



CREATIVE SOLUTION TO A COMMON CHALLENGE:
Implementing Automation in Local Government

Town of Pecos City, Texas

Putting AI to Work in Financial Reporting



About the Town of Pecos City, Texas



The Town of Pecos City, situated in the river valley on the west bank of the Pecos River at the eastern edge of the Chihuahuan Desert in West Texas, is known as the home of the world's first rodeo and for its delectable cantaloupe. With a recorded population of 12,916 in the 2020 census, Pecos serves as a vital regional hub for ranching, oil and gas production, and agriculture.

Technology offers tremendous promise to transform processes, increase precision, and improve productivity.

This is what drew the Town of Pecos City, Texas, to the idea of implementing AI-driven automation in specific financial processes. The result has been a significant step forward for Pecos, revolutionizing its financial management, eliminating monthslong delays, and empowering leaders to make more informed decisions with real-time, data-driven intelligence. Here is how other governments can unlock similar success.

CONFRONTING A CONSTELLATION OF CHALLENGES

The Town of Pecos City faced a constellation of challenges that exerted pressure on the Finance Department. The most significant was a staff shortage. Vacancies and hiring difficulties meant the department struggled to

effectively manage operations and complete essential functions. In addition, some of these functions—like manual processing of cash receipts and reconciliations—were time-consuming and error-prone. As the volume of financial data grew, the department could not keep up. At one point, bank reconciliation lagged by as long as nine months, which contributed to problems like delays in financial reporting, late filing fees, and penalties.

HARNESSING THE POWER OF AUTOMATION

It was clear that a change was needed—and that's when opportunity knocked. A consultant who worked on financial reporting with the city approached staff about piloting the use of robotic process automation (RPA), an AI technology. The goal was to transform operations and solve some of these persistent problems. "We're a small city, but I was definitely enthusiastic about

implementing any efficiencies that I could into our finance department,” said Charles Lino, city manager for Pecos City.

RPA relies on automation to carry out tasks and processes like extracting data, populating forms, and more. Software robots, commonly called ‘bots,’ autonomously complete activities and transactions across unrelated software systems or applications. The bots can be deployed for accounting processes like recording revenue or completing bank reconciliation. Ultimately, implementing AI-driven automation tools like RPA helps organizations realize key benefits including enhanced accuracy, expedited reporting, and higher efficiency. These in turn help companies—and governments—become more efficient and make better, more-informed decisions.

Implementing AI can make people nervous, though, largely because of the popular concerns about AI technology replacing people. And any change can make people feel threatened. This is why Lino ensured that even a pilot venture would be introduced with careful communication to create staff buy-in. “It can be a bit scary when you first introduce the topic of AI. There are so many misconceptions and genuine concerns about it,” he explained.

To create buy-in, Lino first met with finance staff to explain the goal and process, assuring them that the purpose of this transformation was, as he put it, “to build efficiencies and make their lives easier.” This communication approach created staff support and they moved forward as a team to customize the RPA processes to fit the finance department’s specific needs.

Next, the team identified eight processes that contained redundancies, had caused shortfalls, or contributed to ongoing difficulties. These became the target areas for implementing RPA. Evaluating for potential return on investment (ROI) focused on time savings over financial metrics. “This is about saving countless staff hours that can be repurposed,” Lino explained.

The evaluation had identified automation of the accounts payable process as the biggest potential project, but the prospect was daunting. Instead,

staff initially focused on what Lino called “quick wins.” Automating sales tax and daily cash reconciliation processes would create immediate improvements, unlike starting with the AP process.

With these two targets identified, the team moved into detailed process mapping. This stage took time, as staff precisely scripted their normal routines for completing these tasks and shared—often via screen share—with the AI coders, who programmed the bots to replicate these manual processes step by step to train them. With process mapping complete, the coder could focus on testing in a controlled environment before implementing the new bots to carry out the real processes.

SEEING THE RESULTS

The results surpassed expectations. The bot for sales tax reporting, for example, was able to run the entire process: compile data, reconcile it, log onto the state comptroller’s website, verify it, and pay the required tax—all automatically, and on time, every time. This success was especially important for consistency and efficiency, and it removed the barriers to completion caused by staff shortages or absences, planned or unplanned. Automation also eliminated the penalties and late filing fees the city had historically incurred.

Even better, with the elimination of keying errors, accuracy was guaranteed. And ROI on staff time savings really added up: Process automation saved

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Deposits—Apply to Accounts	Check ACH from Bank—Validate (vendor name) —Apply to Tyler Tech, ACH, and NSF Logs
AP Automation	Capturing Invoices—DE of Invoice Itself
AP Automation—Invoice Payment	Part of a Tiered Process
Utility Billing—Billing	Water, Sewer, and Landfill (3 Different Billing Cycles)
Utility Billing—Account Management	Account Management (New, Chg, Cut-off) Entry to ERP
Utility Billing—Data Input	Manual and Automated Meter Reading
Records Management	Digitize Paper Records and Create Codification System
IT Ticket System Improvements	Use Types to Run Analytics on the Ticketing System Currently in Place

The Town of Pecos City finance staff identified eight processes that contained redundancies, had caused shortfalls, or contributed to ongoing difficulties, which then became the target areas for implementing RPA.

the city's accounting manager six to eight hours a month on the sales tax process. Previously, for daily cash reconciliations, two part-time staff had recorded the transactions every two weeks and entered them into a spreadsheet for the accounting manager to reconcile at the end of the month. Now the bot was able to reconcile the transactions daily, which collectively saved staff up to 32 hours a month while eliminating the errors that inevitably crop up among tens of thousands of monthly transactions. Moreover, the bot eliminated the nine-month reconciliation lag that had plagued the finance department. Now, all reconciliation is up to date.

"It turned out even better than I had anticipated, and our staff is really excited," Lino said. "They no longer have to do redundant tasks, and some of the more frustrating aspects of their jobs have been made significantly easier."

LESSONS ON IMPLEMENTING AI TOOLS

AI holds tremendous promise when it comes to efficiency and accuracy. As governments continue to grapple with difficulties in hiring and retaining staff, organizations can use Pecos City's experience as a blueprint for transformation through technology. When exploring the possibilities for AI and automation, Lino suggests these steps:

- Evaluate the specific challenges your organization faces.
- Seek expertise on potential tools and implementation.
- Customize solutions and processes to your organization's needs.
- Test your solutions in a controlled environment.
- Make sure everyone knows how the system works. Staff training helps you make the most of your investment.
- Gather feedback, and monitor, refine, and adjust as needed to optimize performance.

In addition, those championing technology as a solution should emphasize the why and the how of AI



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automation and communicate this clearly to staff—the potential and possibilities of these tools can improve staff experience and performance, not detract from it.

SOLVING COMMON CHALLENGES WITH AUTOMATION

While this project focused on solving a common challenge, Lino and his team adhered to GFOA best practices including *Revenue Control Policy* and *Receivables and Handling Receipts in the Treasury Office*. The Revenue Control Policy recommends that governments establish a revenue control and management policy and review it on an annual basis. The policy should be customized for the size and resources of the government. *Receivables and Handling Receipts in the Treasury Office* recommends that governments should have written policies and procedures for invoicing and collection of revenues.

Moving forward, Lino is already looking for opportunities to use AI in other departments, particularly with IT and permitting processes. In the Finance Department, the next big step is tackling accounts payable automation—the major challenge his team identified in the planning phase. Lino's objective is to eliminate paperwork and replace it with electronic signatures and approvals for a totally paperless AP process.

"We've been on this great adventure," Lino shared. "Our experience automating processes using AI technology has been extremely successful, and it has put us ahead of other cities our size as well as some larger cities in Texas. I'm so proud of what our team has accomplished together, and we all feel proud of these incredible results." 

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