

# City of Petersburg Emergency Financial & Operational Restructuring

Presentation to Petersburg City Council

The Robert Bobb Group, LLC

July 18, 2017

# Agenda

- **Monthly Financial Report**

1. Budget to Actuals by Fund for FY 2016

- **RBG Progress Report**

1. RBG Project Plan: March 25, 2017 – September 30, 2017

- a. Phase 3 Focus: July 1, 2017 – September 30, 2017

- **Transparency**

Presentations available on City website:

<http://www.petersburgva.gov/index.aspx?NID=846>

# Monthly Financial Report

CITY OF PETERSBURG, VIRGINIA  
 BUDGET TO ACTUALS BY FUND  
 FISCAL YEAR ENDING JUNE 30, 2017 AS OF JUNE 30, 2017

	Fund		Budget	Year-to-Date	Encumbrance	Total	% of Budget
100	General	Revenues	68,411,675	72,010,705			105.3%
		Expenditures	68,411,675	66,750,309	1,557,429	68,307,738	99.8%
212	Special	Revenues	10,585,080	3,946,650			37.3%
		Expenditures	10,538,490	2,276,043	2,145,534	4,421,577	42.0%
213	CDBG	Revenues	1,339,150	808,536			60.4%
		Expenditures	1,339,150	725,465	246,730	972,195	72.6%
380	CIP	Revenues	4,685,060	105,051			2.2%
		Expenditures	4,685,060	1,837,409	1,847,968	3,685,377	78.7%
501	Public Utilities	Revenues	9,859,339	9,218,290			93.5%
		Expenditures	9,859,339	8,491,043	265,664	8,756,707	88.8%
502	Stormwater	Revenues	1,181,967	1,347,188			114.0%
		Expenditures	1,181,967	688,050	17,568	705,617	59.7%
550	Dogwood Trace Golf Course	Revenues	626,850	634,924			101.3%
		Expenditures	626,850	576,012	20,097	596,108	95.1%
555	Petersburg Generals	Revenues	89,616	5,699			6.4%
		Expenditures	89,616	14,105		14,105	15.7%
575	Petersburg Area Transit	Revenues	2,730,199	2,587,750			94.8%
		Expenditures	2,730,199	3,434,223	98,198	3,532,421	129.4%
	Total	Revenues	99,508,936	90,664,791			91.1%
		Expenditures	99,462,346	84,792,659	6,199,188	90,991,847	91.5%

# RBG Progress Update

**RBG Progress Update**

# RBG Phase 2 Plan – COMPLETED

City of Petersburg Financial Emergency Turnaround – Key Project Activities

PHASE 2: MARCH 25, 2017 – JUNE 30, 2017

- ✓ **Implement the Long Term Debt Restructuring Plan**
- ✓ **Develop plan to pay off current RAN**
- ✓ **Complete and Implement FY 18 Budget Proposal**
- ✓ **Develop Water Utility CIP**
- ✓ **Manage and Report findings for Forensic Audit**
- ✓ **Complete FY16 CAFR by July 2017**
- ✓ **Complete Executive Search Firm hiring by July 2017**
- ✓ **Hired Police Chief, Finance Director, Fire Chief and Transit Director**
- ✓ **Finalize Recruitment of the CFO**
- ✓ **Complete financing for police & fire vehicles**
- ✓ **Submitted Proposal to State for Funding Assistance for RBG Contract Extensions**
- ✓ **Develop the Plan Pre-Audit Work for FY17**
- ✓ **Implement new Real Estate Sale Process & realize revenue**
- ✓ **Implement Workforce Reorganization**
- ✓ **Optimize City Technologies for data and reporting**
- ✓ **Create repeatable data & reporting for Financial Reports using OpenGov**
- ✓ **Develop and Execute Policies for Financial Reporting**
- ✓ **Develop Standard Operating Procedures**
- ✓ **Manage and Measure Financial and Purchasing Policies**
- ✓ **Initiated new Billing and Collections process and begin collecting delinquent revenues**
- ✓ **Assess Utility Billing Processes**
- ✓ **Evaluate Utilities meter reading and billing technologies**
- ✓ **Evaluate Johnson Controls contract with Forensic Audit Team**
- ✓ **Provide Executive Coaching to New Hires**
- ✓ **Schedule Visits for Ratings Agencies to Petersburg on July 13<sup>th</sup>**

# RBG Plan: 7/1/17 – 9/30/17

## City of Petersburg Financial Emergency Turnaround – Key Project Activities

### PHASE 3: JULY 1, 2017 – SEPTEMBER 30, 2017

1. **Develop the 5-Year Financial Plan**
2. **Develop & Implement the 5-Year Capital Improvement Program**
3. **Implement Financial & Purchasing Policies**
4. **Conduct City wide training for OpenGov**
5. **Conduct City wide training for CityWorks**
6. **Continue to evaluate options for the sale of the Water & Sewer Utility Sale process as needed to address the critical infrastructure issues facing the Water and Sewer system**
7. **Develop Implementation Strategies for Outsourcing execution and implementation**
8. **Develop and Implement Standard Operating Procedures (SOPs) for Finance**
9. **Implement Findings to address issues uncovered during the Forensic Audit**
10. **Assist Management Team to implement FY16 CAFR findings**
11. **Implement a Budget Transition Plan**
12. **Provide Executive Coaching for New Hires**

# Current State Overview

## Overall Data and Information Process Flow for Collections

- Personal and business property
- Machinery tax
- Consumption tax
- Meals and lodging tax
- Admissions tax
- Cigarette tax
- Business License

**Real Estate Assessor**

The Assessor is appointed by and reports directly to City Council, and is their primary adviser on state/ local laws & policies applicable to appraisal & assessment of real property.



**City Treasurer**

The elected Treasurer is responsible for the receipt and collection of revenue, the safekeeping of revenue, and the appropriate accounting for and disbursement of revenue.

**Commissioner of Revenue**

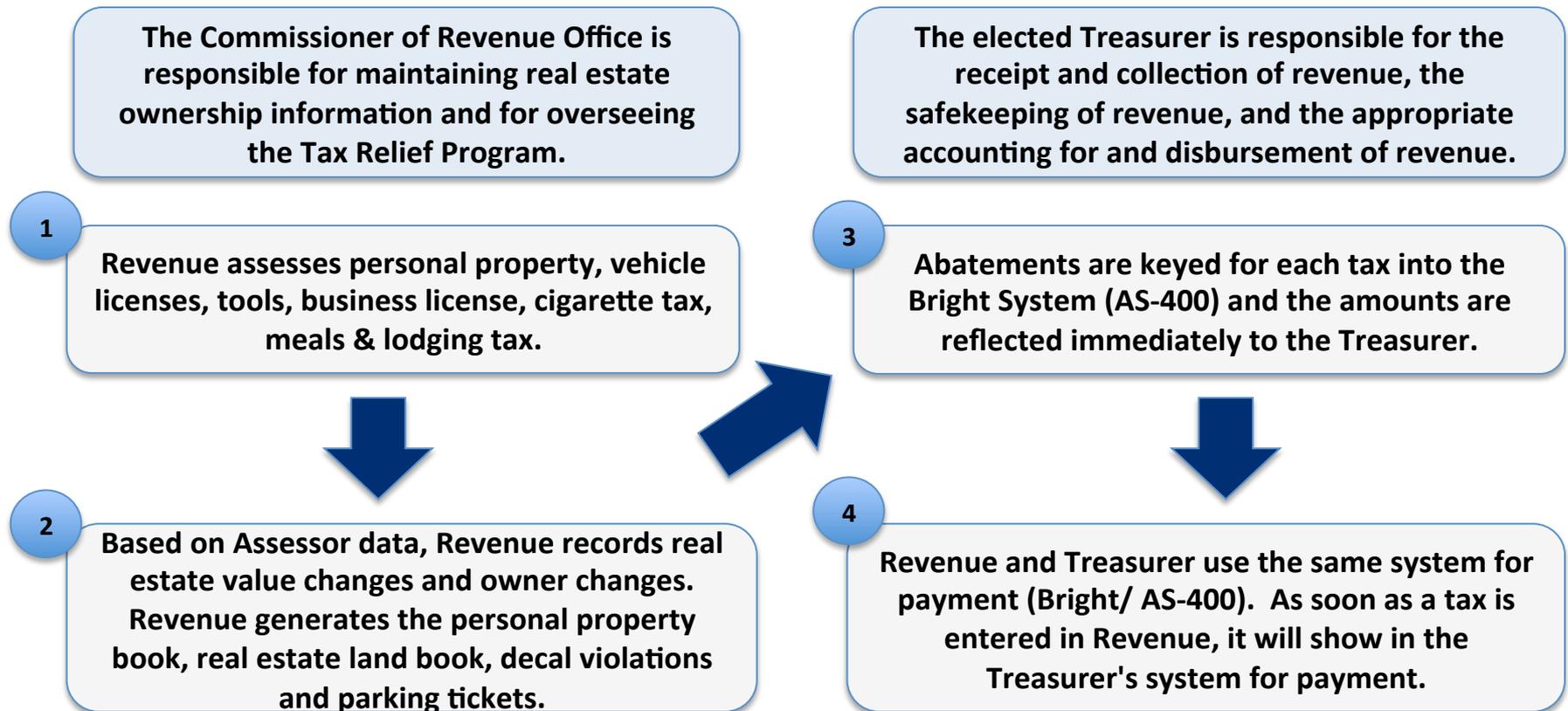
The Commissioner of Revenue Office is responsible for maintaining real estate ownership information and for overseeing the Tax Relief Program.



Source: <http://www.petersburgva.gov>

# Current State Process: Revenue -> Treasurer

## *Process Flow from Revenue Office to Treasurer Office*



Note 1: Only observed manual process is a signed certification of daily abatement report

Source: <http://www.petersburgva.gov>

Note 2: Only Treasurer Can View Delinquent Amounts

# Target State Process: Finance Department Assumes All Collections



## Process Redesign for the Collections of City Taxes

Current City Treasurer Functions Move to the Finance Department

City Manager

Finance Director

Collector of City Taxes

- Move City Treasurer cashier function and staff under the Finance Director
- Includes normal day to day functions of the Finance Department

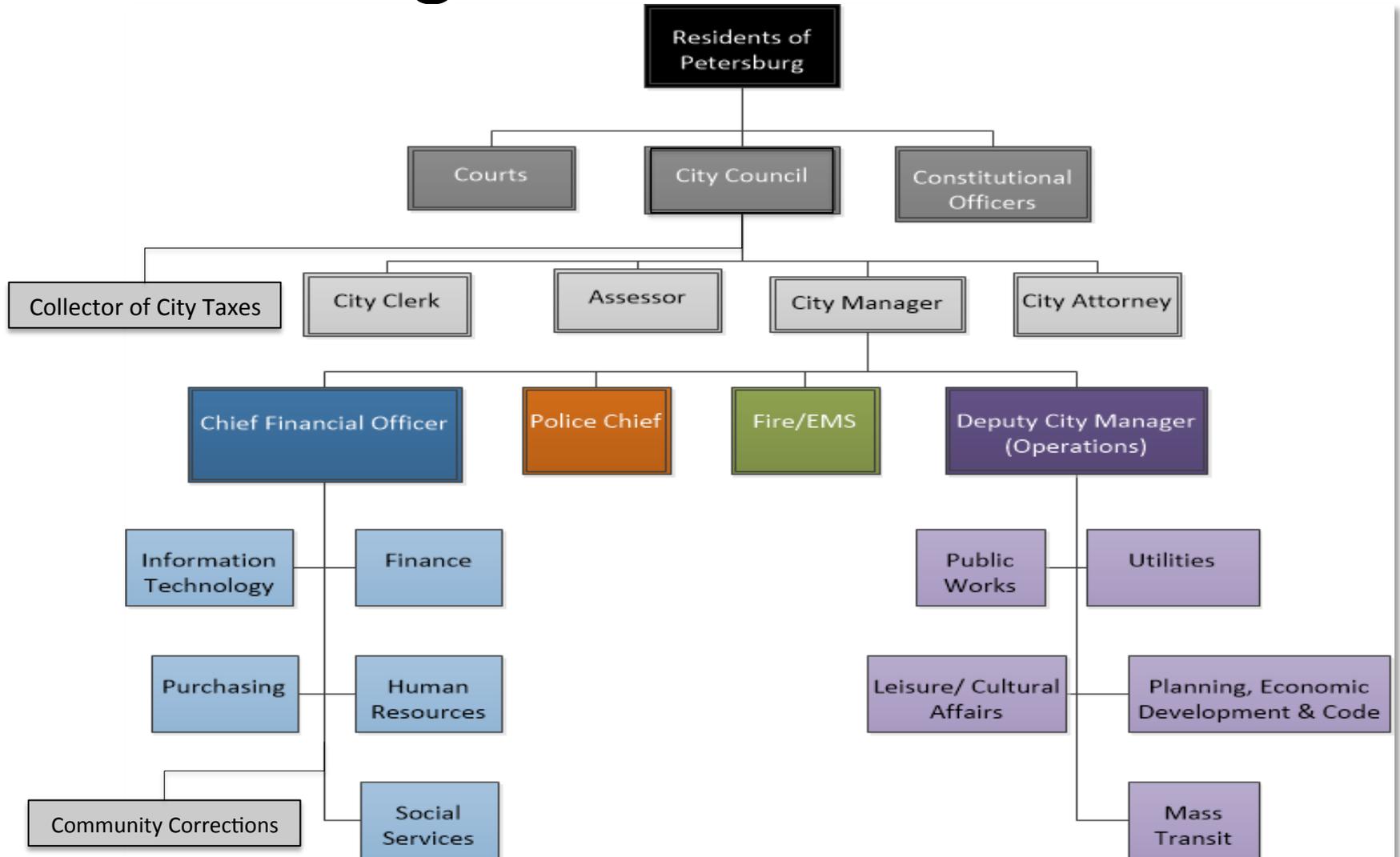


§ 3-14. Collector of city taxes generally.

Source: Richmond Finance Department, Richmond Treasurer's Office, interviews conducted 7/18/17.

A collector of city taxes will serve at the pleasure of the city council.

# Organization for FY18



This figure illustrates the organization of Petersburg City government that will be implemented along with the adoption of the FY 2018 budget.

# Forensic Audits Update

- **Completing in person interviews this week**
- **Reminder of the Scope:**
  - **Commissioner of Revenue Office**
  - **Office of the Treasurer**
  - **Special Funds**
  - **Enterprise Funds**
  - **Surplus Vehicles**
  - **Perpetual Care Fund**
  - **Purchase Cards**
  - **Johnson Controls Contract**

**Report will be  
available by end of  
August 2017.**

# Draft Performance Evaluations

- At Council's request, RBG prepared draft Performance Evaluations for City Manager, City Attorney and Council Clerk
- Draft Evaluation Forms were reviewed with Council on 7/18/17

# The City's Path Forward = \$19.8 Million

## The City's Path Forward Depends on a \$19.8 Million Fund Balance:

### 1. Collect Receivables to increase Cash (\$5.05M)

- Increase collections and improve timeliness of collections

### 2. Repay Reconciled Overdraft (borrowing from other funds \$7.2M)

- Need One-Time Cash Revenue (aka Liquidity Event)
- Need Continued Budget Surpluses
- By eliminating this, you will help Unassigned Fund Balance by an equivalent amount

### 3. Eliminate deficit Unassigned Fund Balance (\$7.7M)

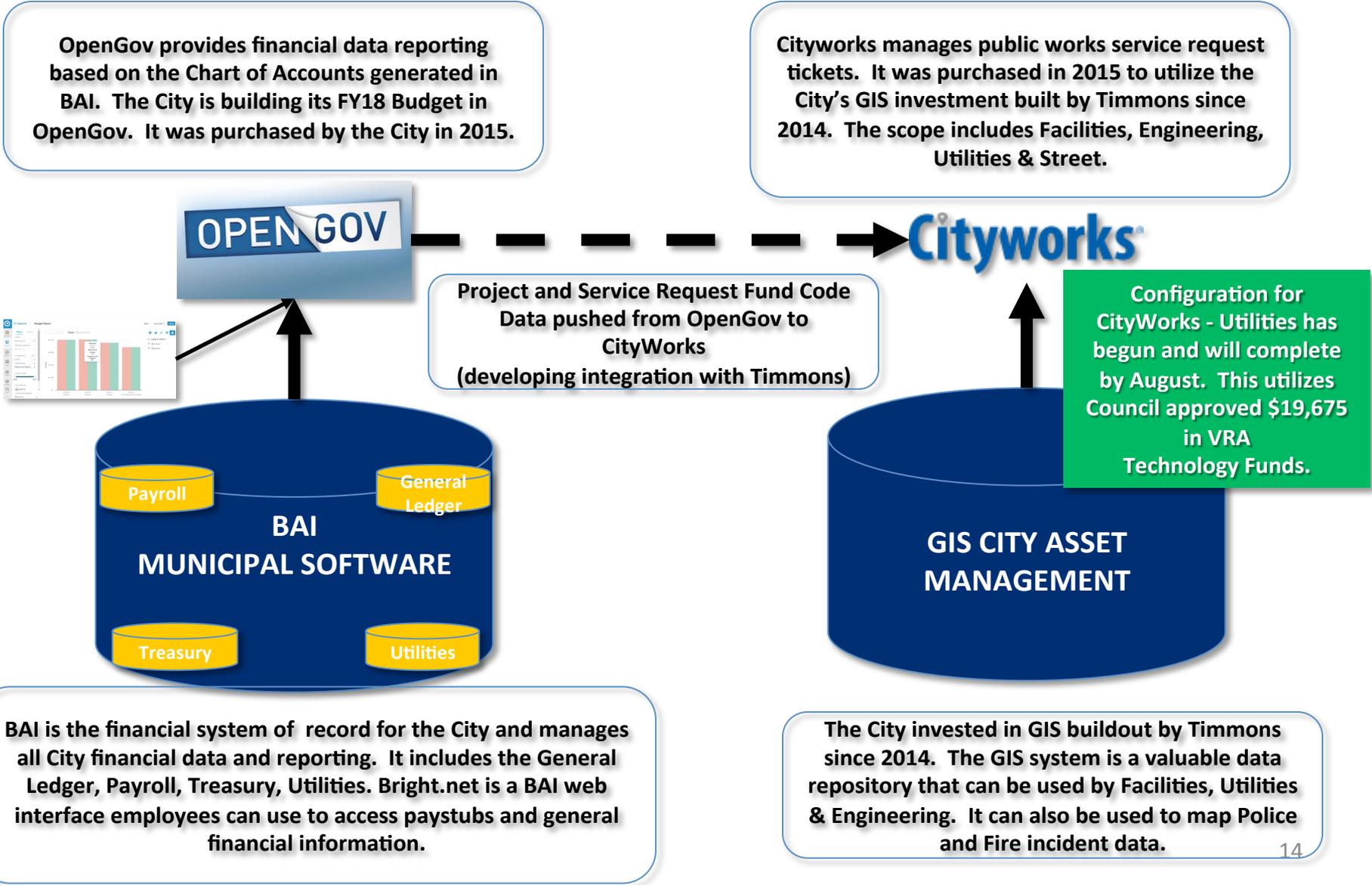
- Need One-Time Cash Revenue (aka Liquidity Event)
- Need Continued Budget Surpluses

### 4. Require \$7.7M just to get to \$0

- The City needs an additional \$12.1M to meet financial policy requirements, eliminate need for the annual RAN, provide adequate working capital, & regain access to credit markets

**\$7.7 Million + \$12.1 Million  
=  
\$19.8 Million**

# Technology Architecture – Key Systems



# Transparency

- All presentations are available on the City's website:

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