

RESOLUTION 21-40

A RESOLUTION OF THE SOUTH WEBER CITY COUNCIL AWARDING A ONE-YEAR AUDITING CONTRACT TO KEDDINGTON & CHRISTENSEN, CPAs

WHEREAS, Utah state law requires municipalities to have annual independent audits assessing the city's financial statements; and

WHEREAS, the current auditing contract with Keddington & Christensen, CPAs expires June 30, 2021; and

WHEREAS, on June 22, 2021 City Council reviewed three options presented 1) do an immediate Request for Proposals (RFP), 2) sign a one-year contract and do an RFP in 2022, or 3) sign a five- year contract with Keddington & Christensen, CPAs; and

WHEREAS, the Audit Committee recommended entering a one-year contract with Keddington & Christensen, CPAs for \$12,000 and requesting proposals in 2022 for future auditing services;

WHEREAS, Council agreed with the recommendation;

NOW THEREFORE BE IT RESOLVED by the Council of South Weber City, Davis County, State of Utah, as follows:

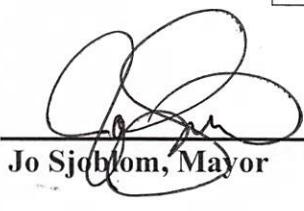
Section 1. Approval: A one-year agreement for auditing services with Keddington & Christensen, CPAs for \$12,000 is entered into as submitted in their proposal dated June 7, 2021 and included as Exhibit 1.

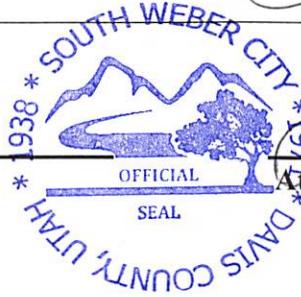
Section 2: Repealer Clause: All ordinances or resolutions or parts thereof, which are in conflict herewith, are hereby repealed.

PASSED AND ADOPTED by the City Council of South Weber, Davis County, on the 20th day of July 2021.

Roll call vote is as follows:

Council Member Winsor	<input checked="" type="radio"/> FOR	AGAINST
Council Member Petty	<input checked="" type="radio"/> FOR	AGAINST
Council Member Soderquist	<input checked="" type="radio"/> FOR	AGAINST
Council Member Alberts	<input checked="" type="radio"/> FOR	AGAINST
Council Member Halverson	<input checked="" type="radio"/> FOR	AGAINST


Jo Sjöblom, Mayor



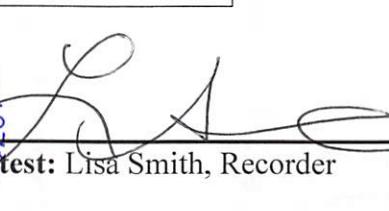

Attest: Lisa Smith, Recorder

EXHIBIT 1

KEDDINGTON & CHRISTENSEN,

CPAs AUDITING SERVICES

PROPOSAL

PROPOSAL TO PROVIDE

AUDIT SERVICES

FOR THE

CITY OF SOUTH WEBER, UTAH

FOR THE YEAR ENDED

JUNE 30, 2021



Keddington & Christensen, LLC

Certified Public Accountants



KEDDINGTON & CHRISTENSEN, CPAs

CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA

Phyl R. Warnock, CPA

Marcus K. Arbuckle, CPA

Steven M. Rowley, CPA

June 7, 2021

Members of the City Council and Mayor of the
City of South Weber, Utah

We are thrilled to provide this proposal for your consideration! We believe we have the necessary skills and experience to provide South Weber City with the financial audit services it requires. As you will see later on in this proposal, we have extensive experience in governmental auditing, in fact, approximately 80% of our clients are governmental entities of one type or another, whether they be cities, special districts, or interlocal entities. Our firm is dedicated to providing quality audit services at a fair and reasonable price.

Some benefits of working with our firm are: partners and managers over the engagement are in the field with the staff, our staff are highly cross-trained, and we don't charge for phone calls.

With the partner and managers in the field overseeing the audit, any significant decisions, questions, issues, or concerns related to the audit are usually handled right there at the client's office as they arise. This ensures that the audit work continues as seamless as possible and any questions or concerns from the client can be resolved as quickly as possible.

Another aspect that we pride ourselves in is having our staff highly cross-trained. Part of our practice consists of providing CFO and consulting services to several cities and districts throughout the state of Utah. These services consist of continual reviews of financial information, budget preparation, audit preparation services, and many others. Even our newest staff participate in the reconciliation and reporting services that we provide to these consulting entities. Also, our training and continuing education programs exceed the minimum requirements for auditors of governmental entities, and CPA licensure requirements.

The third benefit we mentioned was not charging for phone calls. This concept may seem simple and "common sense", however, we noticed that many of our clients were hesitant to contact their former auditors because they were always charged for every minute of every phone call. We believe that type of practice to be a disservice to our clients. We prefer to have open communication with our clients so that issues, concerns, or questions can be resolved throughout the year as they arise, instead of becoming potentially bigger issues after year end when reporting deadlines are looming.

Those are just some of the benefits you can expect from working with Keddington & Christensen. Again, we are excited for this opportunity and look forward to hearing from you.

Sincerely,

Keddington & Christensen, LLC

Keddington & Christensen, LLC

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A: PROFILE OF THE INDEPENDENT AUDITOR

1. Organization and size

KCHM, LLC, dba Keddington & Christensen is a limited liability company, with seven CPA's and seven professional and support staff. We are a local certified public accounting firm specializing in providing audits and other assurance services.

2. Location, Size, and Staff by Level of Keddington & Christensen

Keddington & Christensen operates primarily in the Utah area. Our offices are located at 1455 West 2200 South, Suite 201, in Salt Lake City, Utah. We currently have four partners, two managers, and eight professional and support staff. All of our partners and professionals have experience in performing governmental audits. We currently have six licensed CPAs. Our partners, managers and staff have always emphasized the need for prompt responses to our clients' needs in achieving their goals and objectives. We have structured our firm in a way that allows our clients easy access to the partner or manager responsible for their engagement.

We understand the need for our clients to contact us throughout the year regarding various accounting issues. It is our policy to not charge for short phone calls and questions that arise between audits.

3. Statement Regarding Proposer's Staff Capability to Audit Computerized Systems

The Partners and staff of Keddington & Christensen routinely audit through and with various computerized accounting systems. Our experience ranges from inexpensive small business accounting software, to governmental and non-profit accounting systems, to large complex systems. We use many of our clients' accounting systems to produce reports and provide information for audit and consulting purposes. We have the capability from our office and our notebook computers to access, obtain, and download accounting information from our clients' computerized systems and use this information to more effectively perform the audit. Due to our experience with many governmental entities, we have a broad experience with various governmental related software programs including Caselle, Pelorus, Tyler Technology's Munis, and QuickBooks.

4. Affirmative Statements

- a) We affirm that we are properly licensed to practice as certified public accountants in the State of Utah (firm license #8199214-2603).
- b) We affirm that we are independent of the City as defined by the AICPA's Rule 101 and *Government Auditing Standards*.
- c) We affirm that we meet the continuing professional education and external quality control review requirements contained in the *Government Auditing Standards*.

B: PROPOSER'S QUALIFICATIONS

1. Resumes and Qualifications

Gary Keddington, CPA will be the partner with final responsibility of the audit. In addition to Gary, Marcus Arbuckle, CPA, will be the concurring partner. Steven Rowley, CPA, will be the manager on this engagement. Other staff members that we anticipate playing a significant role in your engagement will include Steve Rowley. The resumes for those partners are included below.

Gary Keddington, CPA – Partner

Mr. Keddington has received his degree in Accounting from the University of Utah in 1983. Prior to joining Keddington & Christensen (formerly Jensen & Keddington) in January of 1985, Mr. Keddington worked for a Utah based regional certified public accounting firm. Mr. Keddington became a partner in the firm in January 1989. Mr. Keddington has over 29 years of providing auditing and consulting services to governmental entities.

Mr. Keddington is a member of the UGFOA, AICPA and the UACPA. Currently Mr. Keddington is the outside consulting Finance Director for Manti City, Gunnison City, Moroni City, and Centerfield City; and serves on the Board of Directors for the Bountiful Irrigation District. Mr. Keddington has attended continuing education related to Government Auditing including courses and conferences offered by the Utah State Auditor's office, UGFOA, GFOA, and UACPA.

Certificate of Educational Achievement

Mr. Keddington has also received the Certificate of Educational Achievement for Governmental Accounting and Auditing issued by the American Institute of Certified Public Accountants (AICPA). This certificate represents that the recipient has taken an extensive course sponsored by the AICPA regarding governmental accounting and auditing. The recipient must also take and pass four different examinations regarding governmental accounting and auditing.

The following is a list of some of the governmental and related engagements for which Mr. Keddington was the primary partner, all of which are current or recent clients within the last two years:

- South Weber City
- Washington Terrace City
- Bountiful City
- Lindon City
- Manti City
- Gunnison City
- Moroni City
- Centerfield City
- Utah Transit Authority
- UTOPIA
- UIA
- South Valley Water Reclamation Facility
- Carbon Water Conservancy District
- North Sanpete Ambulance Service District

B: PROPOSER'S QUALIFICATIONS (Continued)

1. Resumes and Qualifications (Continued)

Steve Rowley, CPA – Concurring Audit Partner

Mr. Rowley graduated with a bachelor's degree in Accounting (Magna Cum Laude) in 2008 from Southern Utah University. Mr. Rowley then went on to earn a Masters of Accounting in April 2010 and a Masters of Business Administration in December 2010 from Southern Utah University. Mr. Rowley joined Keddington & Christensen (formerly Jensen & Keddington) in December 2010. In 2014, Mr. Rowley was promoted to audit manager and in January 2017 Mr. Rowley was promoted to Audit Partner. Mr. Rowley is licensed as a CPA in Utah.

The following is a list of some of the governmental audits for which Mr. Rowley manages the entire audit process, or has worked on the audit in the last two years:

- South Weber City
- Syracuse City
- Logan City
- Highland City
- Cedar Hills City
- Utah Transit Authority
- Weber Basin Water Conservancy District
- Central Valley Water Reclamation Facility
- Taylorsville-Bennion Imp. District
- Midvalley Improvement District
- Lone Peak Public Safety District
- South Davis Recreation District
- Uintah Recreation District
- Wasatch Integrated Waste Management
- Timberlakes Water Special Service District

B: PROPOSER'S QUALIFICATIONS (Continued)

1. Recent Relevant Audit Experience

As you may be aware, the personnel of Keddington & Christensen have performed services for over 29 years for cities, special districts and other governmental entities. Our more recent experience (within the last two years) related to governmental entities with similar operations to your City includes:

Audits/Assurance Recent Experience

- **South Weber City**
- **South Ogden City** – RDA, MBA, Water
- **Washington Terrace City** – CAFR, Water
- **Wasatch Integrated Waste Management** – Landfill
- **Bountiful City** – CAFR, RDA, MBA, Water, Electric, Landfill, Golf Course
- **West Valley City** – CAFR, Single Audit, RDA, MBA, Golf Course
- **West Jordan City** – CAFR, Single Audit, RDA, MBA
- **Lindon City** – CAFR, RDA, Water
- **Cedar Hills City** – CAFR, Water, Golf Course
- **Highland City** – Water
- **Woods Cross City** – Water
- **Toquerville City**
- **Magna Water District** – Water
- **Timerlakes Special Service District** – Water
- **South Valley Water Reclamation Facility**
- **Wasatch Front Waste and Recycling**
- **Metropolitan Water City of Salt Lake and Sandy** – Water
- **Midvalley Improvement District**
- **Granger Hunter Improvement District** – Water
- **UTOPIA** – Single Audit
- **UIA**
- **Utah Transit Authority**
- **Uintah Recreation District**
- **Stansbury Service Agency**
- **Lone Peak Public Safety District**
- **North Sanpete Ambulance Service**
- **Idaho State Department of Education** – program specific audits

B: PROPOSER'S QUALIFICATIONS (Continued)

2. Recent Relevant Audit Experience (Continued)

Consulting or Finance Director Recent Experience

- **Centerville City**
- **North Ogden City**
- **Manti City** – MBA, Water, Electric
- **Moroni City** – MBA, Water
- **Gunnison City** – MBA, Water
- **Centerfield City** – MBA, Water
- **Grantsville City** – MBA, Water
- **Somerton City, Arizona** – MBA, Water
- **South Sanpete School District**
- **Morgan County School District**

3. Other Auditors

As can be seen in this proposal, we have enough qualified and trained personnel in our office to accomplish the requested audit in a timely manner. We will not use any sub-contractors, specialists, students, or interns, or staff from other firms for the performance of this audit.

C: PROPOSER'S APPROACH TO THE EXAMINATION

Scope and Objective

We will audit the basic financial statements of the City as of June 30, 2021. Our audits will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the City and other procedures we consider necessary to enable us to express such an opinion.

We will provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*.

We will also complete the audits in accordance with the Single Audit Act (if necessary) under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200). We will also perform audit procedures as outlined by the Utah State Auditor's Office State of Utah Compliance Audit Guide and issue the appropriate reports and opinions.

C: PROPOSER'S APPROACH TO THE EXAMINATION (Continued)

Audit Procedures

Our 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. 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.

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, creditors, and financial institutions.

A successful audit provides the highest level of assurance on the reliability of the financial statements. Our audit approach also takes a businessperson's perspective to the examination of the financial statements. We pride ourselves on being available to our clients throughout the year so we can make helpful and profitable observations and suggestions to improve operating efficiencies and control structures.

Communications

During our audit, if we become aware of significant deficiencies or material weaknesses in the design or operation of the internal control structure, and ways that we believe management practices can be improved, we will communicate them to you in the form of a comprehensive written management letter at the conclusion of our audit. If, during the course of our audit, we suspect illegal acts or observe indications of illegal acts, we will report these to you immediately.

D: TIME REQUIREMENTS

The following is a detail of how we anticipate accomplishing the audit and meeting the reporting deadlines requirements. In order to complete the project in a timely manner the City must have the records ready for audit in a timely manner, and as indicated below.

<i>City records ready for audit</i>	October
<i>Field Work – Performance of audit</i>	October
<i>Final Report – issued and ready</i>	November
<i>Exit Conference with the Council</i>	December

E: FEES

Our fees for the proposed services for South Weber City will be \$12,000 for the fiscal year ended June 30, 2021. Included in our audit fee amount is all travel, per diem, and all other out-of-pocket expenses. Our fee amount is based on the current Finance Director, current key accounting personnel, the number of funds, the current auditing standards, the time requirements detailed in this proposal, and the accounting records being available to be audited prior to the audit field work each year.

Single Audit

An additional fee of \$750 will be charged for a Single Audit, if required, in any year. Estimated hours for a Single Audit varies based on the complexity of the grant and number of federal programs that need to be tested. On average, a Single Audit for one moderately complex grant requires 8-10 hours to plan, test, and prepare reports.

ACFR (Annual Comprehensive Financial Report)

If the City requires assistance in preparing a ACFR, an additional fee of \$4,000 will be charged for the first year. This fee anticipates the City will be responsible to obtain and accumulate all required information. For subsequent years, the fee would be \$1,000.

Additional Services

If the City requests additional services, the fee for those services will be negotiated at the time of service.

F: NON-DISCRIMINATION CLAUSE

Keddington & Christensen is an equal opportunity employer. Keddington & Christensen does not discriminate on the basis of race, religion, sex, color, age, handicap or national origin, and these are not factors in consideration for employment, selection for training, promotion, transfer, recruitment, rates of pay, or other forms of compensation, demotion or separation. We always seek to retain the most qualified personnel for our client base.

Report on the Firm's System of Quality Control

October 7, 2019

To the Partners of Keddington & Christensen
and the Peer Review Committee of the Nevada Society
of Certified Public Accountants.

We have reviewed the system of quality control for the accounting and auditing practice of Keddington & Christensen (the firm) in effect for the year ended April 30, 2019. 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. The summary also includes an explanation of how engagements identified as not performed or reported 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 a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with 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 in conformity with 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 the system of quality control and the firm's compliance therewith 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 audits of employee benefit plans.

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 Keddington & Christensen in effect for the year ended April 30, 2019, 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. Keddington & Christensen has received a peer review rating of pass.



Deaton & Company, Chartered