

Fast-Track to Success

From Issuing in 11 months to Less than Four with Cherry Bekaert's Surge Team

Client Overview

The client is a municipality serving approximately 210,000 residents with an annual budget exceeding \$300 million. Known for its strong financial foundation and vibrant economic landscape, the city employs 1,500 staff members and boasts area retail sales of \$6.1 billion and a taxable property value of \$14.7 billion.

Company Statistics



The Challenge

The city faced significant delays in financial reporting due to ongoing challenges associated with implementing a new ERP system. The audits for fiscal years 2022 and 2023 were issued 14 and 11 months after year-end, respectively. As the city approached the close of the 2024 fiscal year, turnover in the Chief Financial Officer and Financial Reporting Manager positions added to the difficulties. Additionally, the focus on delayed prior-year audits meant that routine monthly reconciliations for the fiscal year 2024 were either not started or significantly behind schedule.

These delays impacted the city's ability to meet statutory deadlines and hindered its financial transparency and accountability. The city needed a comprehensive solution to address these challenges and ensure timely and accurate financial reporting moving forward.

Cherry Bekaert's Guidance

Cherry Bekaert was hired with the overarching goal of meeting the audit statutory deadline of four months. The team began by collaborating with city management to define the project's scope, identify how best to meet the city's needs and improve existing processes to ensure a timely fiscal year-end close. The team worked closely with city officials to prioritize speed and budget efficiency, determining the most effective way for Cherry Bekaert to co-source with the city and achieve their goals.

Unique Solution

Due to the volume of work to be completed, the advisory team met with finance personnel to identify the city team's strengths and current areas of responsibility. Using their experience in these Surge Team engagements, they identified how best to utilize the city's finance team. Cherry Bekaert's team identified key areas for improvement and then created a trackable dashboard for real-time transparency and task management for the closing of the fiscal year. This dashboard allowed all stakeholders to monitor progress, assign tasks and track completion dates, ensuring everyone was aligned and on schedule.

Clear timelines and responsibilities were established, and frequent team meetings ensured efficient task completion. Cherry Bekaert received formal status updates from the city weekly, and they joined the finance department's daily huddle from year-end through ACFR issuance. These meetings facilitated open communication and allowed for the quick resolution of any issues that arose during the fiscal year close.

The city requested training and support, especially given the vacancies in key financial positions. Cherry Bekaert provided extensive training to the city's finance team, developed

necessary workbooks or schedules, and assisted with audit preparation. This training ensured the city's finance team was well-equipped to handle their responsibilities and maintain the new processes. Ongoing support was available throughout the audit process to address any issues promptly.

The main tasks assigned to the Cherry Bekaert team included:

- ▶ An analytical review of all account balances
- ▶ Assistance with year-end accrual entries
- ▶ Prepared entries and disclosures for various Governmental Accounting Standards Board (GASB) statements, including:
 - Capital Assets; GASB 34
 - Pensions; GASB 68
 - Other Postemployment Benefits; GASB 75
 - Leases; GASB 87
 - PPP Arrangements; GASB 94
 - Subscription-Based Information Technology Arrangement; GASB 96
 - Accounting Changes and Error Corrections; GASB 100
- ▶ Trial balance finalization
- ▶ Project portfolio management
- ▶ Accounts receivable
- ▶ Capital outlay
- ▶ Self-insurance
- ▶ Loan, debt, and cash reconciliations
- ▶ ACFR Preparation through the utilization of a financial statement software

Through the completed tasks, frequent communication, and attending daily meetings, we built a trust that allowed the teams to work remotely for most of the engagement. We also identified the periods of time that would be critical for Cherry Bekaert to be on-site, such as accounts payable cut-off and trial balance closing, and traveled to work from the city.

Cherry Bekaert's Surge Team can scale up or down based on the immediate need of the client. For this city, a full-time project manager and supervisor were on the job from start to finish. If there was a period where the team needed to scale up, the team would grow to as many as six individuals.

About Cherry Bekaert

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Cherry Bekaert's approach was holistic, addressing both immediate needs and long-term improvements. By focusing on process optimization, training and support, they ensured that the city could meet its current deadlines and maintain a high standard of financial reporting in the future.

Results

The city successfully closed the books and issued the ACFR on schedule. The external audit was completed on time with an unmodified opinion, and there was a marked improvement in financial reporting accuracy and efficiency, thanks to the new systems and processes implemented by the advisory group. The city's strategic approach to staffing, process improvements and collaboration led to the successful completion of its financial reporting and audit within the targeted four-month period. This achievement underscores the city's commitment to financial transparency and accountability, setting a benchmark for other municipalities.

The success of this project highlights the importance of effective project management, clear communication and ongoing support. By partnering with Cherry Bekaert, the city overcame significant challenges and achieved its financial reporting goals. This case study serves as a model for other municipalities facing similar issues, demonstrating that timely and accurate financial reporting is achievable with the right approach and support.

Our Services

- ▶ GASB Technical Accounting Assistance
- ▶ Accounting and Financial Close Reconciliation
- ▶ Internal Control Evaluation and Transformation
- ▶ Risk Advisory
- ▶ Audit Preparation and Finding Remediation
- ▶ Federal Award Controls and Compliance
- ▶ ACFR Writing
- ▶ Lease Implementation

Your Guide Forward



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