

City of Greenville
Audit & Investment Committee Meeting
Wednesday, May 21, 2025
City Hall Conference Room 337
12:00 pm – 1:00 pm

Attendees:

- | | | |
|--|---|--|
| <input type="checkbox"/> Monica Daniels, <i>Mayor Pro Tem (V. Chair)</i> | <input type="checkbox"/> Matthew Scully, <i>Council Member (Chair)</i> | <input type="checkbox"/> Portia Willis, <i>Council Member At-Large</i> |
| <input type="checkbox"/> Michael Cowin, <i>City Manager</i> | <input type="checkbox"/> Ken Graves, <i>Deputy City Manager</i> | <input type="checkbox"/> Dene' Alexander, <i>Asst. City Manager</i> |
| <input type="checkbox"/> Jacob Joyner, <i>Director of Financial Services</i> | <input type="checkbox"/> Mitch Gibbs, <i>Financial Services Manager</i> | <input type="checkbox"/> Matthew Haga, <i>IT Director</i> |
| <input type="checkbox"/> Alisha McNeil, <i>Internal Auditor</i> | <input type="checkbox"/> CMO Interns (4) | |

1. Introductions

2. Review December 11, 2024 Audit & Investment Committee Meeting Minutes

3. Investment Overview

4. Audit Status

5. Question & Answer

6. Future Meetings for 2025

- ☐ Wednesday, September 17, 2025 at 12:00 PM
- ☐ Wednesday, December 10, 2025 at 12:00 PM

City of Greenville
Audit & Investment Committee Meeting
Wednesday, December 11, 2024
City Hall CR 337
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<input checked="" type="checkbox"/> Alisha McNeil, <i>Internal Auditor</i>	<input checked="" type="checkbox"/> April Adams, <i>Cherry Bekaert</i>	<input checked="" type="checkbox"/> Karlie Coleman, <i>Cherry Bekaert</i>

1. Attendance & Introductions

Council Member Matthew Scully called the meeting to order, and a quorum was established.

Absent Committee Member(s): Council Member At-Large Portia Willis

City Staff Absent: Michael Cowin, City Manager and Dene' Alexander, Assistant City Manager

2. Review September 18, 2024 Meeting Minutes

Motion to approve was made by Mayor Pro Tem Daniels and seconded by Council Member Scully. The minutes were unanimously approved without exception.

3. Cherry Bekaert Audit Update

Mrs. April Adams presented on behalf of the City's external auditor, Cherry Bekaert. The presentation began with Mrs. Adams giving the Committee an overview of the dynamics of the external auditor's (Cherry Bekaert) relationship with the City of Greenville and the key roles of the Cherry Bekaert Client Service Team.

The Client Service Team consists of key roles such as:

1. April Adams – The *Engagement Director* who signs the audit reports and opinions on behalf of the external audit firm, Cherry Bekaert, and sets the audit plan.
2. Jennifer Moran & Karlie Coleman – The *Senior Manager* and *Senior Accountant* who lead the audit team in executing the audit plan and securing the staff.
3. Scott Anderson – The *Second Reviewer* who performs the quality control process to make sure the external audit firm is doing everything they need to do regarding the City's audit.

Mrs. Adams shared the completed audit results as of November 26, 2024. The City received three unmodified opinions for both the Financial Statements and State Single Audit, indicating a clean audit. In addition, a non-financial finding was issued for the City's Federal Single Audit. This finding was related to an inspection process (i.e. HOME Grant Program) that did not get done due to an employee, who is responsible for the process, being out on leave. As a result, this led to a material weakness, as proper controls were not in place.

Next, Mrs. Adams provided an overview of internal controls, the single audit, financial statements, and GASB Standards. She clarified the GASB Standards followed by Cherry Bekaert during the audit, noting they are required to comply with dual audit standards to ensure there are no material misstatements in the financial statements. While not every transaction is tested, the audit involves reviewing financial statements line by line to identify potential errors. Additionally, the external auditor evaluates compliance with federal and state standards for the Single Audit program concerning federal funds.

Finally, Mrs. Adams mentioned that next year's audit will include the new Compensated Absences GASB standard. This will require City staff to assess historical trends to determine the cash payout for accrued sick leave.

4. Fiscal Year 2024 Financial Results

Mr. Joyner presented the fiscal year 2024 financial statements to the Committee, highlighting key operational areas monitored by staff, including the City's General Fund and Proprietary and Internal Service Funds (e.g., Stormwater, Transit, Sanitation, Fleet Maintenance, Vehicle Replacement, and Health Insurance).

The City experienced a net increase of \$3.9 million in the City's fund balance, which also brings the City above the 25% LGC threshold staff is working toward. Revenues for fiscal year 2024 showed increases, particularly in inspection fees and ad valorem taxes. Sales tax continues to grow, though at a lower rate each year. Mr. Joyner also noted that Stormwater had a \$1 million decrease in expenditures versus revenues, with approximately \$3 million in total transferred out. This is not a concern as the monies were transferred to Stormwater Capital Projects to be spent in a different fund, and the Stormwater program remains financially healthy.

Finally, Mr. Joyner concluded with an overview of the City's internal service funds and projected spending for the upcoming year, placing focus on the City's Vehicle Replacement Fund and planned spending to address the backlog that exists.

5. Question & Answer

Mayor Pro Tem Daniels asked if any action was needed to correct the issue that resulted in the non-financial finding. Mr. Joyner confirmed that corrective measures have been implemented to ensure timely inspections moving forward.

Council Member Matthew Scully inquired about there being any other concerns about the one non-financial finding from the external auditors' perspective. Mrs. Adams replied that

there are not any further concerns about the finding and though it sounds severe the reality of it is, it was one employee who went out on leave and the inspections process just did not get figured out while they were out. Mr. Joyner also reiterated that the City now has a checklist and system in place so that when people take off this will not be missed going forward.

The Committee both thanked and commended the City's leadership and staff for their work on the fiscal year 2024 audit.

6. Future Meetings for 2025

Mr. Joyner concluded the meeting agenda by outlining the 2025 meeting dates in the proposed schedule as follows:

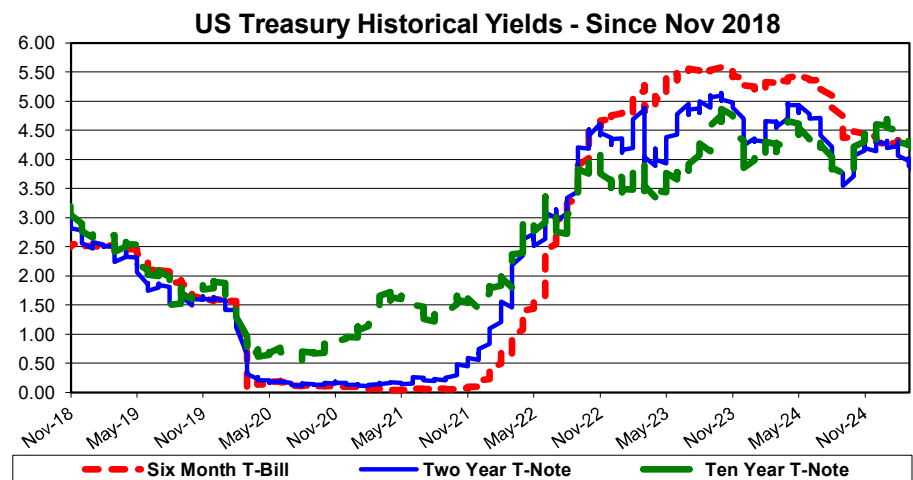
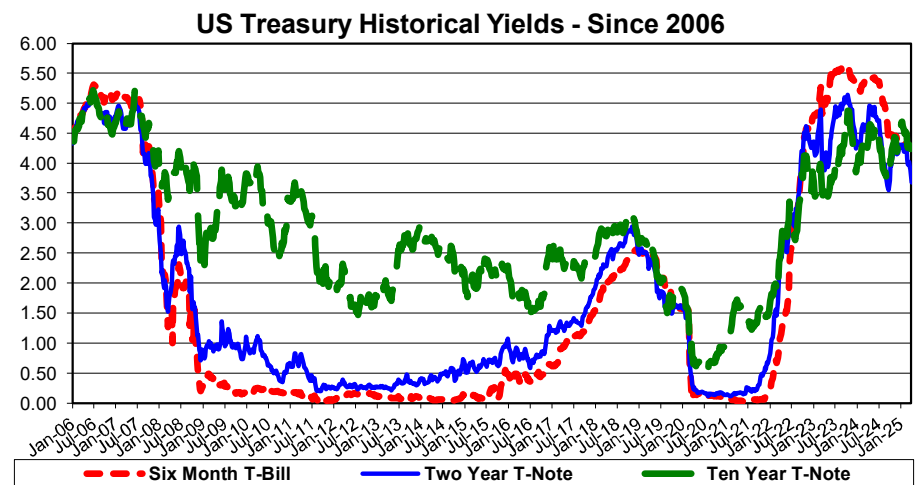
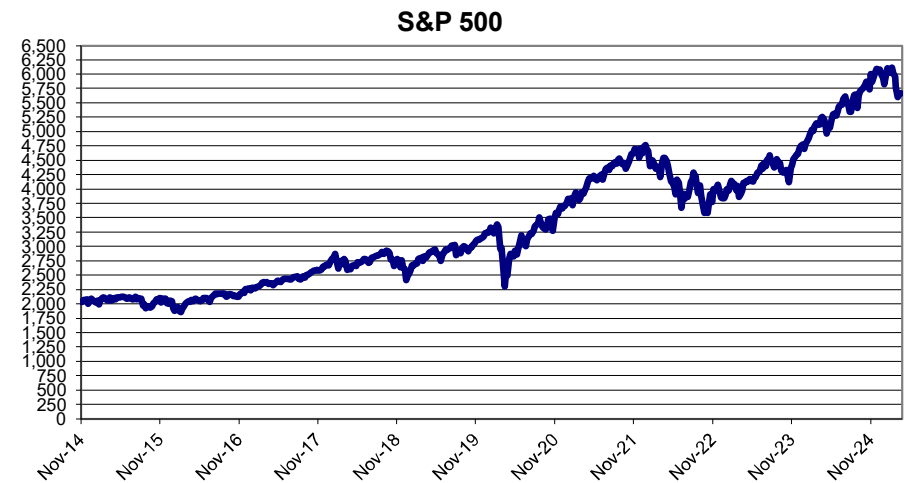
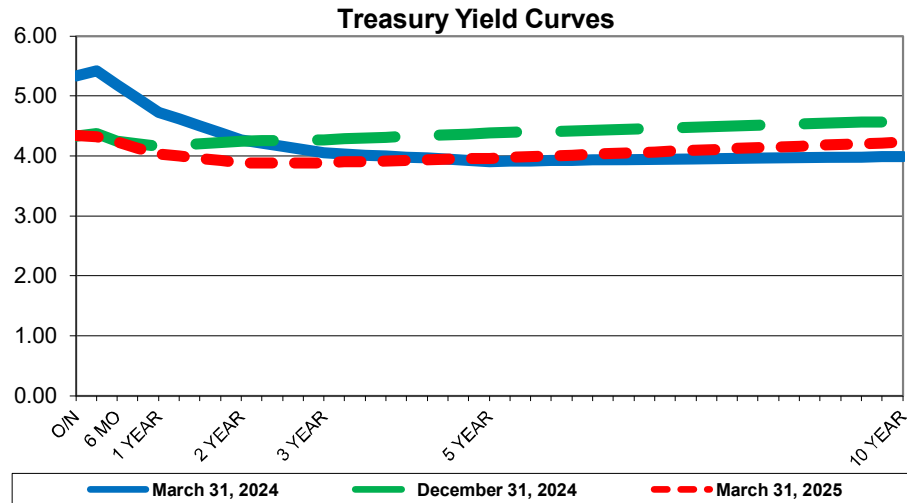
- Wednesday, May 21, 2025 @ 12:00 pm
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Mayor Pro Tem Daniels made a motion to officially adjourn the Audit & Investment Committee meeting, Council Member Scully seconded, and the motion was unanimously approved. Meeting was adjourned.

Economic Overview

3/31/2025

The Federal Open Market Committee (FOMC) kept the Fed Funds target range at 4.25% - 4.50% (Effective Fed Funds trade +/-4.33%). Expectations for additional rate cuts are volatile with current estimates at four 0.25% cuts projected during 2025. March Non-Farm Payroll increased to +228k new jobs, but the Three Month Rolling Average decreased to +152k (from the previous +200k). Fourth Quarter 2024 final GDP ticked up to +2.4% with 2.8% expansion for all of 2024. The S&P 500 Stock Index dipped +/-3% in March to under 5,600. The yield curve flattened with a slight checkmark shape. Crude Oil bounced +/- \$70 per barrel. Inflation remains above the FOMC 2% target (Core PCE +/-2.8% and Core CPI +/-3.1%). Declining global economic outlook and ongoing/expanding international political disruptions increases uncertainty.

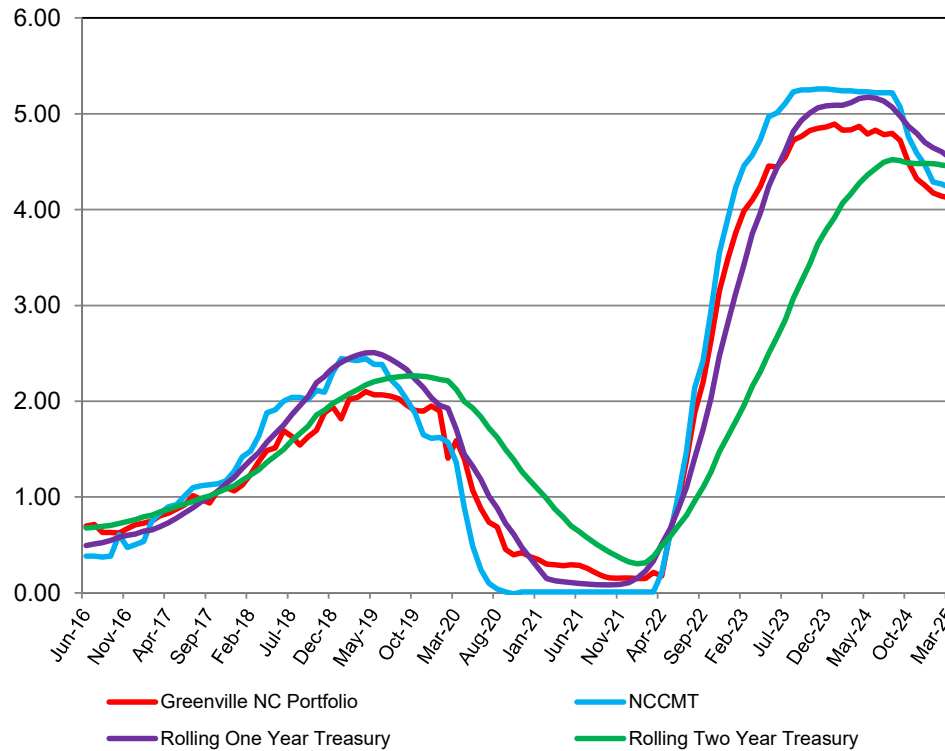


3/31/2025

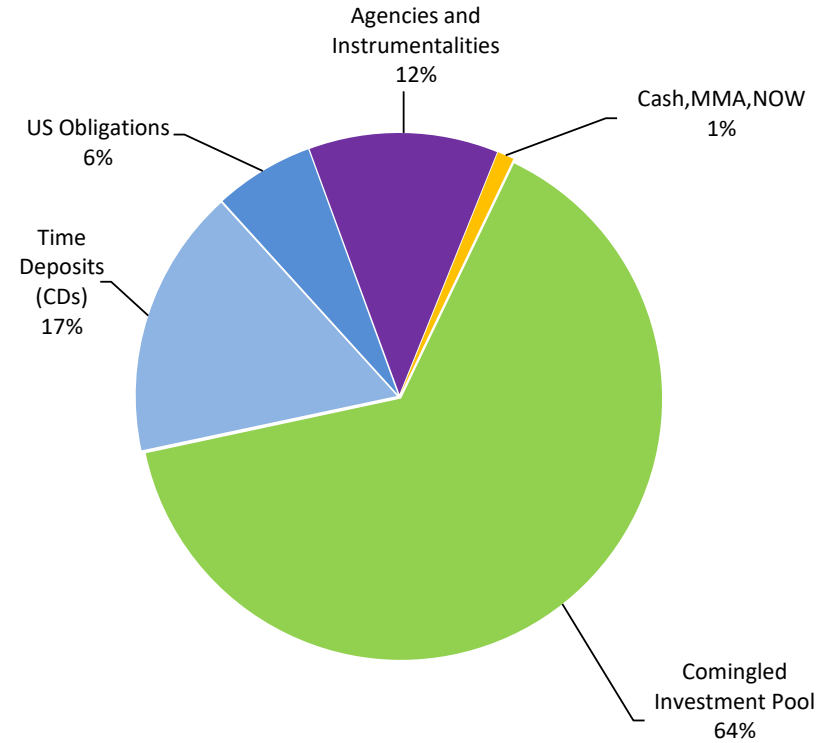
Greenville NC Investment Report

Charts

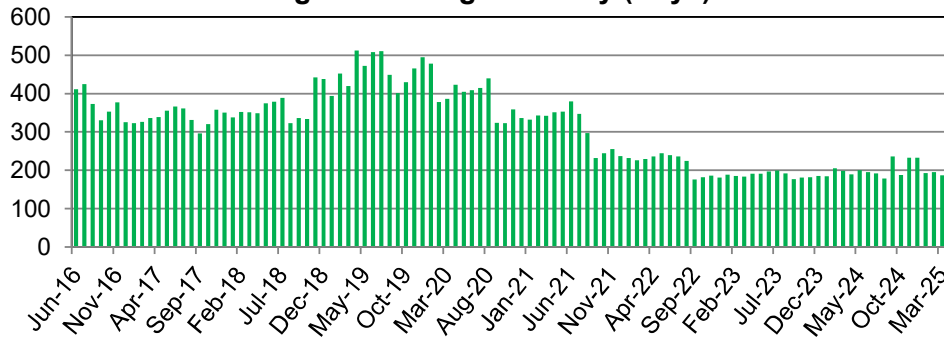
Portfolio Performance %



Investment Types



Weighted Average Maturity (Days)



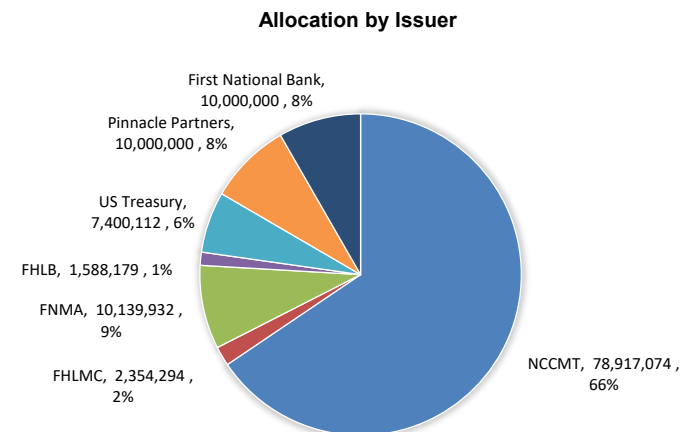
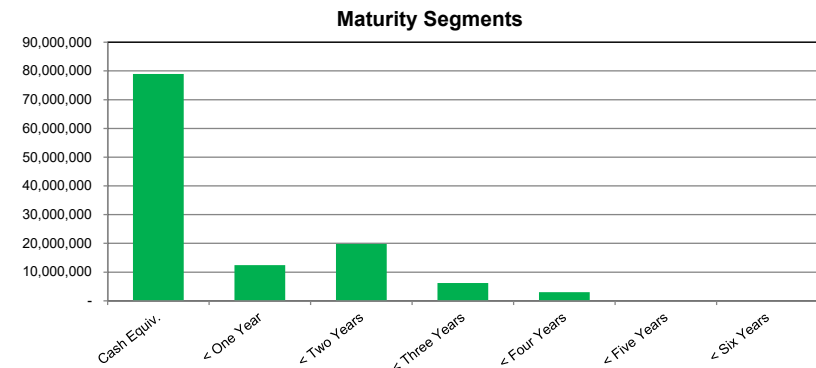
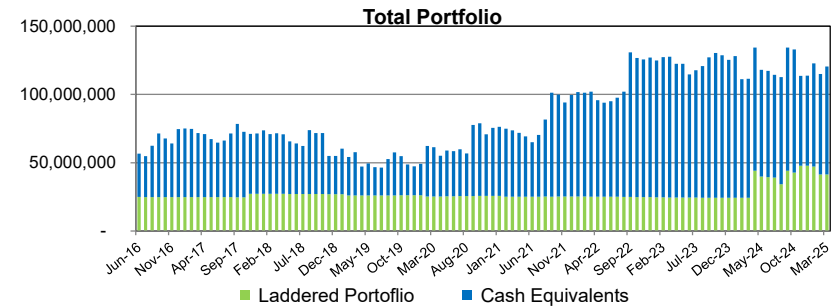
Investment Types	Book Value	% of Portfolio
Cash, MMA, NOW	\$ 1,217,066	1%
Comingled Investment Pool	77,700,008	65%
Time Deposits (CDs)	20,000,000	17%
Bankers Acceptances	-	0%
US Obligations	7,400,112	6%
Commercial Paper	-	0%
NC State and Local Bonds	-	0%
Agencies and Instrumentalities	14,082,404	12%
Total	\$ 120,399,590	100%

3/31/2025

Greenville NC Investment Report

Current Portfolio

Holding	YTM @ Cost	Maturity	Book Value	Market Value
NCCMT	4.23	N/A	1,202,907	1,202,907
NCCMT	4.23	N/A	65,919,323	65,919,323
NCCMT	4.23	N/A	2,754,934	2,754,934
NCCMT	4.23	N/A	1,217,066	1,217,066
NCCMT	4.23	N/A	2,191,814	2,191,814
NCCMT	4.23	N/A	5,180,090	5,180,090
NCCMT	4.23	N/A	450,939	450,939
FNMA	2.97	04/22/25	893,839	892,968
FNMA	0.47	06/17/25	200,014	198,362
FNMA	2.86	06/17/25	298,579	297,542
FNMA	2.82	06/17/25	1,084,911	1,081,071
FHLMC	2.91	07/21/25	620,390	617,617
FNMA	3.57	08/25/25	602,661	600,619
FHLMC	4.21	09/23/25	953,458	951,946
FHLMC	4.50	09/23/25	780,446	780,203
FNMA	0.84	11/07/25	329,336	322,504
FNMA	4.19	11/07/25	612,096	610,803
FNMA	4.73	11/07/25	424,740	425,119
FNMA	3.73	11/07/25	647,904	645,008
Pinnacle Partners CDARS	4.57	02/26/26	5,000,000	5,000,000
FNMA	3.65	04/24/26	256,043	254,797
FNMA	4.51	04/24/26	1,210,723	1,215,188
FNMA	4.89	04/24/26	583,558	587,994
FNMA	4.46	04/24/26	351,613	352,796
Pinnacle Partners CDARS	4.57	05/28/26	5,000,000	5,000,000
First National Bank CD	3.60	09/19/26	10,000,000	10,000,000
FNMA	0.92	09/24/26	20,277	19,392
FNMA	1.22	09/24/26	277,595	266,645
FNMA	1.74	09/24/26	475,893	460,568
FNMA	3.05	09/24/26	236,113	232,708
FNMA	2.85	09/24/26	379,787	373,303
FNMA	4.93	09/24/26	565,440	572,074
Treasury	3.02	03/31/27	282,277	277,318
Treasury	2.92	03/31/27	198,459	194,609
Treasury	3.45	06/30/27	567,669	562,363
Treasury	4.30	08/15/27	297,768	306,346
FNMA	3.77	10/08/27	311,887	309,686
FNMA	3.78	10/08/27	376,923	374,397
FHLB	4.15	11/17/27	460,150	459,372
Treasury	3.84	11/30/27	250,181	249,736
Treasury	3.79	11/30/27	410,818	409,567
Treasury	4.32	11/30/27	346,239	349,631
Treasury	3.43	11/30/27	323,466	319,662
Treasury	3.48	11/30/27	257,437	254,731
Treasury	3.79	12/31/27	706,488	704,367
Treasury	3.44	12/31/27	217,360	214,807
Treasury	3.46	02/29/28	476,787	471,065
Treasury	4.21	02/29/28	303,327	305,691
Treasury	4.21	02/29/28	387,861	390,884
Treasury	4.28	02/29/28	506,242	511,156
FHLB	4.35	06/30/28	489,952	495,809
Treasury	4.57	08/15/28	272,364	278,716

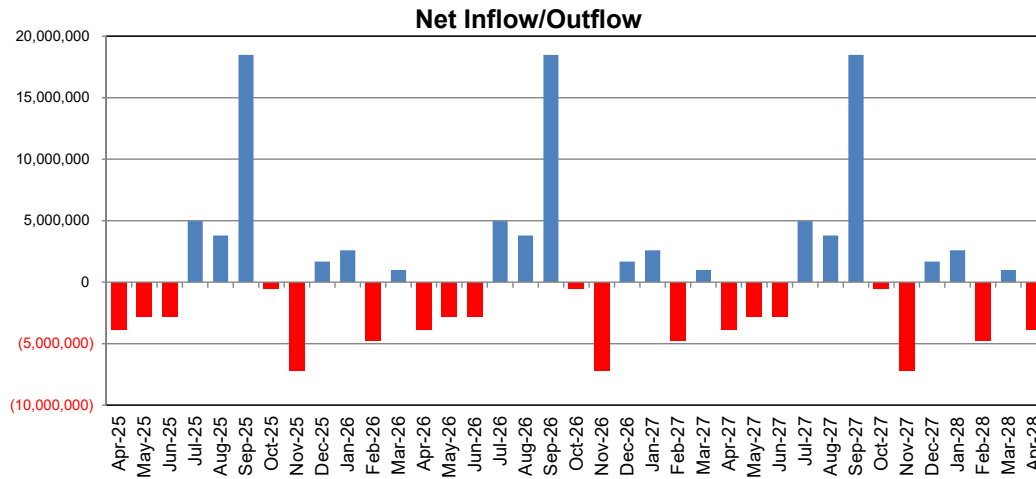


Treasury	4.76	08/31/28	1,072,364	1,100,046		
Treasury	3.85	11/15/28	523,003	521,817		
FHLB	4.16	11/16/28	373,645	376,144		
FHLB	3.88	11/16/28	264,432	263,789		
					Unrealized Gain or (Loss)	FYTD Interest Earned
Total/Average	4.12	187	120,399,590	120,378,011	(21,579)	3,327,867 (Estimated)

3/31/2025

Greenville NC Investment Report

Cash Flow and Strategy

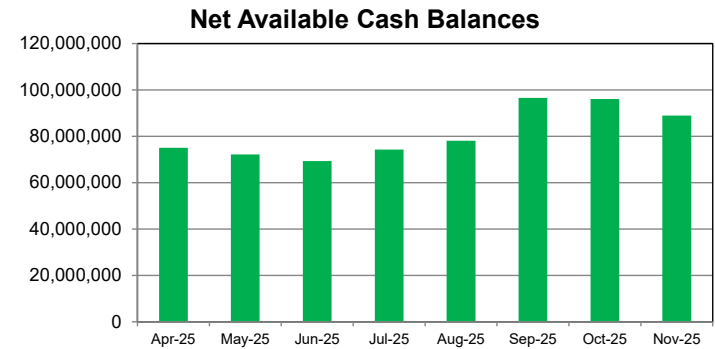


Current Cash Balances

NCCMT	78,917,074
Available Cash-Equivalent	78,917,074

Yield %

4.23



Date	Description	Coupon	Maturity	Amount	Yield
	No purchases or maturities in March				

Pending Maturities

FNMA	0.50%	06/17/25	200,000	0.467%
FNMA	0.50%	06/17/25	300,000	2.858%
FNMA	0.50%	06/17/25	1,090,000	2.820%
FHLMC	0.38%	07/21/25	625,000	2.912%

Near Term Strategy

1. Continue laddering investments based on yield curve outlook.

Broker	Notes
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Maturing June
Maturing June
Maturing June
Maturing July