

City of Greenville
Audit & Investment Committee Meeting
Wednesday, December 11, 2024
City Hall CR 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 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 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"/> 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
- Wednesday, September 17, 2025 @ 12:00 pm
- Wednesday, December 10, 2025 @ 12:00 pm

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.