

City of Newport

Request for Proposals for Audit Services

INTRODUCTION

The City of Newport, Vermont, is requesting proposals from qualified firms of Certified Public Accountants to audit its financial statements for the fiscal year ending June 30, 2026, with the option of auditing its financial statements for each of the two subsequent fiscal years.

Proposals are to be submitted by 4:00 PM on March 12th, 2026 to:

Kari Schulze
Financial & Office Administrator,
222 Main Street, Newport, VT 05855

The City of Newport reserves the right to reject any or all proposals submitted. Proposals will be evaluated by the City based on firm experience and reputation, understanding of the City's requirements, and price. During the evaluation process, the City reserves the right, where it may serve in the City's best interest, to request additional information or clarification from proposers.

Please direct all questions regarding this request for proposals to: Kari Schulze, Financial & Office Administrator, kari.schulze@newportvermont.org – (802)334-5136

NATURE OF SERVICES REQUIRED

The auditor shall express an opinion on the fair presentation of its general-purpose financial statements in conformity with generally accepted accounting principles. The auditor shall also express an opinion on the fair presentation of the combined and individual fund financial statements and schedules in conformity with generally accepted accounting principles.

The audit shall be performed in accordance with the standards for financial audits set forth in the U.S. Government Accountability Office's Government Auditing Standards; the provisions of the Single Audit Act of 1984 and its 1996 amendments (when applicable); and the provisions of OMB Circular A-133 (now known as Uniform Guidance, codified at 2 CFR Part 200, Subpart F).

The City' does not anticipate spending in excess of \$1M in federal awards and will not require an audit in accordance with the Single Audit Act of 1984.

It is expected that in determining the extent of test procedures, full consideration will be given to the apparent effectiveness of the system on internal accounting controls. The feasibility of recommendations for improvements in the accounting system and internal controls shall be discussed during the course of the engagement. In the required report on internal control, the auditor shall communicate any reportable conditions found during the audit. Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall also be reported in a separate management letter, which shall include all instances of noncompliance.

The auditor will print, bind and submit 3 copies of the audit report to the city. A PDF of the audit report will also be provided. Additional copies of the report shall be submitted to the federal cognizant audit agency and any agencies of the State of Vermont, as required.

At the conclusion of the audit, the auditor will meet with the city council to present the report, discuss the results of the audit, and explain any findings that are included in the auditor's management letter.

All working papers and reports shall be retained for a minimum of three years, unless the firm is notified in writing by the City of the need to extend the retention period.

DESCRIPTION OF THE GOVERNMENT

The City of Newport has a population of 4,455. The City provides the following services to its citizens: highways and streets, water and sewer, police, fire, planning and zoning, parks and recreation, and general administrative services (clerk and treasurer).

The city has a total payroll of \$3.8 million covering 56 full-time and 85 part-time or seasonal employees. The approved expense budget in the most recent fiscal year is \$7,825,488.38. The city uses the following fund types in its financial reporting:

- General Fund
- Mooring Management Fund
- Reappraisal (Act 60) Fund
- Project Fund
- C.D.B.G. Funds
- East Main St Cemetery Fund

- Perley S Niles Fund
- Public Safety Fund
- Capital Improvement Fund
- Records Preservation Fund
- Sewer Fund
- Highway Equipment
- Highway Paving
- Police Equipment
- Water Fund
- Recreation Trust Fund
- Walmart Reserve

The City prepares its financial statements using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds. The City's financial statements are not prepared in accordance with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

Newport City's previous audit reports can be found at:

<https://www.newportvermont.org/city-documents/annual-city-reports/>

PROPOSAL REQUIREMENTS

Interested firms shall submit their proposal separated into two sections: the technical proposal and the cost proposal.

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake the audit of the City in conformity with the requirements of this request for proposals. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals. The technical proposal shall provide the necessary information in the following sequence:

- **Background of the firm.** The proposer should state the size of the firm, the size of the firm's governmental auditing staff, and the number and nature of the professional staff to be employed in this engagement. The firm is also required to submit a copy of the report on its most recent quality control review, along

with a statement of whether that quality control review included a review of specific government engagements.

- **Partner, supervisory and staff qualifications and experience.** The proposer should identify the principal supervisory and management staff who would be assigned to the engagement and disclose each person's government auditing experience.
- **Similar engagements with other government entities.** The proposal shall describe the five most significant engagements performed in the last five years that are similar to the engagements described in this request for proposals. Indicate the scope of the work and the name and telephone number of the client contact.
- **Specific audit approach.** The proposal should set forth a plan of implementation, including an explanation of the audit methodology to be followed. The work plan should include a description of tasks, estimates of work effort, time budgets, and a detailed breakdown of responsibilities of all audit personnel.
- **Audit report delivery timeline.** With the understanding of complete cooperation and adequate preparation on behalf of the City at the end of the fiscal year, ideal candidates should anticipate submitting the final audit report by mid-October.
- **The cost proposal should be structured as follows:**
 - Total all-inclusive maximum price for the engagement for the year ending June 30, 2026, and for each of the two subsequent engagement years for which the City has the option of continuing on this contract.
 - Breakdown of costs by year by partner (principal), supervisory and staff level.
 - Out-of-pocket expenses included in the total all-inclusive maximum price and reimbursement rates.
 - Progress payments will be made on the basis of hours of work completed during the course of the engagement. Interim billing shall cover a period of not less than a calendar month.

EVALUATION CRITERIA

The audit firm will be selected based on two criteria: technical qualifications and price. The technical qualifications will compare each proposer's expertise and experience in providing quality audit services to government entities and the quality of the firm's professional personnel who would conduct the audit. The approach of the audit and the plan for implementation will also be scrutinized. Cost will not be the primary factor in the selection of the audit firm.