

**To the Mayor and Members of the City Council****February 4, 2020****Page 1 of 4****SUBJECT: UPDATE ON ONGOING EFFORTS TO IMPROVE CITY-WIDE REVENUE COLLECTIONS**

This Informal Report provides an update to the Mayor and City Council on the continuing efforts to improve city-wide revenue collection.

**Background Information**

Currently, revenues across the City are decentralized in various fiscal cost centers that are managed by the applicable operational departments. A variety of specialized and non-specialized software systems are utilized by various operational departments to track and record revenue that is ultimately posted to the City's General Ledger. A city-wide billing system is available and utilized by departments that do not have access to a billing system, while manual billing and tracking methods are used by some departments. In some cases, revenue is recorded upon receipt (point of sale) and in other cases revenue is billed and collected at a later date.

The Planning and Data Analytics Department maintains the Revenue Manual which lists all City revenues; the department responsible for managing the revenue collection; the collection methods; and presents financial information to improve transparency of the City's revenues. The expected amount for each revenue stream is forecast as part of the annual Operating Budget process. Departments provide service and collect the revenues generated on a monthly basis.

The City's current Finance Directives require the departments to monitor their respective revenue accounts on a monthly basis and initiate necessary and reasonable collection effort for delinquent accounts. Upon exhausting all collection efforts, the department designee must initiate write offs for the department's uncollectible accounts. The Financial Management Services ("FMS") Director's approval is required for all receivable write offs.

**Revenue Modeling and Forecast Improvements**

Planning & Data Analytics is partnering with departments to develop more robust revenue models that factor the numerous variables involved in the revenues. For example: the revenue model for Solid Waste will factor population growth, the single-family vs multi-family growth, behavioral impacts, etc. Any common variables will then be consistently used in other revenue models and forecasts throughout the City. The revenue models will be compared to actuals to ensure appropriate adjustments are made to the model or to indicate a billing/collection process may need improvement.

The revenue collected is monitored and compared to forecast amounts each month. In Month 5 and Month 8, departments analyze expected revenues through the end of the year. In addition, departments provide explanations for any year-to-date variance in expected revenue that exceed +/- 10% or +/- \$10,000. The Planning & Data Analytics Department reviews the revenue estimates and variances with the departments and discusses potential corrective action or modifications to revenue projections and a report is provided to the City Council and City Manager's Office. If larger variances are found out of the cycle, they will be reviewed and escalated to executive management as well.

**To the Mayor and Members of the City Council****February 4, 2020****Page 2 of 4****SUBJECT: UPDATE ON ONGOING EFFORTS TO IMPROVE CITY-WIDE  
REVENUE COLLECTIONS****Accounts Receivable Module and Point of Sale System Implementation**

A significant effort is currently underway to expand the PeopleSoft Billing and Accounts Receivable system ("PSAR") and the fully integrated iNovah Point of Sale system ("iNovah") across the City. These systems provide enhanced visibility and improved internal controls relating to revenue collection activities. The scope of the system implementation excludes the City's Water and Municipal Court departments due to their unique operational complexities. The Treasury Division of FMS owns and operates the PSAR system and performs billing and collection activity on behalf of a variety of departments. Ultimately, the operational departments retain responsibility for revenue management as described above. An off-premise lock box is utilized to expedite payment posting and eliminates the need for departments to receive and process payments.

The PSAR system is a fully integrated module of the PeopleSoft Financial system and was initially implemented in September of 2017. To date, the following billing and collection activity has been transitioned to PSAR from either a manual system, a stand-alone system, or the city-wide billing system (list is not all-inclusive):

- Lake Worth leases (Property Management)
- A variety of other specialized permits (Alcohol, Dance Hall, Amusement Redemption Machines, Gun Dealers/Pawn Shops, etc.)
- Inter-local agreements relating to Code Enforcement and Solid Waste activities with other Municipalities & Gov't entities
- Various Economic Development Department leases - office space, other (Economic Development)
- ITS radio tower and communication services provided to other Municipalities & Gov't entities (ITS)
- Annual gas well inspection fees (Development Services)
- Annual encroachment fees (Development Services)
- Various legal billings (Law)
- Hotel Occupancy Taxes (Public Events)
- Annual TIF billings to other Government entities (Economic Development)
- Non-payroll deducted parking charges (TPW-Parking)
- Insurance subrogation claims and retiree insurance premium (dental & medical) billings (Human Resources)
- Municipal Airport leases (office space, aircraft hangers, etc.)
- Consumer Health billings (Code Enforcement – Consumer Health Division)
- City Contract Fire Services (anticipated January 2020)

**To the Mayor and Members of the City Council****February 4, 2020****Page 3 of 4****SUBJECT: UPDATE ON ONGOING EFFORTS TO IMPROVE CITY-WIDE REVENUE COLLECTIONS**

Efforts currently in progress include:

- Code Compliance related billings (board-ups, nuisance, high grass, demolitions, etc.). This effort is expected to be completed during the first half of calendar year 2020.
- Automated systematic interface between:
  - Accela (Development Services) system and iNovah – (First quarter of calendar year 2020)
  - Auto Return system (Police – Auto Pound) and iNovah – requirements gathering in process (Fiscal Year 2020)
  - Club Prophet system (Parks & Recreation - Golf) and iNovah – requirements gathering in process (Fiscal Year 2020)

The next phase of the PSAR and iNovah expansion will include the following billing and/or point of sale activities:

- Remaining mainframe city-wide billing activity (Second quarter of calendar year 2020):
  - Multi-family unit inspections
  - Various contracts/payment agreements
  - Other miscellaneous billings
- Fire Department (Summer-Fall of 2020):
  - Commercial Inspection/False Alarms
  - Invoiceable Overtime
  - Commercial Permit Billings
- Park & Recreation (Fiscal Year 2020):
  - Log Cabin Village – Implement iNovah for point of sale transactions
- Library and Public Event Departments (Fiscal Year 2021)

It is important to note the quality of the outstanding receivable data, special requirements (ex. complex system interfaces requiring third party development), or other dependent system implementations can impact the estimated or target completion dates as outlined above.

**Comprehensive Revenue Collection Policy**

FMS developed a comprehensive, city-wide Administrative Regulation for the billing and collection of revenue across the City. The new regulation will supersede the previous Finance Directives and will be substantially more detailed. Additionally, the new regulation will provide requirements for revenue billed and collected by FMS on behalf of the operational departments as well as revenue billed and collected by the various operational departments. This new regulation will incorporate best practices from professional organizations such as the Government Finance Officers Association and information gathered from a review of similar governmental entities. The implementation of the new regulation is in progress now.

**To the Mayor and Members of the City Council****February 4, 2020****Page 4 of 4****SUBJECT: UPDATE ON ONGOING EFFORTS TO IMPROVE CITY-WIDE  
REVENUE COLLECTIONS****Other Initiatives**

FMS will recommend the expanded use of third-party collection firm(s) to augment department collection efforts. In addition, FMS Management will make a recommendation on the allocation of staffing across the City as a result of a concentration of workload within FMS due to the continued and future centralization of billing and collection activities.

If you have any questions, please call Reginald Zeno, Director of Financial Management Services / Chief Financial Officer, at 817-392-8500.

**David Cooke**  
**City Manager**