

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **A Budgeting Break for Small (and Big) Governments.**

***With less people and money, small towns are prone to making big and expensive errors. One company wants to change that.***

Small towns and districts know all too well about limited resources. Their departments are made up of just a few employees; they have almost no support staff; and they can't afford fancy software that might help speed things along.

For finance directors, this makes budgeting a difficult and time-consuming task. In most less-populated places, the process is stuck in the 20th century: Budgets are created on Microsoft Excel, and directors are expected to consolidate versions between different departments.

At best, it's arduous work. At worst, it leaves a lot of opportunities for errors.

"As different people set up different accounts in the ledger, they might get the set up wrong," said Connie Maxwell, the budget director for Burnet, Texas. "Airplane revenue might show up under 'interest earned' because someone selected the wrong code."

Indeed, the low-tech process has led to costly oversights.

In 2013, a Massachusetts school district was forced to suddenly lay off nearly a dozen employees after it discovered an error in the previous year's \$34 million budget. The mistake had left the Groton-Dunstable Regional School District with a \$400,000 shortfall halfway through the 2013-2014 school year.

In the small Napa Valley city of St. Helena, the discovery of a bookkeeping error last year exacerbated the California city's budget woes by adding another \$500,000 to the existing \$1 million deficit. The total shortfall represented 15 percent of the city's annual spending.

Maxwell said she typically spent nights and weekends finalizing the next year's budget proposal. But that changed this year when Burnet and a few other governments beta-tested a new tool from OpenGov that does for government budgets what TurboTax does for individual tax filers.

Among other things, [OpenGov's Budget Builder](#) automatically pushes relevant data into a government's accounting system, eliminating the need for finance directors to do that manually when there are changes. Instead of reconciling multiple spreadsheets to create a master one, the budget is stored as a project on OpenGov's cloud and users within each department can add budget requests to that one project. Changes are tracked, which helps people catch any errors. Users can also see the critical budget numbers in real-time — such as whether the proposed or current budget is running a deficit — and the system automatically builds charts and graphs to help users visualize their work.

A critical component is the price, which is where small localities often get left behind. According to OpenGov cofounder Nate Levine, the Budget Builder's cost depends on the size of the government and the annual fee can range from \$10,000 to six figures.

“Typically, the solutions out there are sold as add-ons to existing products,” he said. But the best, “government-centric [add-ons] are expensive and only accessible to larger governments.”

For OpenGov, the product is another tool to lure governments to its growing web of resources and services. The end goal for the company is to create the world’s first smart government platform — a cloud-based one-stop shop for budgeting, reporting and open data.

Now that the product has moved out of beta, it’s rapidly catching on. This month, more than 20 other local governments including Harford County, Md.; Long Beach, N.Y.; and Culpeper, Va., announced they’re rolling out Budget Builder.

The promise of less hassle has had tangible results. Those who have used the test version say they finished their budget at least one month earlier than usual.

With the extra time, Judy Smith, finance director of the Jackson County, Ga., Water and Sewerage Authority, said she’s had more time to conduct her year-end financials and get ready for the new year. She’s also been able to do helpful extras, like an inventory analysis.

In Burnet, which gets audited every year but doesn’t produce a comprehensive annual financial report (CAFR), Maxwell said she hopes to publish such a report for the first time.

“After months of doing budgeting, CAFR was a dirty word,” she said. “That potential is much more realistic for us now.”

GOVERNING.COM

BY LIZ FARMER | DECEMBER 27, 2016