

**City of Greenville**  
**Audit & Investment Committee Meeting**  
**Monday, May 15, 2022**  
**City Hall Conference Room 337**  
**1:15pm – 2:30pm**  
**Attendees:**

- Rick Smiley, *Council Member (Chair)*
- Ann Wall, *City Manager*
- Byron Hayes, *Director of Financial Services*
- Alisha McNeil, *Internal Auditor*
- Courtney Jackson, *Cherry Bekaert*

- Rose Glover, *Mayor Pro Tem (V. Chair)*
- Michael Cowin, *Deputy City Manager*
- Jacob Joyner, *Financial Services Manager*
- Becky Derderian, *Grants Accountant*

- Will Bell, *Council Member (Secretary)*
- Ken Graves, *Assistant City Manager*
- Matthew Haga, *IT Director*
- April Adams, *Cherry Bekaert*
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**1. Introductions**

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**2. Review November 21, 2022 Audit & Investment Committee Meeting Minutes**

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**3. Audit Update – Cherry Bekaert**

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**4. Investments Update**

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**5. FY 2022 OPEB Report**

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**6. Next Meeting, Wednesday, September 18, 2023**

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**City of Greenville**  
**Audit & Investment Committee Meeting**  
**Monday, November 21, 2022**  
**City Hall Conference Room 337**  
**1:30 p.m. – 2:30 p.m.**  
**Attendees:**

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|---|---|---|
| <input checked="" type="checkbox"/> Rick Smiley, <i>Council Member (Chair)</i>          | <input type="checkbox"/> Rose Glover, <i>Mayor Pro Tem (V. Chair)</i>               | <input checked="" type="checkbox"/> Will Bell, <i>Council Member (V. Chair)</i> |
| <input checked="" type="checkbox"/> Ann Wall, <i>City Manager</i>                       | <input checked="" type="checkbox"/> Michael Cowin, <i>Deputy City Manager</i>       | <input checked="" type="checkbox"/> Ken Graves, <i>Assistant City Manager</i>   |
| <input checked="" type="checkbox"/> Byron Hayes, <i>Director of Financial Services</i>  | <input checked="" type="checkbox"/> Jacob Joyner, <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"/> Becky Derderian, <i>Grants Accountant</i>       | <input checked="" type="checkbox"/> April Adams, <i>Cherry Bekaert</i>          |
| <input checked="" type="checkbox"/> Courtney Jackson, <i>Cherry Bekaert (via phone)</i> | <input checked="" type="checkbox"/> Jonatta Harmon, <i>FS Admin. Assist.</i>        |   |
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### 1. Introductions

Chair, Council Member Rick Smiley called the meeting to order and a quorum was established. All parties present introduced themselves, and this included Audit & Investment Committee members, City leaders and staff, as well as representatives from Cherry Bekaert.

Absent Committee Member: Mayor Pro Tem, Rose Glover (Vice-Chair)

### 2. Review September 1, 2022 Audit & Investment Committee Meeting Minutes

Motion to approve was made by Council Member Will Bell and seconded by Council Member Rick Smiley to unanimously approve the minutes without exception.

### 3. Review of Fiscal Year 2022 Financial Statements

Mr. Byron Hayes opened the discussion by giving the Committee an overview of the fiscal year 2022 audit. This included Mr. Hayes noting that Cherry Bekeart issued an unmodified opinion which is the highest audit opinion that an entity can achieve. Next, there were brief highlights shared in regards to the City's FY 2022 Financial Statements which included:

- The 2022 fiscal year was the City's third year consecutive year of preparing Financial Statements in-house.
- The City was awarded the Government Finance Officers Association (GFOA)'s Certificate of Achievement for Excellence in Financial Reporting for another consecutive year.
- The State accepted the corrective action and mitigation plan surrounding Powell Bill in the previous year's audit.
- The City's audit had no findings – no material weaknesses, no significant deficiencies, and no material misstatements.

Mr. Hayes also shared that there was immaterial overstatement of rescue accounts receivable allowance. Mr. Hayes told the Committee that after staff consulted with Cherry Bekaert, the conclusion was that this overstatement will not be on the balance sheet and should be corrected in next year's audit. Mr. Michael Cowin emphasized that efforts for EMS

Billing has been extremely great over the past year. Mr. Hayes agreed and added that and the City is currently billing in 48 hours, which used to be 2 weeks out. Mr. Hayes informed the Committee that there was a complete overhaul of the Collections Billing staff. With turnover and new staff taking on the roles, some of the audit processes were unfamiliar. **Going forward staff will be trained on the processes and made aware to circumvent instances of overstatements.**

The General Fund overview was introduced next and Mr. Hayes gave the Committee highlights including the difference of \$3.3M net revenue over expenses. A breakdown of the total revenue was given as well wherein Mr. Hayes shared that about 71% of the City's revenue comes from sales tax and property tax.

#### **4. Updated Fund Balance Calculation Discussion - Staff**

Mr. Hayes pointed the Committee's attention to the handout that showed the updated Fund Balance Policy. He followed up by showing the calculation which is included in the policy itself. Council Member Smiley asked how the new calculation would operationally be built into budget resolutions throughout the year. Mr. Hayes replied that it would be treated the same as others in the past, this would not be something that staff would have to take before City Council during budget and audit processes.

#### **5. Audit Update – Cherry Bekaert**

Mrs. April Adams, Cherry Bekaert Partner, addressed the Committee with the Fiscal Year 2022 Audit Update. She opened by informing the Committee that audit would be issued on time.

Mr. Cowin followed up to ask Mrs. Adams how many governmental audits in the state are done by 12/31/2022. Mrs. Adams responded that there were only three done by that timeframe.

Mrs. Adams continued by sharing the roles of the external audit staff. The roles highlighted included:

April Adams - Cherry Bekaert Partner who signs the City's audit report.  
Scott Anderson - Cherry Bekaert Partner who serves as the second reviewer of the report.  
Courtney Jackson – The Audit Manager who replaced Carlene Kamradt.

The results of the audit were brought forth next and Mrs. Adams pointed out to the Committee that there were no findings and it was a clean report all the way around. The City had a great audit, stated Mrs. Adams.

**Mrs. Adams also addressed upcoming changes for GASB updates that the Committee should be aware of. This includes GASB 94 for Public-Private Partnerships, GASB 96 for subscription-based IT arrangements, , GASB 100 for Accounting Changes and Errors and GASB 101 related to Compensated Absences. Mr. Jacob Joyner and Mr. Hayes responded to make the**

Committee aware of proactive efforts in operation to lay the groundwork and framework to get ahead of the GASB changes.

## **6. Report on Fraud Payment Work Plan Update – Staff**

Mr. Hayes gave the Committee an in-depth follow up on the previously discussed fraud incident work plan.

Based on Mrs. Angelene Brinkley's report, Mr. Hayes gave the Committee specific implementation items completed by City staff:

- Updated Administrative Policy #20
  - o City staff has included an entire section related to VSS and the administration of it.
- Updated Processes
  - o The City now requires all vendors to provide an updated W-9 when vendors make changes to their company's banking information.
  - o There is also an added requirement for vendors to submit a new voided check on an official letter from the appropriate banking institution when they are making changes to their company's banking information.
- VSS Module Updates
  - o Staff has begun the process to turn on VSS security questions and should be completed by December 2022. It is progressing well.
  - o On-site VSS locations have been added outside the Collections area on the 1<sup>st</sup> Floor of City Hall.
  - o Staff will no longer make manual changes to Vendor Self-Service accounts.
- Cross-training Implementation
  - o Internal departmental training has been implemented.
  - o Enumerated responsibilities so that the ball does not get dropped and so that the City can maintain a good flow for in-house users as well.

Ms. Ann Wall emphasized that IT Director, Matthew Haga, has provided City Department Heads with one hour of training and one hour of follow up training with Department Heads and Division Heads. Ms. Wall encouraged leaders to push the training stating that employees are the City's greatest defense against cyberattacks.

## **7. Next Meeting, Wednesday, February 15, 2023**

Mr. Hayes discussed next steps for the end of audit process. This includes submitting the audit for LGFC approval and applying for the GFOA Annual Comprehensive Financial Report (ACFR) Award. Mr. Hayes also took time to thank everyone who participated in the audit.

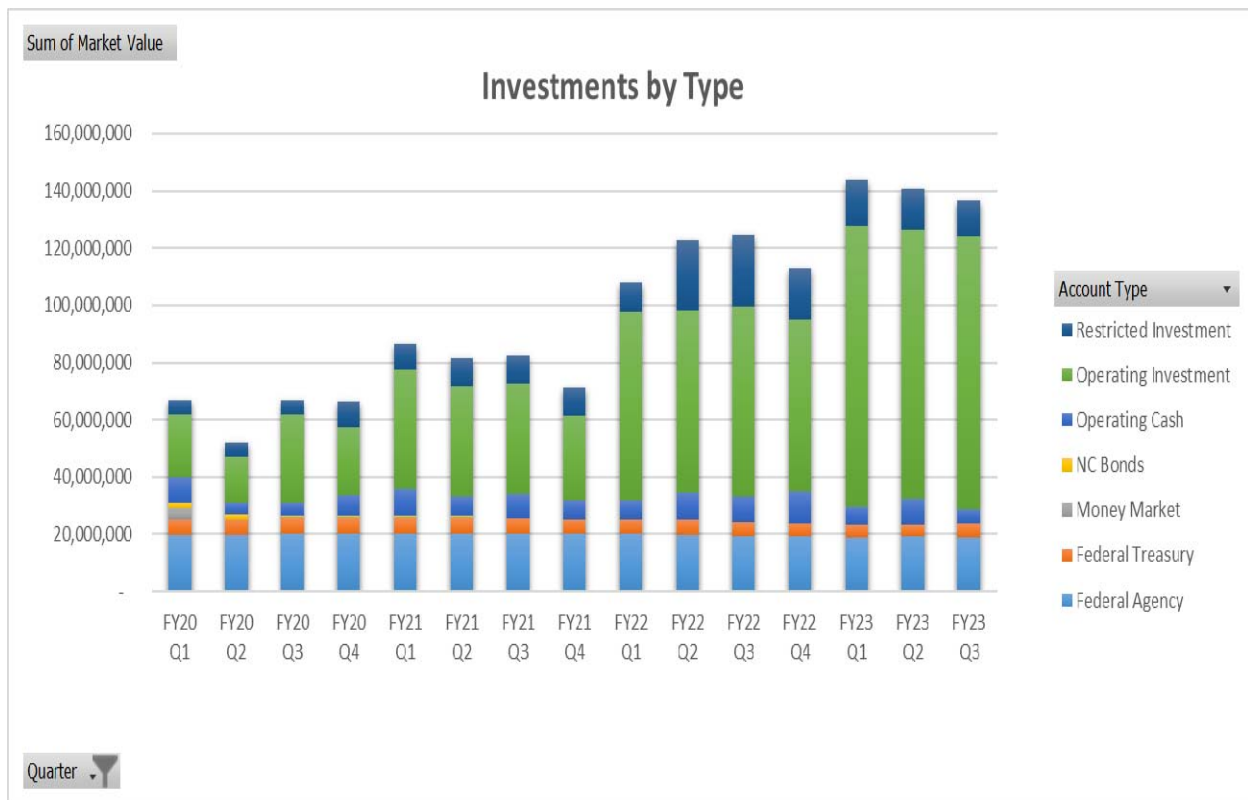
Council Member Bell thanked Byron, City leaders, City staff and Cherry Bekaert for the presentation today. Council Member Smiley commended City leadership, staff and Cherry Bekaert for all of the hard work put into ensuring a successful audit.

Meeting was adjourned.

# Investment Report

## As of March 31, 2023

As of March 31, 2023 the City of Greenville maintains a cash and investment portfolio valued at approximately \$136 million. The City maintains the money across multiple accounts and securities. Those include cash held for operating, investments held with North Carolina Capital Management Trust, and federal agencies and treasuries.



Total balances have grown from just over \$60 million in FY20 to over \$130 million as of FY 23. This growth is broken out in the chart below:

Source	7/1/2020	3/31/2023	Difference
General Fund	24,662,612	36,305,594	11,642,982
Debt Service	1,724,696	5,272,515	3,547,819
Special Revenue Funds	2,492,581	29,218,346	26,725,765
Capital Project Funds	15,943,488	21,779,042	5,835,554
Enterprise Funds	12,961,669	22,113,148	9,151,479
Internal Service Funds	8,802,966	15,613,395	6,810,429



Through March 31, 2023, the City has seen strong returns on its investments due to the rising interest rates. The City's investment earnings is at \$2,921,319 as of March 31, 2023, compared to a loss of \$184,672 last year to date. Last year the City had investment losses totaling approximately \$1 million due to the loss of value to our federal agencies and treasuries holdings. This was expected due to rising Federal Reserve rates, which also is contributing to our strong investment earnings for FY 23. The investment earnings for FY 23 are largely due to interest income on our NCCMT accounts, with our NCCMT Operating account earning approximately \$362,000 in March.

# Key Highlights

## Other Postemployment Benefits (OPEB)

- The OPEB liability represents future cost of retiree health benefits. While the liability may impact future operating budgets, it does not have a direct impact on current City operations.
- The OPEB liability dropped from Fiscal Year 2021 to Fiscal Year 2022 by \$37,377,101. This is largely due to a change in assumptions concerning the long-term rate of return on plan investments.
- Greenville continues to invest in a trust to pay future OPEB costs. Contribution for Fiscal Year 2023 is \$700,000.
- City staff expects to see continued growth in the future liability as the current contribution level is below the service costs and interest on the Total OPEB Liability.



**Section I – Summary of Principal Results**

**REPORT OF THE ANNUAL GASB STATEMENT NOS. 74 AND 75  
REQUIRED INFORMATION FOR THE  
CITY OF GREENVILLE OTHER POSTEMPLOYMENT BENEFITS PLAN**

<b>Valuation Date (VD):</b>	June 30, 2020
<b>Prior Measurement Date:</b>	June 30, 2021
<b>Measurement Date (MD):</b>	June 30, 2022
<b>Reporting Date (RD):</b>	June 30, 2022
<b>Membership Data as of June 30, 2020:</b>	
Inactive Members or Beneficiaries Currently Receiving Benefits	308
Inactive Members Entitled To But Not Yet Receiving Benefits	0
Active Members	<u>741</u>
Total Membership	1,049
<b>Discount Rates:</b>	
Long-Term Expected Rate of Return	7.00%
Municipal Bond Index Rate at Prior Measurement Date	2.16%
Municipal Bond Index Rate at Measurement Date	3.54%
Year in which Fiduciary Net Position is Projected to be Depleted	N/A
Single Equivalent Interest Rate at Prior Measurement Date	3.50%
Single Equivalent Interest Rate at Measurement Date	7.00%
<b>Net OPEB Liability as of Measurement Date:</b>	
Total OPEB Liability (TOL)	\$ 69,584,832
Fiduciary Net Position (FNP)	<u>8,119,092</u>
Net OPEB Liability (NOL = TOL – FNP)	\$ 61,465,740
FNP as a percentage of TOL	11.67%
<b>OPEB Expense/(Income):</b>	\$ 6,403,657
<b>Employer Contributions (including amounts paid outside the trust, if any):</b>	\$ 2,920,975
<b>Deferred I/O Balances as of the Measurement Date</b>	
Deferred Inflows of Resources:	\$ 38,353,869
Deferred Outflows of Resources:	\$ 35,558,430





### Section III – Financial Statement Notes

#### Change in Net OPEB Liability (NOL)

	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) – (b)
<b>Balance as of June 30, 2021</b>	\$106,768,632	\$7,925,791	\$98,842,841
<b>Changes for the year:</b>			
Service Cost at the end of the year*	2,418,501	0	2,418,501
Interest on TOL and Cash Flows	3,696,634	0	3,696,634
Change in benefit terms	0	0	0
Difference between expected and actual experience	(942,286)	0	(942,286)
Changes of assumptions or other inputs	(40,035,674)	0	(40,035,674)
Contributions – employer **	0	2,920,975	(2,920,975)
Contributions – non-employer	0	0	0
Net investment income	0	(406,699)	406,699
Benefit payments **	(2,320,975)	(2,320,975)	0
Plan administrative expenses	0	0	0
Other	0	0	0
<b>Net changes</b>	<b>\$(37,183,800)</b>	<b>\$193,301</b>	<b>\$(37,377,101)</b>
<b>Balance as of June 30, 2022</b>	<b>\$69,584,832</b>	<b>\$8,119,092</b>	<b>\$61,465,740</b>

\*The service cost includes interest for the year.

\*\*Employer contributions and benefit payments include benefit payment amounts paid outside the Trust.

#### Changes in benefit terms since prior measurement date:

- None

#### Changes in assumptions or other inputs since prior measurement date:

- Change in discount rate
- Change in expected Long Term Rate of Return and discount rate