

City Commission Special Meeting: Auditing Services Presentation and Vote August 26, 2019

All Commissioners were present. Mayor Owen began by stating that each firm would be given 10 minutes for their presentation and that Q and A would come at the end of each presentation. Also, he stated that even though this was a public meeting, only one presenter would be in the chamber at one time. After all the presentations, a discussion would follow, and then a motion to choose one of the firms would follow the discussion.

The first firm was McDirmit //Davis and the members presenting were Tammy Campbell, Engagement Partner and Technical Reviewer; Matt Lee, Primary Audit Contact, Audit Manager; and Ehad Azar, Audit Manager. Reasons given to choose this firm:

- Have been performing governmental audits in Central Florida for over 30 years
- Performed audits of over 80 governmental entities for FY18
- Active involvement of Partner and Manager during all phases of the audit
- Risk based audit approach provides an effective and efficient audit experience
- Perform Peer Reviews of other audit firms
- Up-to-date audit efficiencies and technology
- Strict internal controls
- Secure data transfer with three options
- Single audit approach

Some questions asked and truncated responses:

- Commissioner McGuirk asked what they brought to NSB that their competitor doesn't. Ans. They are a smaller firm and can bring high level service, top quality, upper level management and expertise. Further, they will incorporate the priorities set by the Commission.
- Commissioner Sachs asked about Enterprise Funds and if it is common for them to be part of the General Fund? Ans. It depends upon the activity of the Enterprise Fund. An Enterprise Fund exhibits debt secured by user fees. If the user fees are a significant part of the revenue and are intended to fully recover the cost of the fund they must be reported as Enterprise Funds.
- Commissioner Kolody asked who they represent now and if any of their current clients were coastal communities. Ans. Orange City, Lake Helen, seven cities in Seminole and Lake Counties, and five in Orange County. None are coastal communities, but they do understand the coastal environment.
- Mayor Owen asked about pricing. Ans. They charge a flat rate, higher in the first year. They charge an hourly rate for different scopes of service (like management.)

The second firm was James Moore, and members presenting were Zach Chalifour, CPA, Quality Control Partner and James Halleran, CPA, Lead Partner. Reasons given to choose this firm:

- Have been in business for over 50 years; 21st largest firm in FL, top 200 accounting firms
- Local presence with their office in Daytona Beach, and 40 employees residing in Southeast Volusia, (four in NSB).
- Was NSB's auditors 2009-2013
- Perform peer reviews
- Extensive governmental audit experience

- Value-added services
- Two auditors assigned for audits
- One-on-one meeting with City Commission before, during, and after audit
- Technical experts and implements new/up-to-date accounting standards
- FEMA Experience

One slide was of particular interest (Note: based on prior audits, annual expected hours=438)

Item	James Moore	McDermitt Davis
5-Year Proposed Base Cost	\$ 265,465	\$ 256,500
Average Annual Base Cost	53,093	51,300
Recurring Annual Hours	395	320
Blended Average Rate	\$134/hour	\$160/hour

Questions asked with summary responses:

- Vice- Mayor Hartman asked if they had dealt with public pensions. Ans. Yes, almost every city has police/fire pension plans.
- Commissioner McGuirk asked what they brought to NSB that their competitor doesn't and , if awarded the contract, who they would work for.. Ans. They know the city and have a commitment to it. Their cost of service is lower. Ans. They work for the City Commission and know they answer to the residents of NSB.
- Commissioner Kolody asked if there may be a conflict of interest since they are local. Ans. No problem, the firm is totally independent. The fact that they are local could be a benefit.
- Mayor Owen asked the same question, thinking that reality vs. perception of being local may not be in the best interest of the city. Ans. For every engagement they look to see if anything would cause a conflict of interest. At times they have used someone from another office. It can help to know what is happening and what is important to the community.

Discussion began and pros and cons were stated, especially the company size and familiarity with the City. Commissioner Kolody did interject before the vote wanting to clarify that this is not the same Commission that Moore worked with previously.

The motion to approve James Moore as the city auditor was passed with Owen being the only NO.

To see the full meeting: <https://youtu.be/fbcdkuohQxQ>