

TOWN OF SYLVA

ADDENDUM NO. 1

Request for Proposals – Audit Services for Fiscal Year Ending June 30, 2025

The Town of Sylva previously issued a Request for Proposals (RFP) for audit services with a submission deadline of February 13, 2026 at 4:00 p.m.

As of the deadline, the Town received one proposal. In order to promote full and open competition and ensure the Town has adequate opportunity for reviewing qualified firms, the Town is extending the deadline for submission of proposals.

The revised deadline for submission is:

Friday, March 6, 2026 at 4:00 p.m.

All proposals must be received by the Finance Officer, Lynn Bryant, at 83 Allen Street Sylva NC 28779 or emailed to lbryant@TownofSylva.org no later than the revised deadline.

Proposals previously submitted will be retained unless notified of any updates.

All other terms and conditions of the original RFP remain unchanged.

Issued this 26th day of February 2026.



Amended
Request for Proposal (RFP)
for
Auditing Service

~~Proposal Due: February 13, 2026 @ 4:00 p.m.~~

Amended Proposal Due: March 6, 2026 @ 4:00 p.m.

Contact Information:

Lynn Bryant
Finance Officer, Town of Sylva
83 Allen Street ~ Sylva, NC 28779

828-586-2719
LBryant@townofsylva.org

The Board of Commissioners of Town of Sylva, North Carolina (hereinafter called the "Town") invites qualified independent auditors (hereinafter called "auditor") having sufficient governmental accounting and auditing experience in performing an audit in accordance with the specifications outlined in this Request for Proposal (RFP) to submit a proposal.

There is no expressed or implied obligation for the Town of Sylva to reimburse firms for any expenses incurred in preparing proposals in response to this request.

The specific details shown herein shall be considered minimum unless otherwise shown. The specifications, terms, and conditions included with this RFP shall govern in any resulting contract(s) unless approved otherwise in writing by the Town of Sylva. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Jackson County, North Carolina.

Type of Audit

1. The audit shall be conducted in accordance with the laws and regulations of the State of North Carolina, which include requirements for the minimum scope of the Town's audit. The audit firm shall comply with generally accepted auditing standards as required by the American Institute of Certified Public Accountants and Government Auditing Standards, issued by the Comptroller General of the United States. The audit firm shall apply auditing procedures necessary to render an opinion as to the basic financial statements taken as a whole, in conformance with generally accepted accounting principles. All other applicable laws and regulations include but are not limited to Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act.
2. The scope of the audit and all fee quotes presented should include all approved and known pronouncements through the date of proposal submission. This includes but is not limited to Governmental Accounting Standards Board statements and Government Auditing Standards. Although some pronouncements will not be in effect until after the first year of the audit, estimates for future years should include pronouncements that will become effective during that contract period. The audit firm will be expected to advise appropriate Town staff on the applicability of accounting and reporting standards as they become effective.
3. The financial audit opinion will cover the financial statements for the governmental activities, business-type activities, each major fund and the remaining fund information, which collectively constitutes the basic financial statements. The combined and individual financial statements, schedules, and related information are not necessary for fair presentation, but will be presented as additional analytical data. This supplemental information, as required by GASB 34, will be subjected to the tests and other auditing procedures applied in the audit of the basic financial statements, and an opinion will be given as to whether the supplemental information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The auditor shall express an opinion on the budgetary comparison information for the General Fund, the major funds and any annually budgeted special revenue funds. An opinion will not be given on the Management Discussion and Analysis.

The working papers shall be retained and made available upon request for no less than three years from the date of the Audit report.

4. The audit will also include the following:

- a. Pre-planning conference with Finance staff in April/May timeframe where both the auditor and Finance staff discuss their expectations of the audit.
 - b. Interim audit work prior to June 30th and/or prior to final closing.
 - c. Attendance at Town Board meeting preferably the second Thursday in November for presentation of the financial statements by Manager or Partner of the Audit Staff with comments and potential questions from Board as requested.
5. The audit should encompass all funds and entity-wide activities as reported in the Town's Audit report as of June 30 and any additional funds or entity-wide activities that may be added subsequent to that date.
6. If required, the audit firm will issue a management letter to the Town Council after completion of the audit and assist management in implementing recommendations, as is practical. Town staff also request that an informal letter be addressed to the Finance Officer with any efficiency, internal control or accounting improvements that could be made based on the audit staff's observation during their fieldwork. All content must be discussed with the Finance Officer prior to issuance. The audit firm is encouraged to discuss the content while the management letter is in draft form to ensure that all parties fully understand the circumstances that lead to auditor comments.
7. The Town staff may require the auditor's guidance or input on the completion of certain schedules/documents as to proper format and content, so that they can be used in the audit process as well as inclusion in the Town's financial statements. Guidance may be required for new note disclosures, all outstanding and effective authoritative standards and other reporting requirements at June 30 year-end. Cost of providing these services should be included in the auditor's base fee quote and will not be considered extra for additional billings. In cases, however, where services requested would require a more in-depth scope and require work significantly above the original fee quote, such additional fees must be negotiated prior to commencement of work.
8. If required, the audit firm will perform Federal and/or State Single Audits. Please include additional costs associated with these grant requirements on page 14.

Auditor Requirements

The audit firm is considered to be an independent contractor and will be wholly responsible for the services and the supervision of its own employees and permitted sub-contractors.

A planning meeting will be held each year to determine schedules that the Town will be responsible for preparing. Estimated time frames will be established, and interim audit work will be planned. Adequate notification will be given prior to any changes in estimated times.

The Town of Sylva audit engagement must be conducted in accordance with Generally Accepted Auditing Standards (GAAS); Government Auditing Standards, 2018 revisions, issued by the Comptroller General of the United States; and if applicable, the U.S. Office Management and Budget's (OMB) Uniform Guidance and, if applicable, the State Single Audit Implementation Act, and any other applicable procedures for the audit of a local government's financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP). By accepting this engagement, the Auditor warrants that the requirements have been met for a peer review and continuing education as specified in Government Auditing Standards. **The Auditor must provide a copy of their most**

recent peer review report with their proposal.

The Town staff will prepare all standard year-end accruals and other adjusting journal entries. The auditor will prepare the government wide year-end adjusting journal entries as well as any necessary entries to allocate the state pension balances. The Town does have Other Post-Employment Benefits, therefore OPEB entries are necessary. The Town shall designate an individual, such as the Finance Officer, with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. The Town management will ultimately be responsible for the preparation and fair presentation of the financial statements, which includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements. The Town will need the assistance of the auditor for the preparation, typing, proofing, printing, and copying of the Basic Financial Statements, supplementary information and compliance reports. The Town of Sylva's Finance Officer will prepare the MD&A. A preliminary draft of the audit and required adjusting journal entries will be submitted to the Finance Officer by early October, or on an agreed upon time, for proofing and reconciliation to the Town's records to allow ample time for review and corrections before it is sent to the Local Government Commission. The Town of Sylva's Finance Officer will return the draft to the auditor with proposed revisions within 10 working days. The auditor will be ultimately responsible for the preparation, typing, proofing, printing, and copying of the Basic Financial Statement, supplementary information and all applicable compliance reports. Once all issues for discussion are resolved and the auditor provides opinions and compliance reports, the auditor will complete and submit the necessary Single Audit information (if applicable) to the Federal Audit Clearinghouse on behalf of the Town.

Meeting LGC deadlines is a high priority for the Town. Therefore, the Town of Sylva prefers interim fieldwork be completed in June. Year-end fieldwork should begin early to mid-September. The Finance Officer shall receive a complete draft to review mid-October, allowing for ten business days to review financials and complete the MD&A. While many documents can be shared electronically, the Town expects that the audit firm staff will be on site for fieldwork. **A post-closing trial balance must exist by September 30 or an agreed upon time.** The Finance Officer will expect a listing of requested information needed for the audit at the preplanning conference, periodic conferences during the conduct of the audit, as well as an exit conference prior to the completion of fieldwork.

The timing of the draft and review should ensure final completion of the Financial Statements by the October 31st or an agreed upon time with presentation to the Board preferably the second Thursday in November. The audit and data input shall be submitted to the LGC on or before December 10th.

Ten (10) copies of each Audit report, management letter, and other applicable reports must be supplied to the Finance Officer within the time frame cited above. In addition, the auditor is responsible for complying with the requirements of the LGC for submitting the audit and all associated documents and forms as required for the year under audit when (or prior to) submitting the final invoice for audit services rendered to the Commission.

In the event that circumstances arise during the audit that require work to be performed in excess of the original estimates, any additional costs will be negotiated prior to commencement of the work and an amended contract will be approved by the governing board and forwarded to the staff of the LGC for approval.

Either the manager or partner of the audit staff is required to present and attend the Town Council's meeting in which the Audit report is presented. Required communications to the Council can be delivered at this point, as well as general comments regarding the audit process and the results of the audit. Finance staff will coordinate this presentation and determine the date and time of the meeting.

Audit Contract: Period & Payment of Audit Fees

The Town intends to continue the relationship with the auditor for no less than three years on the basis of annual negotiation. Continuation after the first-year contract will be based on an annual review of the Auditor, recommendation of the department staff, satisfactory negotiation of terms (including price), and availability of an appropriation. Each year after negotiation has taken place an annual contract documenting the terms of the audit will be signed. Since one governing board may not obligate future governing boards, the remaining years of the agreement are subject to annual board of commissioner approval. The Town of Sylva reserves the right to request proposals at any time following the first year of this contract. It is requested that proposals be prepared for the following years, with year one being the only obligated year:

- July 1, 2025 to June 30, 2026
- July 1, 2026 to June 30, 2027
- July 1, 2027 to June 30, 2028

The required current revision of the form "Contract to Audit Accounts" (form LGC-205) is required to be executed as the contract document; however, the auditor and the Town may also execute an engagement letter and/or a Town contract to include additional terms not addressed in the LGC-205. The entire audit contract package must be approved by the staff of the Local Government Commission. Invoices are subject to approval by the LGC prior to payment by the Town. Interim or progress billings for services rendered marked approved by the LGC will be paid up to 75% of the total fee prior to submission of the final audited financial statements to the staff of the Local Government Commission. The final 25% of the Audit fees (final invoice) will be paid when the financial statements, single audit (if applicable), management letter and amended contract (if applicable) have been reviewed or approved by the LGC.

The LGC only approves invoices for audit related work. Requests for payment related to any additional agreed upon procedures or AFIR work do not require LGC approval. Final invoices for these services will be paid after the final report results and findings have been reviewed and deemed satisfactory by Town staff.

Description of Selection Process

Bidders may not have any communications, verbal or otherwise, concerning this RFP with any Town personnel or officials, other than the person listed in this section. Submit questions regarding the RFP in writing via email to Lynn Bryant at lbryant@townofsylva.org. Any additional information disclosed to participating audit firms prior to bid submission will be shared as an addendum with all interested parties. All questions shall be received no later than 5:00 p.m., Friday, January 30, 2026.

Proposals will be submitted in two sections and must be physically signed by an authorized

representative of the Audit firm. The first section will be comprised of the audit firm's prior experience and qualifications of its personnel in performing governmental audits. The second section will consist of completed cost estimate sheets. The Finance Office staff will evaluate the auditor/firm on educational and technical qualifications. The firm that best meets the Town's expectations for experience, audit approach, and cost requirements will be selected.

Please keep in mind that cost, while an important factor, will not be a sole determining factor. Unusually low bids that are obviously out of line with other bidders or are significantly lower than our current fees will raise concern. The lowest bid will not automatically be awarded preferential consideration.

The Town reserves the right to reject any or all bids, waive technicalities, and to be the sole judge of suitability of the services for its intended use and further specifically reserve the right to make the award in the best interest of the Town.

Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents, may disqualify the bid. Firms must be registered with the North Carolina State Board of CPA Examiners.

Section 1 - Profile of the Firm

The first section should address the requested information below. The corresponding responses should begin with the number below for the requested information.

1. Indicate the Audit firm's North Carolina office location(s) that will handle the audit.
2. Indicate the number of people (by level) located within the Audit firm's local office that will handle the audit.
3. Provide a list of the audit firms' current and prior government audit clients, indicating the type(s) of services performed and the number of years served for each.
4. Indicate the experience of the local office in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement.
5. Describe your audit organization's participation in AICPA sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review.
6. Describe the professional experience in governmental audits of each senior and higher-level person assigned to the audit, the years on each job, and his/her position while on each audit. Indicate the percentages of time each senior and higher-level personnel will be on site. Relevant experience and education with the new GASBS reporting requirements should be clearly communicated.
7. Describe the relevant educational background of each person assigned to the audit, senior level and higher. This should include seminars and courses attended within the past three years, especially those courses in governmental accounting and auditing.

8. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions.
9. Describe any specialized skills, training, or background in public finance of assigned individuals. This may include participation in State or national professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.
10. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for a reference.
11. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), July 2018 Revision. Provide a copy of the firm's Statement of Policy and Procedures.
12. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.
13. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.
14. Comment on your knowledge of and relationship with the NC Local Government Commission and the University of North Carolina School of Government in Chapel Hill.

Section 2 – Audit Approach

Proposals should include completed cost estimate sheets and any other necessary cost information in a separate, sealed envelope marked – “Cost Estimate.” The Town will evaluate the qualifications of all firms submitting proposals before considering the Cost Estimate.

1. Type of audit program used (tailor-made, standard government, or standard commercial).
2. Use of statistical sampling.
3. Use of automated processes and internal control testing methods.
4. Use of computer audit specialists.
5. Organization of the audit team and the approximate percentage of time spent on the audit by each member.
6. Information that will be contained in the management letter.
7. Assistance expected from the government's staff, if other than outlined in the RFP.
8. Tentative schedule for completing the audit within the specified deadlines of the RFP.
9. Specify costs using the format below for the audit year July 1, 2025 to June 30, 2026. For the two audit years, which follow, list the estimated costs. The cost for the audit year ending June 30,

2026 is binding, while the second and third years are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a “not-to-exceed” amount.

- A. Audit firm personnel costs – Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical, etc.) with the different rates per hour.
 - 1) Estimated hours: please categorize estimated hours into the following: on-site interim work, year-end on-site work, and work performed in the auditor’s office.
 - 2) Rate per hour.
 - 3) Total cost for each category of personnel and for all personnel costs in total.
- B. Travel – itemize transportation and other travel costs separately.
- C. Cost of supplies and materials – itemize.
- D. Other costs – completely identify and itemize.
 - 1) If applicable, note your method of determining increases in audit costs on a year-to-year basis

10. Please list any other information the firm may wish to provide.

11. Please include the Summary of Audit Costs Sheet with your proposal.

Time Schedule for Awarding the Contract

RFP Release Date	<i>January 9, 2026</i>
Deadline for RFP Questions *	<i>January 30, 2026 by 5:00 p.m.</i>
Questions to be Answered No Later Than	<i>February 3, 2026 by 5:00 p.m.</i>
Deadline for Receipt of Proposals	<i>February 13, 2026 by 4:00 p.m.</i> Town of Sylva Attn: Lynn Bryant, Finance Officer 83 Allen Street Sylva, NC 28779
Amended Deadline for Proposals	<i>March 6, 2026 by 4:00 p.m.</i>
Board Awards Audit Contract	<i>March 26, 2026</i>

*Any questions should be directed to Lynn Bryant, Finance Officer, at (828)-586-2719 or
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lbryant@townofsylva.org. Appointments may be scheduled to discuss further any specific matters necessary in preparing your proposal.

** Proposals can either be submitted electronically (email) to lbryant@townofsylva.org or on paper by February 13, 2026, at 4:00 p.m. Envelopes containing proposals on paper should be clearly identified on the front with the words "RESPONSE TO RFP FOR AUDIT SERVICES".

- Please note your email should include two separate pdf attachments for sections 1 and 2.
- Envelopes should include Two copies of the bound proposal (clearly separating section 1 and 2) and should be delivered to: Town of Sylva ~ Attn: Lynn Bryant, Finance Officer ~ 83 Allen Street ~ Sylva, NC 28779.

*** Proposals will be reviewed and a recommendation made to the Board of Commissioners on February 26, 2026. The audit contract will be awarded on March 12, 2026.

Description of the Governmental Entity and Its Accounting System

Reference should be made to the most recent Audit report for a general overview of the Town. A PDF copy of the most recent Audit report is located on the Town's website listed below or by emailing lbryant@townofsylva.org.

<https://townofsylva.org/wp-content/uploads/Sylva-2025-Audit-Report.pdf>

Funds

The Town of Sylva maintains the following funds:

General Fund:

General Fund
Recreation Fund
Fire Department Fund
Separation Allowance Fund
Retiree Insurance OPEB Fund

Non-Major Funds:

Revolving Loan Fund
Public Art Fund
Sidewalk Special Revenue Fund

Major Fund:

Fisher Creek Fund

Capital Reserve Funds:

General Capital Reserve Fund
Fire Department Capital Reserve Fund

Multiple -Year Project Funds:

Bryson Park **Grant** Project Fund (SCIF Funding \$3,000,000).
Public Restrooms **Grant** Project Fund (Partial SCIF Funding \$350,000).
Poteet Park Restroom Renovation Capital Project \$300,000.
Scotts Creek Stabilization Capital Project Ordinance (\$1,652,000 Ordinance)
\$1,303,761 estimated FEMA funding.
Pinnacle Park (PARTF) **Grant** Project Ordinance (\$1,092,000 Ordinance)
\$341,323 PARTF Funding.
Façade **Grant** Project Fund (Balance \$2,134)

Grants, Entitlements, and Shared Revenues

A copy of the Schedule of Federal and State Expenditures and a Summary of Auditor's Results showing the major programs for the year ended June 30, 2025 can be found in the Audit Report located on the Town's website.

Budgets

The Town's annual budget is adopted for the General fund, Recreation fund, Public Art Fund, Separation Allowance fund, Retiree Insurance OPEB Fund, Revolving Loan fund, Fire Department fund, Capital Reserve funds, Fisher Creek fund, and Sidewalk Special Project. When applicable, multi-year project ordinances are prepared for Capital Project funds.

All budgets are prepared using the modified accrual basis of accounting. All appropriations are made at the departmental level. The Town does not currently maintain an encumbrance system.

Accounting Records

The Town maintains all its accounting records at the finance office located at 83 Allen Street ~ Sylva, NC. All accounting journals and subsidiary ledgers are maintained on Southern Software ~ FMS Software.

Assistance Available to Auditor

The Town has designated the Finance Officer as the person with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. The Town will make available to the auditor sufficient help to pull and re-file records and prepare necessary confirmations. An electronic version of the trial balance with budgeted amounts will be made available in early September. The following accounting procedures will be completed, and documents prepared by the Town's staff no later than the first week in September.

The books of accounts will be fully balanced.
All subsidiary ledgers will be reconciled to control accounts.
All bank account reconciliations for each month will be completed.

The Town's personnel will prepare the following items:

General

1. Working Balance Sheet for each fund.
2. Working Statement of Revenues, Expenditures, and Transfers for each fund.
3. General Ledger transaction detail report for each account.
4. A copy of the original budget, all amendments, and the final budget as of June 30, 2026.
5. A copy of all project ordinances and all amendments for active projects during the audit period.
6. A copy of board policies, including travel policies, investment policies, debt policies, fund balance policies and purchasing policies including how the pre-audit process is performed.
7. Board meeting minutes are available for review on the Town's website. Signed Board meeting minutes are available for review in the minute books onsite.
8. Copies of all correspondence with the staff of the Local Government Commission, including semiannual Cash and Investment Reports (LGC-203), unit letters, letters regarding the audited financial statements and compliance reports for the previous year.
9. Required supplementary information, e.g. actuarial information for the Law Enforcement Officers' Separation Allowance and Other Postemployment Benefits.

Cash and Investments

1. All bank reconciliations for each month.
2. List of outstanding checks by account, showing check number, date, and amount.
3. Schedule of all investments for all funds at the audit date, showing book value and estimated market value at fiscal year-end.

Receivables

1. Listing of unpaid tax bills in detail totaled by year as of fiscal year end.
2. Listing of outstanding receivables by account as of the fiscal year end.
3. Listing of outstanding receivables in detail as of the fiscal year end.
4. Schedule of miscellaneous receivables booked as of the fiscal year end.

Other Assets

- 1. Schedule of insurance coverage.

Capital Assets

- 1. Listing of all capital assets.
- 2. Printout of all capital asset acquisitions made during the audit year.
- 3. Printout of all capital asset dispositions made during the audit year.
- 4. Printout of depreciation expense posted for the audit year.

Current Liabilities

- 1. Schedule of accounts payable including batch printouts.

Long-Term Debt

- 1. Computation of vested vacation payable as of the audit date.
- 2. Debt Schedule for each debt issue and related payments.

Grants

The following will be compiled for each grant:

- 1. Grant agreement.
- 2. Grant Budget.
- 3. All financial reports.
- 4. Correspondence with the grantor agency, including monitoring reports.
- 5. CFDA # and/or pass-through grant #.

Size and Complexity of Town

Personnel/Payroll

Number of employees	<u>38 full/4 part-time</u>
Frequency of payroll	<u>bi-weekly</u>
Number of payroll direct deposit advises monthly	<u>Less than 100 per month</u>

Property Tax collected by Town of Sylva

Total dollar amount of most recent year's collections	<u>\$ 2,362,344 ~ 97.75%</u>
Total dollar amount of levy	<u>\$ 2,416,624 (net)</u>

Purchasing

Number of purchase orders issued Estimate 40 – Over \$2,500

Bank Accounts

Number of bank accounts 1 – First Bank

Number of investment accounts
(NC Cash Management Trust) 4

Average monthly activity in main account \$ 622,391 Deposit/\$360,813 Checks

Number of deposits: Central Depository 22 per month

Number of checks: First Bank – central depository Less than 100 per month

The following financial applications are on the computer system:

The Town of Sylva uses Southern Software – FMS

Accounts Payable

Business License (Used for ABC License only)

Capital Assets

Payment Central

Payroll

Tax Billing

