audit agreement.

In accordance with auditing standards generally accepted in the United States of America and government auditing standards generally accepted in the United States of America, Brown Jake & McDaniel, PC, CPAs will select the necessary procedures to test compliance and to disclose noncompliance with specified laws, regulations, and contracts.

In order to accomplish the audit objectives in the most effective and meaningful manner possible, Brown Jake & McDaniel, PC, CPAs follow a comprehensive approach to auditing. The approach places emphasis on the accounting information systems and how the data is recorded rather than solely on a verification of numbers on a balance sheet or a statement of revenues and expenditures. The advantages to this approach are that it enables us to:

- Maximize our understanding of the City's operating environment, which enables us to provide valuable recommendations for improved operational efficiencies.
- Minimize time required to conduct the audit since we are able to start with broad considerations and narrow to specific audit objectives in critical areas.

Our approach consists of four phases:

- Planning and Fraud and Other Risk Assessments
- Systems Evaluation
- Testing
- Reporting

The following general description illustrates the way in which we will accomplish each phase. It also discusses several of the specific audit procedures we will undertake.

**CITY OF JEFFERSON CITY, TENNESSEE****APPROACH TO THE AUDIT  
(Continued)****2025****Planning****Expand Understanding of the City and Its Operating Environment**

Our engagement will begin by expanding our understanding of the environment in which the City operates. We will hold discussions with management and will review such things as:

- Organizational structure and assessment of the control environment
- Long-range plans
- Information and financial systems and reports
- Key operating statistics on a trend basis
- Contractual lease and debt agreements
- The possible effects on the City from the actions of federal and state regulatory bodies
- Fraud and other risk in financial and operating areas

**Conduct an Analytical Review**

One of the most inefficient ways to conduct an audit is to spend significant time examining transactions that have little or no importance to the financial statements taken as a whole or which represent minimal risk. Analytical review auditing, however, requires the auditor to analyze the financial statements for unusual trends and results and to identify in advance the high audit risk areas. Extended audit procedures are then focused on the areas of unusual results or potential audit risk. Our staff is trained in the concepts of analytical review auditing and will apply this concept to the audit of the City.

**Identify Major Areas of Audit Concern and Define the Major Objectives**

Based on our understanding of the City's operating environment and our analytical review, we will identify areas in which to emphasize the audit effort. We will then define the objectives for the audit concentrating on the identified areas of audit concern and areas we know are important to the City. Examples of probable audit objectives for this engagement are:

- Determination that the City receives all revenues to which it is entitled.
- Verification that only authorized personnel are on the City's payroll.
- Determination that cash disbursements are valid and have been properly recorded.

**Discuss Financial Statement Format**

In general, the content and format of the City's financial statements and accountants' reports are determined by the American Institute of Certified Public Accountants, and other similar groups.

Within these guidelines, financial reports should provide information in the most appropriate manner for internal decision-making and public disclosure. We will discuss the format for the financial statements with City officials.

**CITY OF JEFFERSON CITY, TENNESSEE****APPROACH TO THE AUDIT  
(Continued)****2025****Systems Evaluation**

Having established the audit framework in the planning phase, we will then determine the extent to which we can rely upon the existing internal controls and accounting systems to produce reliable and timely financial data. Three key steps are included in this evaluation phase.

**Review Internal Control Systems**

In this step, we will build upon our understanding of the City's accounting and internal control systems. Review of internal controls will encompass both administrative controls and accounting controls.

The review is started by holding discussions with management. We then document the procedures followed in order to enable us to understand the City's internal control systems and to identify significant internal control strengths and weaknesses and determine identified financial fraud risk areas.

In this manner, our review encompasses the operating cycles as they exist and enables us to develop meaningful recommendations of improvement in operations for inclusion in our internal control letter.

**Identify Control Strengths and Weaknesses**

We will identify strengths and weaknesses in the City's administrative and accounting controls, particularly those that have a bearing on the audit objectives. This will help us determine the emphasis to be placed on audit testing. It will also serve as a major basis for developing the internal control letter.

**Develop a Tailored Audit Program**

We will develop a tailored program for conducting an audit which is responsive to the audit concerns, reflects the valuation of the internal control system and material areas related to our fraud risk assessment. Once the audit program is developed, we will discuss a timetable for completing the program with City personnel in order that they may understand our work, and ascertain the materials and data they will need to provide.

**Testing**

Once the tailored audit program is developed, we will conduct tests to ascertain that the significant strengths within the system are functioning as described to us. Transactions will be selected and reviewed in sufficient detail to permit us to formulate conclusions regarding compliance with control procedures. Additional tests will be designed to provide reasonable assurance as to the validity of the information produced by the accounting system. Examples of the kinds of tests we will use are confirmation of balances with independent parties and review of invoices supporting payments.



## Report on the Firm's System of Quality Control

November 25, 2024

To The Owners of Brown, Jake & McDaniel, P.C. and the Peer Review Committee of the Tennessee Society of CPAs.

We have reviewed the system of quality control for the accounting and auditing practice of Brown, Jake & McDaniel, P.C. (the firm) in effect for the year ended May 31, 2024. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards). A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System review as described in the standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; and an audit of an employee benefit plan;.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Brown, Jake & McDaniel, P.C. in effect for the year ended May 31, 2024, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Brown, Jake & McDaniel, P.C. has received a peer review rating of *pass*.

*Henderson Hutcherson  
& McCullough, PLLC*

February 26, 2025

Joe Brown  
Brown, Jake & McDaniel, P. C.  
2607 Kingston Pike Ste 110  
Knoxville, TN 37919-3336

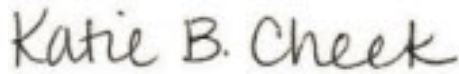
Dear Joe Brown:

It is my pleasure to notify you that on February 19, 2025, the Tennessee Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is November 30, 2027. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,



Katie Cheek  
Chief Operating Officer  
kcheek@tscpa.com  
615-377-3825

cc: Randy Dummer, Frank McDaniel

Firm Number: 900010096645

Review Number: 610328

**CITY OF JEFFERSON CITY, TENNESSEE****APPROACH TO THE AUDIT  
(Continued)****2025****Reporting**

At the conclusion of our examination of the financial statements of the City, we will issue our reports for the year ending June 30, 2025.

**Letters to Management**

As the City's auditors, we will be interested in the City's overall success as an efficient and cost effective entity. Management can expect us, therefore, to contribute constructive suggestions regarding its operations in the following manner:

- During the course of the engagement, we will identify various matters affecting internal controls, operating systems and operating and accounting procedures which cause duplication, inefficiency or other impediments to streamlined operations. We will accumulate our observations and develop recommendations for eliminating observed weaknesses or inefficiencies.
- We will review and explain all observations and recommendations with management to make certain our observations are accurate and practical and that they understand the recommendations and are able to implement the changes suggested.

Following the completion of this process, we will finalize our comments and issue internal control and compliance letters and reports on our administrative review to the City.