

City of Greenville
Audit & Investment Committee Meeting
Wednesday, September 17, 2025
City Hall 337
12:00 pm – 1:00pm
Attendees:

- | | | |
|--|---|---|
| <input type="checkbox"/> Monica Daniels, Mayor Pro Tem | <input type="checkbox"/> Portia Willis, <i>Council Member At-Large</i> | <input type="checkbox"/> Matthew Scully, <i>Council Member</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>Assistant 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"/> Scott Anderson, <i>Cherry Bekaert Director</i> | |
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1. Introductions

2. Review May 21, 2025 Audit & Investment Committee Meeting Minutes

3. Audit Overview

4. Investment Overview

5. Question and Answer

6. Future Meetings for 2025

- **Wednesday, December 10, 2025 @ 12:00**

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

Attendees:

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

1. Attendance & Introductions

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

Absent Committee Member(s): None

2. Review December 11, 2024 Meeting Minutes

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

3. Investment Overview

Mr. Jacob Joyner provided the Committee with an overview of the City's current investment portfolio, based on introductory statements prepared by the City's external investment advisors, Valley View Consulting. The firm has been working with the City for about a year and was commended for being very responsive and helpful throughout that time.

Some of the highlights from the statements included:

- **Interest Rate Trends:**

Over the past year, short-term treasury yields have dropped, largely due to federal policy changes set by the Federal Reserve. Since many of the City's investments are tied to these rates, a decrease in yields also means a drop in investment revenue and vice versa when rates rise. While short-term rates have declined, long-term rates have started to turn upward, which is different from past years.

- **Investment Focus:**

Most of the City's investments are currently in short-term funds, either with next-

day access or one- to two-year terms. State law allows for investments up to five years, but the City generally aims for shorter terms to remain flexible with market changes.

- **Portfolio Performance:**

Yields on the City's portfolio are higher than they have been since the 2008 housing market crash. Prior to the pandemic, returns were closer to 2%, but recent yields exceeded 4% and even reached up to 5%. While rates have begun to dip again, this was expected based on Federal Reserve guidance suggesting further rate cuts by year-end.

- **The City's Strategy:**

In response, the City has been gradually shifting some funds into fixed-term certificates of deposit (CDs), with banks in North Carolina offering strong rates. The goal is to lock in higher returns through the next fiscal year and help stabilize revenue against any sudden interest rate drops.

- **Total Portfolio and Cash Flow:**

The City's overall investment portfolio stands at just over \$120 million, with most of it allocated to capital projects and enterprise funds. Cash on hand in operating accounts is kept minimal and is typically enough to cover about one week's worth of expenses. The rest is held in accounts that allow for next-day access or can be moved quickly when large payments are due.

4. Audit Status

Mr. Joyner presented the Committee with brief highlights about the current year's audit. He shared that the City has entered the second year of its five-year contract with Cherry Bekaert, which has served as the City's external auditor for approximately nine years. Currently, the audit process is in its preliminary phase and the Financial Services Leadership team recently held the annual kickoff meeting with Cherry Bekaert to begin audit planning.

Mr. Joyner also noted that there will be a change in audit personnel this year. Mrs. April Adams, who previously served as the lead partner on the City's audit, has left the firm to start her own accounting firm. Her role has been assumed by Mr. Scott Anderson, who previously served as second reviewer on the City's audit team. Given his familiarity with the City's financial reporting and operations, this transition is expected to be smooth.

Currently, City staff is gathering preliminary information ahead of the fiscal year-end. Once the year closes, work will shift toward preparing financial reports and supporting the audit team as they begin testing balances and reviewing internal controls. Mr. Joyner concluded his update noting that the City is in a strong position both financially and from a control's standpoint, and no issues are anticipated for this year's audit.

5. Question & Answer

Item 1: Mayor Pro Tem Daniels inquired about the business loans that were previously offered by the City.

Response: Mr. Joyner confirmed that the City had offered small business loans based on federal guidance tied to ARPA (American Rescue Plan Act) funding. The Assistant City Manager, Mrs. Dene' Alexander, added that these loans were made available for amounts up to \$50,000 and were designed to support small businesses with building improvements and other qualifying expenses, all in accordance with ARPA guidelines.

Item 2: Council Member Scully asked about the status on the City's cash positioning [fund balance].

Response: Mr. Joyner shared that, in comparison to the Local Government Commission's (LGC) recommendation of maintaining a 25% fund balance, the City recorded a 27% fund balance last year. While this is slightly above the benchmark, it's considered strong given the City's budget size and growth.

Mr. Joyner also noted that while the City's peer cities are holding closer to 45%, maintaining a 25% fund balance still represents a solid financial position, which is equivalent to a quarter of a year of operating expenses.

Item 3: Council Member Willis asked for clarification concerning the favorability of rates going down and not working for the City from a revenue perspective.

Response: Mr. Joyner pointed out that from a revenue standpoint, federal rates dropping are *not* favorable for the City. However, Mr. Joyner noted there is a benefit on the debt side. When the City needs to issue debt, lower interest rates help reduce borrowing costs.

When the Federal Reserve began lowering rates last year, the City started exploring other types of investment options, such as federal agency bonds, treasury bills, and North Carolina Municipal Bonds. These options tend to offer slightly higher returns. In particular, North Carolina Municipal Bonds are among the most secure, as the state requires municipalities to meet their debt obligations without exception.

Item 4: Council Member Willis addressed her concerns about the City's process for recouping funds when business travel is cancelled. Based on her experience, she described the current procedure as convoluted and encouraged staff to explore ways to make it more efficient.

Response: Mr. Joyner provided an overview of how the travel Expense Claim process is currently handled from the initial request to payment. He acknowledged Council Member Willis' feedback and committed to working with the City Clerk to review and evaluate the process.

Additionally, Assistant City Manager Alexander added that one potential improvement could be shifting from upfront travel advances to a reimbursement-based process for Council Members, where expenses are submitted after they have returned from their business trips. Implementing this approach may simplify the system and reduce the administrative challenges related to cancellations.

6. Future Meetings for 2025

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

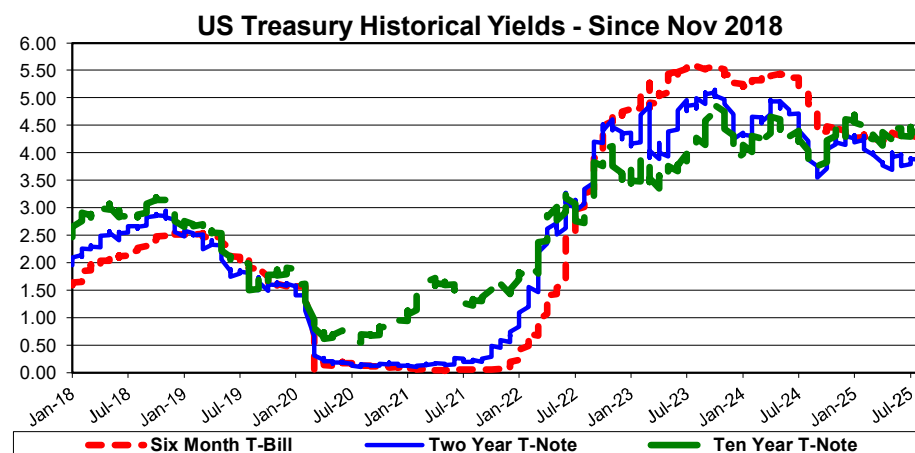
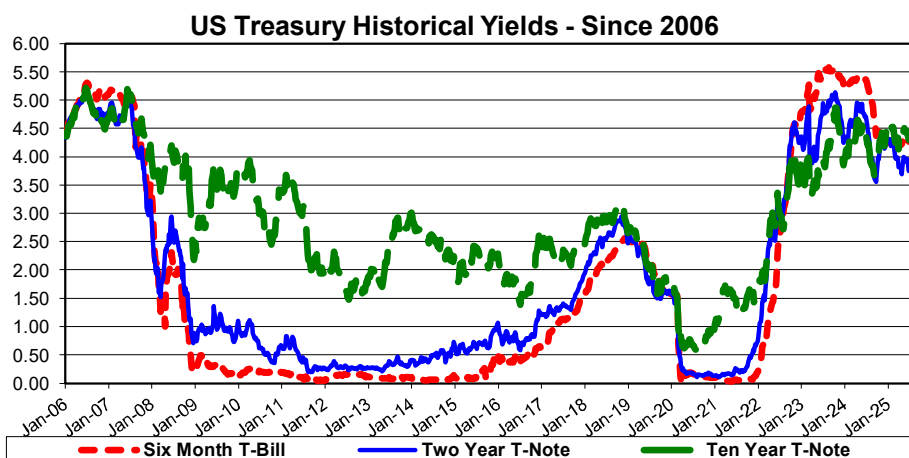
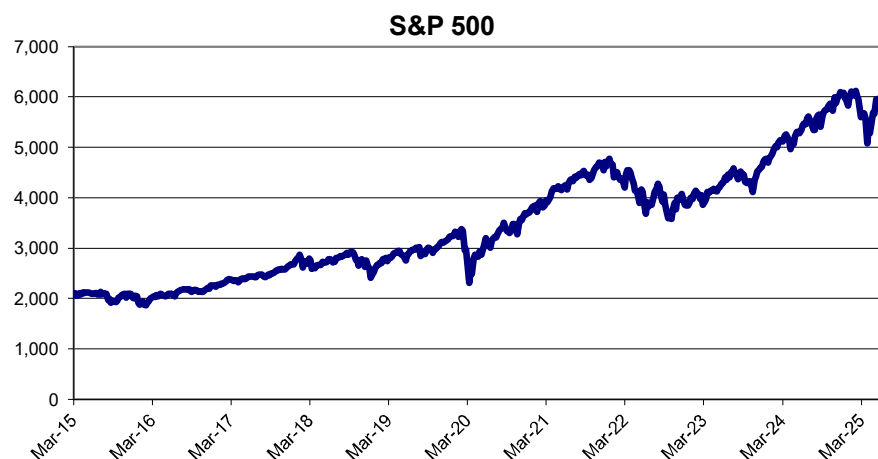
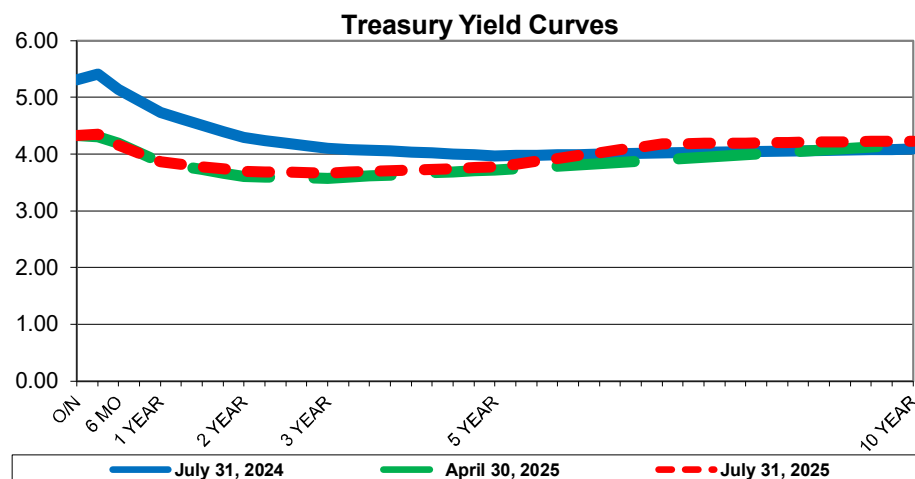
- Wednesday, September 17, 2025 @ 12:00 pm
- Wednesday, December 10, 2025 @ 12:00 pm

Council Member Willis made a motion to officially adjourn the Audit & Investment Committee meeting, Mayor Pro Tem Daniels seconded, and the motion was unanimously approved. Meeting was adjourned.

Economic Overview

7/31/2025

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 for two 0.25% cuts projected late 2025. July Non-Farm Payroll only added +73k new jobs, prior months' revisions decreased the Three Month Rolling Average to +35k (from the previous +150k). Second Quarter 2025 advance estimate GDP rebounded to + 3.0%. The previous quarter's Import reversed narrowing the trade deficit. The S&P 500 Stock Index reached a new high (+/- 6,400) from June's previous high (over 6,173). The yield curve still bottoms out in the 2-3 year maturity section. Crude Oil remains below \$70 per barrel. Inflation rose slightly and continues above the FOMC 2% target (Core PCE +/-2.8% and Core CPI +/-2.9%). Markets are still evaluating global economic outlooks, tariff negotiations and violent political disruptions.

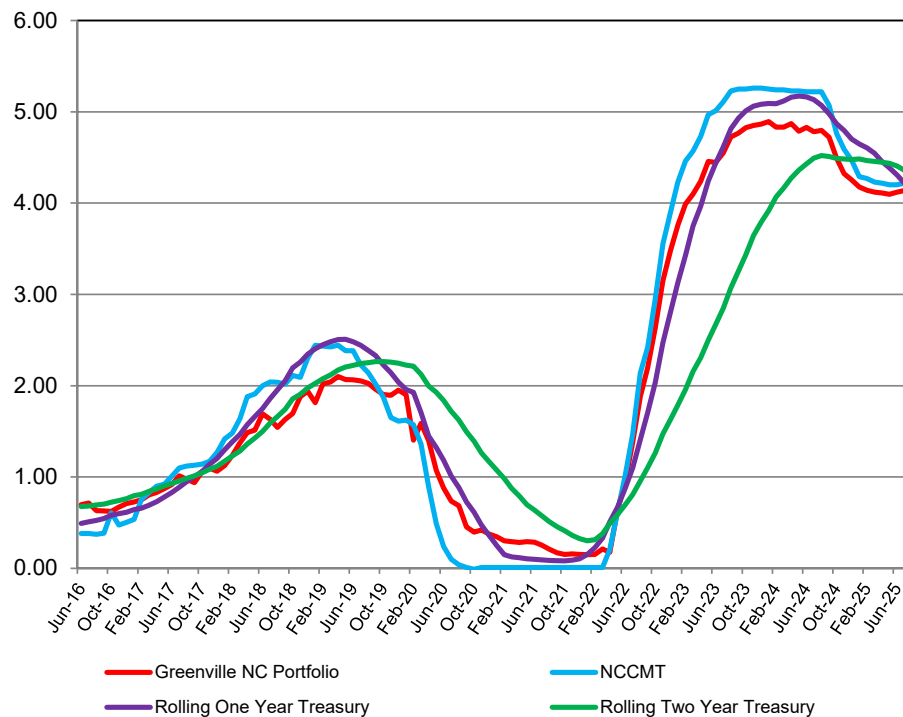


7/31/2025

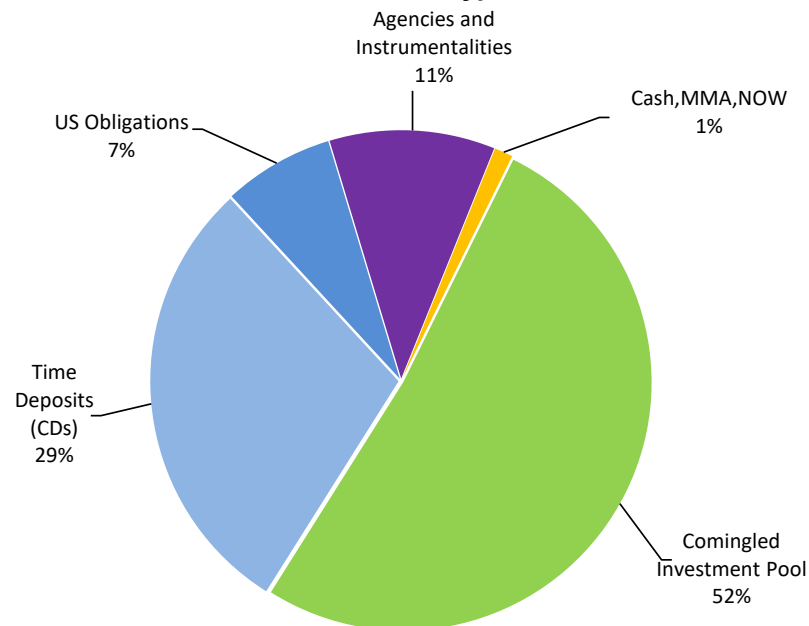
Greenville NC Investment Report

Charts

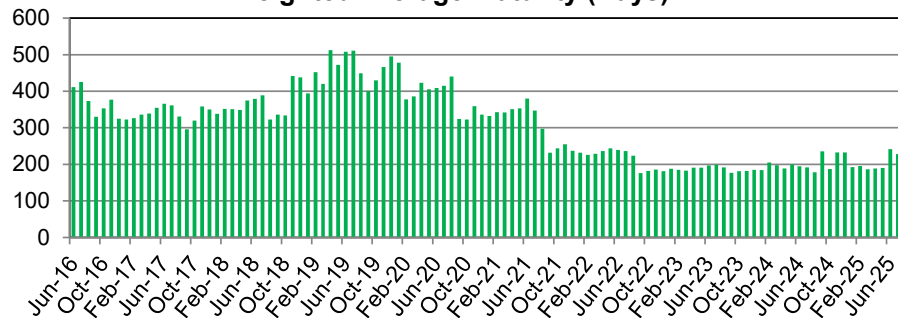
Portfolio Performance %



Investment Types



Weighted Average Maturity (Days)



Investment Types	Book Value	% of Portfolio
Cash, MMA, NOW	\$ 1,234,291	1%
Comingled Investment Pool	53,064,976	52%
Time Deposits (CDs)	30,000,000	29%
Bankers Acceptances	-	0%
US Obligations	7,396,294	7%
Commercial Paper	-	0%
NC State and Local Bonds	-	0%
Agencies and Instrumentalities	11,065,557	11%
Total	\$ 102,761,118	100%

7/31/2025

Greenville NC Investment Report

Current Portfolio

Holding	YTM @ Cost	Maturity	Book Value	Market Value
NCCMT	4.22	N/A	569,439	569,439
NCCMT	4.22	N/A	41,312,484	41,312,484
NCCMT	4.22	N/A	2,793,926	2,793,926
NCCMT	4.22	N/A	1,234,291	1,234,291
NCCMT	4.22	N/A	2,222,836	2,222,836
NCCMT	4.22	N/A	5,696,930	5,696,930
NCCMT	4.22	N/A	469,362	469,362
FNMA	3.57	08/25/25	608,777	608,355
FHLMC	4.21	09/23/25	964,999	964,290
FHLMC	4.50	09/23/25	790,600	790,320
FNMA	0.84	11/07/25	329,705	326,597
FNMA	4.19	11/07/25	619,265	618,555
FNMA	4.73	11/07/25	430,440	430,514
FNMA	3.73	11/07/25	654,624	653,194
Pinnacle Partners CDARS	4.57	02/26/26	5,000,000	5,000,000
FNMA	3.65	04/24/26	257,283	256,052
FNMA	4.51	04/24/26	1,219,896	1,221,172
FNMA	4.89	04/24/26	588,710	590,890
FNMA	4.46	04/24/26	354,241	354,534
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	20,215	19,499
FNMA	1.22	09/24/26	277,011	268,118
FNMA	1.74	09/24/26	475,692	463,112
FNMA	3.05	09/24/26	236,988	233,994
FNMA	2.85	09/24/26	380,961	375,365
FNMA	4.93	09/24/26	570,969	575,234
Pinnacle Partners CDARS	4.24	12/10/26	5,000,000	5,000,000
Treasury	3.02	03/31/27	282,732	278,131
Treasury	2.92	03/31/27	198,717	195,180
Pinnacle Partners CDARS	4.20	06/10/27	5,000,000	5,000,000
Treasury	3.45	06/30/27	568,016	562,764
Treasury	4.30	08/15/27	295,274	303,820
FNMA	3.77	10/08/27	314,945	313,119
FNMA	3.78	10/08/27	380,638	378,547
FHLB	4.15	11/17/27	459,497	457,890
Treasury	3.84	11/30/27	250,158	249,727
Treasury	3.79	11/30/27	410,715	409,551
Treasury	4.32	11/30/27	346,710	349,617
Treasury	3.43	11/30/27	323,032	319,650
Treasury	3.48	11/30/27	257,132	254,721
Treasury	3.79	12/31/27	706,307	704,339
Treasury	3.44	12/31/27	217,074	214,799
Treasury	3.46	02/29/28	476,010	471,083
Treasury	4.21	02/29/28	388,106	390,899
Treasury	4.21	02/29/28	303,519	305,703
Treasury	4.28	02/29/28	506,672	511,176
FHLB	4.35	06/30/28	490,470	496,181
Treasury	4.57	08/15/28	271,636	277,277
Treasury	4.76	08/31/28	1,073,598	1,099,707
Treasury	3.85	11/15/28	520,885	520,313
FHLB	4.16	11/16/28	374,689	378,042
FHLB	3.88	11/16/28	264,944	265,121

Total/Average

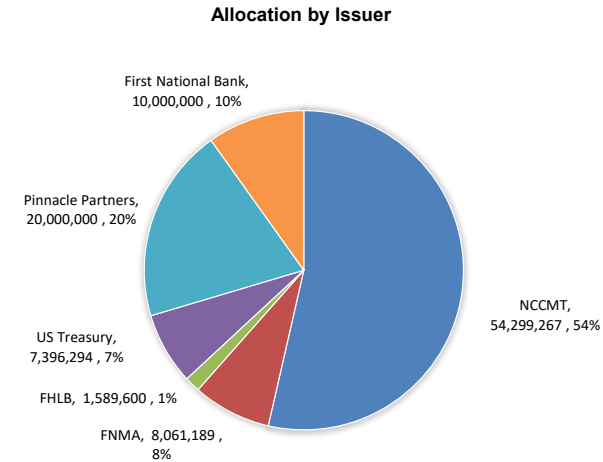
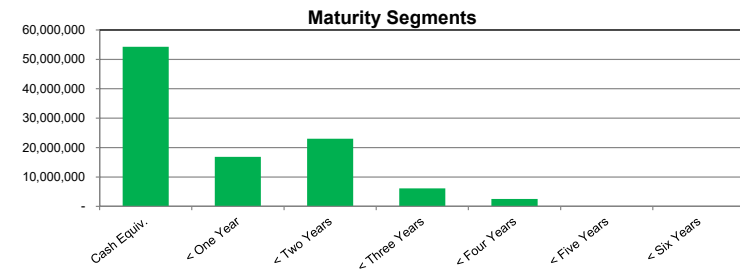
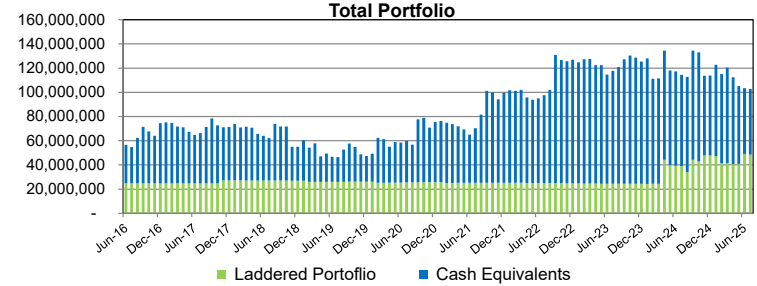
4.14

228

102,761,118

102,756,417

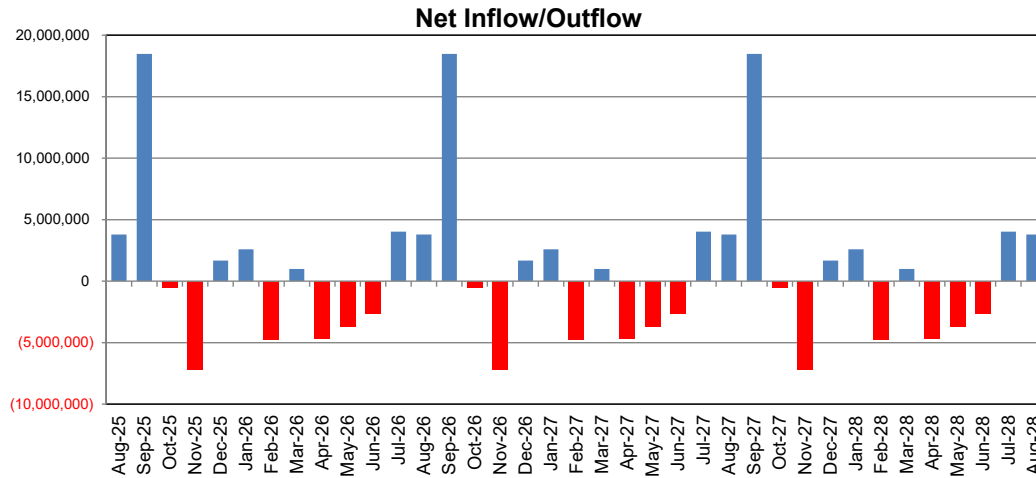
 Unrealized Gain or (Loss)
 (4,700)

 FYTD Interest Earned
 190,105
 (Estimated)


7/31/2025

Greenville NC Investment Report

Cash Flow and Strategy

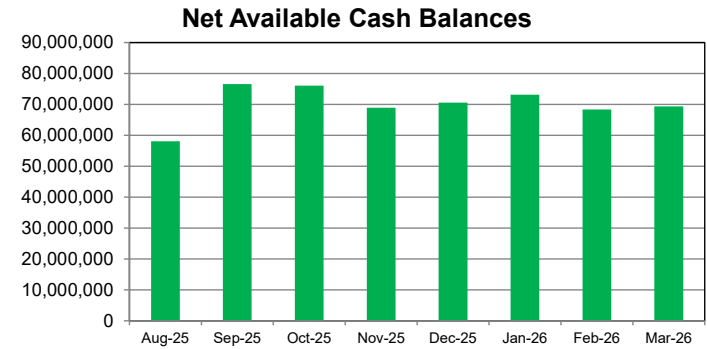


Current Cash Balances

NCCMT	54,299,267
Available Cash-Equivalent	54,299,267

Yield %

4.22



Date	Description	Coupon	Maturity	Amount	Yield
No CD or Security purchases in July					
07/21/25	FHLMC	0.38%	07/21/25	625,000	2.912%
Pending Maturities					
	FNMA	0.38%	08/25/25	610,000	3.572%
	FHLMC	0.38%	09/23/25	970,000	4.209%
	FHLMC	0.38%	09/23/25	795,000	4.504%

Broker	Notes
	Matured
	Maturing August
	Maturing September
	Maturing September

Near Term Strategy

1. Continue laddering investments based on yield curve outlook.