

City of Greenville
Audit & Investment Committee Meeting
Wednesday, September 18, 2024
City Hall CR 337
12:00 pm – 1:00 pm

Attendees:

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| <input checked="" type="checkbox"/> Monica Daniels, <i>Mayor Pro Tem (V. Chair)</i> | <input 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"/> Becky Derderian, <i>Grants Accountant</i> | <input checked="" type="checkbox"/> April Adams, <i>Cherry Bekaert</i> |
| <input checked="" type="checkbox"/> Karlie Coleman, <i>Cherry Bekaert</i> | <input checked="" type="checkbox"/> Jen Moran, <i>Cherry Bekaert (via Phone)</i> | |
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1. Introductions

Mayor Pro Tem Monica Daniels called the meeting to order and a quorum was established.

Absent Committee Member(s): Council Member Matthew Scully

City Staff Absent: Michael Cowin, City Manager

2. Review May 22, 2024 Audit & Investment Committee Meeting Minutes

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

3. Cherry Bekaert Audit Update

Mrs. April Adams, the Cherry Bekaert Representative, provided the Committee with an overview of the annual audit process and Cherry Bekaert's role as the City's External Auditor. She conducted an in-depth review of the necessary actions and communications involved in the annual audit process. Mrs. Adams specifically addressed internal controls, emphasizing significant transaction cycles and the testing of their operating effectiveness; notably, the City's interim testing which included payroll this year. She also highlighted key audit areas, single audit programs, and findings from the previous year.

Mrs. Adams highlighted the annual audit timeline with the Committee, which is scheduled as follows:

May through July – Planning Phase

July through August – Control Walkthrough, Control Testing, and Single Audit

September – Substantive Testing

October through November – Final Review of Annual Comprehensive Financial Report (ACFR) and Issuance of Audit Opinions

Mrs. Adams concluded her presentation by introducing the new GASB standards. She noted that there are no new standards affecting the current year's audit; however, a couple of GASB standards will impact the City in the future. These standards include:

- GASB 101: Compensated Absences
- GASB 103: Financial Reporting Model Improvements (includes subtle changes that will happen over time)

At the end of her presentation, Mrs. Adams opened the floor for questions from the Committee. Council Member Willis inquired about the prior year findings related to the CDBG Grant that had been addressed earlier. Mrs. Adams explained the new rule requiring the reporting of awarded funds equal to or greater than \$30,000, which contributed to last year's audit finding. She assured the Committee that staff was able to easily correct this issue and remain aware of the requirements moving forward.

4. Investment Overview

Mr. Joyner updated the Committee on the City's current investment status. He noted that with the Federal Reserve announcing interest rate cuts, the City anticipates entering a declining rate environment, which is expected to reduce investment revenue. Mr. Joyner emphasized that City staff is collaborating closely with the City's investment advisors, Valley View Consulting, to develop a strategy that prioritizes the City's investment revenue. He also mentioned that the City has budgeted conservatively to mitigate any substantial impact on City funds related to investment income. Lastly, Mr. Joyner provided a visual representation of the City's cash balances concerning ARPA funds. While the charts included in the agenda packet indicated high cash balances, he clarified that most of these funds have already been allocated to capital projects.

5. Question & Answer

Mayor Pro Tem Daniels inquired about the timeline for presenting the audit results to the Council. Mr. Joyner indicated that this would take place in January 2025. Mrs. Adams added that the results would be prepared and shared with the Committee before the January Council meeting.

Council Member Willis asked about the allocation of funds related to natural disasters, such as hurricanes, to determine if these measures are already in place. Mr. Joyner responded that, in the event of a natural disaster, it is essential for the City to meet FEMA thresholds. Initially, preparation and planning costs are covered by the City's Fund Balance, and these costs are tracked. If the County meets FEMA thresholds, any costs incurred through the Fund Balance can later be applied to the FEMA funding received by the City.

Mayor Pro Tem Daniels raised a question regarding interest related to ARPA funding and how the City is managing those funds. Mr. Joyner explained that the Federal Government

stipulates that if entities co-mingle funds—placing ARPA funds in an account with other funds—there is no obligation to allocate those funds toward ARPA-related purposes. The City has opted to include those funds as part of the investment earnings in the General Fund. Council Member Willis then asked about the possibility of budgeting for additional purposes that qualify under ARPA funding. Mr. Mitchell Gibbs responded that, as it currently stands, the projects should utilize most, if not all, of the funding, with some potentially requiring supplemental funding.

6. Future Meetings for 2024

Mr. Joyner concluded the meeting agenda by outlining the remaining dates in the 2024 meeting schedule as follows:

- Wednesday, December 11, 2024 @ 12:00 pm

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