



Administrative Regulation No. 037.A005.0697

Revenue Collection Procedures

I. Purpose

The purpose of this Administrative Regulation is to set forth the City of Sarasota's procedures for recording and collecting receivables due the City. The requirements of this administrative regulation do not apply to the following operations which utilize computerized software for recording and accountability of its accounts receivables from customers:

- 1) Utilities Billing Office
- 2) Sarasota Mobile Home Park

Since the City does not utilize a centralized revenue collections office, each department is responsible for their own billing, collecting, processing and depositing of revenues. By complying with the procedures enumerated in this administrative regulation, the City will benefit by the:

- timely and consistent collection of revenues,
- consistent and equal treatment of customers
- improved customer relations
- elimination of duplicate collection efforts, and
- enhanced compliance with the requirements of generally accepted accounting principles (GAAP).

II. Definitions

Receivables Receivables can be from many different sources. Some examples of receivables and their corresponding object codes are as follows:

<u>Object Code</u>	<u>Description</u>
136000	Interest receivable--investments. The amount of interest receivable on all investments.

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- 105000 **Taxes receivable—current.** The uncollected portion of taxes that a government has levied, that are due within one year and that are not yet considered delinquent.
- 105000 **Taxes receivable—delinquent.** Taxes remaining unpaid on and after the date on which a penalty for nonpayment attaches. Delinquent taxes receivable are classified as such until paid, abated, canceled or converted into tax liens.
- 360000 **Interest and penalties receivable.** The uncollected portion of interest and penalties receivable.
- 118000 **Accounts receivable.** Amounts owed on open accounts from private individuals or organizations for goods and services rendered (excluding amounts due from other funds or intergovernmental receivables). Although taxes and special assessments receivables could be considered forms of accounts receivable, they should be recorded and reported separately in **taxes receivable** and **special assessments receivable** accounts.
- 121000 **Special assessments receivable.** The uncollected portion of special assessments that have been levied.
- 133000 **Intergovernmental receivable.** Amounts due from another government. These amounts may represent intergovernmental grants, entitlements or shared revenues or may represent taxes collected for the City by an intermediary government.
- 128100 **Notes receivable.** An unconditional written promise, signed by the maker, to pay a certain sum on demand or at a fixed or determinable future time either to the bearer or to the order of a person designated therein.
- 128100 **Loans receivable.** Amounts that have been loaned to individuals or organizations external to the City, including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

118000

Rent receivable. Amounts due pursuant to operating leases and rental agreements.

III. Procedures

1. When to record the receivable.

Receivables arise from a variety of transactions but are typically amounts owed by customers for goods and services provided. For purposes of this administrative regulation, we will utilize the "full accrual" method of accounting when recording receivables. Under this method, transactions and events are recognized as revenues when they occur regardless of the timing of related cash flows.

2. When to invoice.

The timing of issuance of an invoice directly affects when the City can expect to collect what it is due. Billing may occur before, upon or after the services are rendered. The department should develop the standards for when to bill for the services provided and consistently follow them. **If an invoice has not been generated and services billed by the time services have been rendered, issuance of an invoice must occur.**

While the particular timing of billing may be due to a range of factors, timely invoicing of receivables is imperative. By mailing invoices on a timely basis, the City can expect collection sooner, thus boosting cash availability and increasing investment income.

3. Developing an invoice for billing purposes.

The invoice should contain the following minimum information.

- City of Sarasota Logo
- City of Sarasota
- City of Sarasota address
- Name of person/company billed
- Address of person/company billed
- Type of service provided
- Costs of service and amount due
- Whom to make the check payable
- Telephone number to call for assistance
- Instructions on where to send payment (preaddressed envelopes are helpful)
- Color code of envelopes to make it easier to identify & process payments.
- Due dates clearly indicated (where possible, payments should be due upon receipt)
- Service charges that would apply to overdue payments.

See Exhibit A for a sample invoice.

4. How to record the receivable.

The receivable will be recorded through the use of the City's standard Cash Receipts/Receivables Report, even though no cash deposit is involved. Instead of a cash entry being made in the City's financial management system, an entry to an appropriate receivable account will be made.

The City's account code utilizes a twenty-one digit number for recording activity in the financial management system. The account code structure is as follows:

xxx	-	xxx	-	xxx	-	xxxxxx	-	xxxxxx
Fund		Dept.		Cost Center		Object		Project

To record the receivable, utilize the revenue account code that is typically used. A new receivable account code will also need to be used.

Governmental fund departments (Funds 001-399) will select a receivable code as follows:

Fund:	"001"
Department:	"three digit department number"
Cost Center:	"000"
Object:	"Obtain receivable object code from Section II"
Project:	"000000"

Proprietary type fund departments (Funds 401-699) will select their receivable account code as follows:

Fund:	"your fund number"
Department:	"000"
Cost Center:	"000"
Object:	"Obtain receivable object code from Section II"
Project:	"000000"

For example, on January 1, 1997, the Street & Highway Maintenance Department built sidewalks for Sarasota County and charged \$25,000. The department would prepare and submit an invoice to Sarasota County in accordance with this administrative regulation. They would then record the receivable by preparing a Cash Receipts/Receivables Report - See Exhibit B. A copy of the invoice submitted to Sarasota County would then be attached to the Cash Receipts/Receivables Report and submitted to the Finance Department. The receivable account will appear as a debit (DB) and the revenue account as a credit (CR).

On January 25, 1997, The Street & Highway Maintenance Department receives a \$25,000 check from Sarasota County. A Cash Receipts/Receivables Report similar to

Exhibit C should be prepared. This will create an entry showing that the receivable was collected. The department will also prepare a daily deposit slip for the check received. (See Administrative Regulation No. 037.A002.0394 - Procedures for preparing daily Cash Receipts/Receivables Reports and making bank deposits).


The receivable account used by the department will show the accounts receivable detail. All invoicing and cash receipts activity for your department will reside in this specific receivable account. This account will indicate how much revenue is owed and how long it has been owed. It will also show payments received. This account should be regularly reviewed by department personnel responsible for collection. Analyzing the account will identify problem customers that have not paid their bills by the due date. Then the customer can be notified timely of their delinquency.

5. Service charge on overdue accounts.

A service charge should be assessed at a level which effectively deters customers from becoming delinquent. The service charge and payment terms should be disclosed on the invoice. A service charge should be levied each time a delinquency occurs and should be enforced.

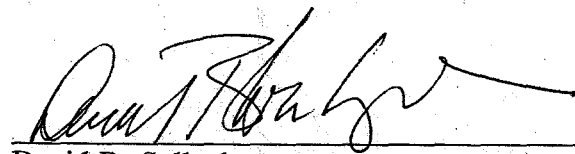
As a general rule, the payment terms should be shown on the invoice as follows:

"Payment is due upon receipt of this invoice. Payments not received within 30 days of the invoice date will be assessed a service charge of 1.5% per month.



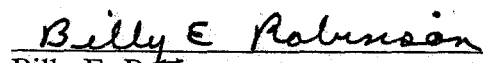
Gibson E. Mitchell
Finance Director

10-16-97
Date



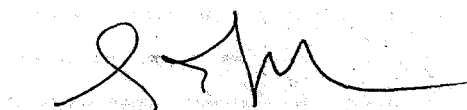
David R. Sollenberger
City Manager

1-16-98
Date



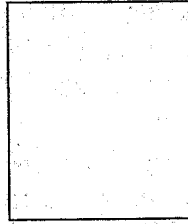
Billy E. Robinson
City Auditor and Clerk

3-10-98
Date



Shawn Fulker
Administrative Regulations Chair

3/10/98
Date



INVOICE

Remit to:
City of Sarasota
Attn: Your Department
P. O. Box 1058
Sarasota, Florida 34230-1058

Invoice No:
Invoice Date:
Date Due: Upon Receipt
Inquiries:(941) XXX-XXXX

Bill To:
Customer Name
Customer Street Address
Customer City, State, Zip

DESCRIPTION	AMOUNT
Payment is due upon receipt of this invoice. Payments not received within 30 days of this invoice. will be assessed a service charge of 1 1/2 % per month.	Sub Total
	Sales Tax
	Total Due