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Use Technology to Tackle the Five Biggest Challenges to Local Government Budgeting
Make every dollar count for your community's essential and improvement services

The importance of disciplined budgeting at the local government level cannot be over emphasized since the annual budget determines which projects and services will be funded to serve your communities and constituents. The budget essentially becomes the annual operating plan that each department uses to set priorities and execute approved projects. While there are a wide variety of approaches and methodologies used to produce budgets that fit the needs of each unique jurisdiction, we have identified five budgeting challenges for which utilizing technology will help all government organizations better allocate funds and manage expenditures with transparency and confidence.

If you are like the hundreds of local jurisdictions we talk to regularly, you will recognize these budgeting challenges that, when conquered, can significantly contribute to a vibrant future for your community. So, ask yourself . . . is it actually possible to:

1. **Shorten the budgeting cycle**
2. **Eliminate silo budgeting**
3. **Efficiently manage capital investments**
4. **Increase accuracy of revenue projections**
5. **Reduce time spent on reporting**

Take just eleven minutes to learn how an advanced, unified software system can make all the difference in your ability to achieve these game-changing goals.

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1. Shorten the Budgeting Cycle

There are many steps in the local government budgeting cycle that can not be altered since the actions are mandated by policies enacted to ensure proper checks and balances. Some scenarios add to the complexity of the process, such as when a city and a county exist in an overlapping jurisdiction. We know, however, that automation, featuring advanced best practice workflows in a unified software system, can condense and speed up most of these required steps. And the best of these systems help shorten the production cycle for any type of budget you need to prepare, including line-item budgets, program budgets, performance budgets and strategic budgets.

When you decrease the time it takes to create, analyze and adjust budgets, then you can present a more timely, precise, and complete budget for citizen feedback and legislative adoption.

The annual budget hearing, before and after meetings and the legislative body review all take an inordinate amount of time, so the sooner you can get the budget to these reviewers, the better. You'll be able to be more prepared for the unexpected, too, like natural disasters or economic downturns.

Utilizing advanced software functionality, you can customize budgeting functions to the unique requirements of your jurisdiction. With all departments working from the same system, instead of multiple versions of inconsistent spreadsheets or outdated on-premise databases, you simplify the previously complex budgeting process with consistent information and formats that are quickly and automatically compiled, validated and presented in report formats you designate. The process is now expedited, and the annual budget can be produced in record time.

2. Eliminate Silo Budgeting

Now, with one software system used across all departments in your jurisdiction, you can eliminate duplicate budget line items, simultaneously create departmental budgets, ensure full accountability and guarantee all necessary initiatives and projects are considered for funding. This one-system approach not only contributes to shortening your budgeting cycle, but also increases the accuracy of the annual budget you submit for review and approval. With fewer questions and corrections to make during the development stage, you allocate more time for the usual lengthy legislative approval stage . . . something over which you have little control.

When all departments work from the same information in the same software system, the budget produced represents "one version of the truth," rather than a variety of stand-alone,

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disjointed budget proposals that do not represent departmental collaboration. The "rat's nest" of data formats as a result of this siloed approach is enough to add weeks to the budgeting process due to the tedious nature of compiling inconsistent information and is prone to errors that sometimes aren't discovered until it's too late. Often this very situation causes a critical maintenance or improvement project to go unfunded and the various departments end up pointing fingers at each other trying to place blame.

Strong, continuous inter-departmental collaboration, fueled by one comprehensive software system, eliminates departments functioning like franchises and wasting valuable time working in constant reactive mode. An additional and all-important benefit to not forget is that by using the same system across all departments, you can plan faster, preemptively and make more informed decisions because all departments and stakeholders are working from the same overall jurisdictional budget produced from a single system. This is true whether you've adopted a centralized or de-centralized budgeting process. With the proper controls in place ensured by a unified, easy-to-use and flexible technology, all types of budgets can be accommodated.

Capital investments often utilize a separate budgeting and planning process simply because the expenses are large, and the length of the projects are long; for example, an infrastructure project involving road, sewer and water line improvements. Often, these capital projects are financed through borrowing or other specific funding sources, like SPLOSTs or grants. The software system should also be able to alleviate your fund accounting challenges with spending thresholds that support the checks and balances you need to stay on track and accountable for your multiple fund budgets.

Jurisdictions report to us that their citizens usually view capital investments as positive improvements to their community and quality of living. The improvements can attract new businesses and foster subsequent projects that keep the community moving forward. Your constituents, however, do require transparency into the expenses, so your software system must be able to accurately report on the capital expenditures and how debt is managed, confirming to your citizens that these dollars are being spent as originally earmarked.

3. Efficiently Manage Capital Investments

Whether or not your jurisdiction has an official Capital Improvement Plan (CIP), utilizing a technology solution that keeps all involved departments constantly aware of the status of your multi-year capital projects budgets, including debt management, ensures these critical major investments are managed efficiently and transparently. The software must allow jurisdictions to easily prioritize and update their capital budgets annually and make any necessary adjustments to these long-term investment budgets, sometimes lasting five-seven years or longer.

4. Increase Accuracy of Revenue Projections

We've established that a unified software system that enables inter-departmental collaboration is essential for developing and managing your budgeting process. Since governments must maintain balanced budgets, however, how can technology also help with the other side of that equation . . . projecting accurate revenues? The ability to efficiently and easily track revenue from all sources in one system lets jurisdictions more accurately predict future trends based on historical data. This, in turn, informs your decisions about how to best adjust tax rates and other charges to keep your budget balanced.

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Make sure your jurisdiction-wide software solution can collect, allocate and report in real-time on revenue generated from any of the wide variety of income sources . . . from property taxes to water and trash collections to building inspections to code and law enforcement fines to recreational fees and more. This accurate accounting of revenue generation can be combined with other demographic data to more precisely estimate future budgeting needs. If, for example, you see an exponential population growth, you know that you'll need more funding for schools; therefore, you can proactively ensure educational needs are financed through increased taxes, grants or other funding sources.
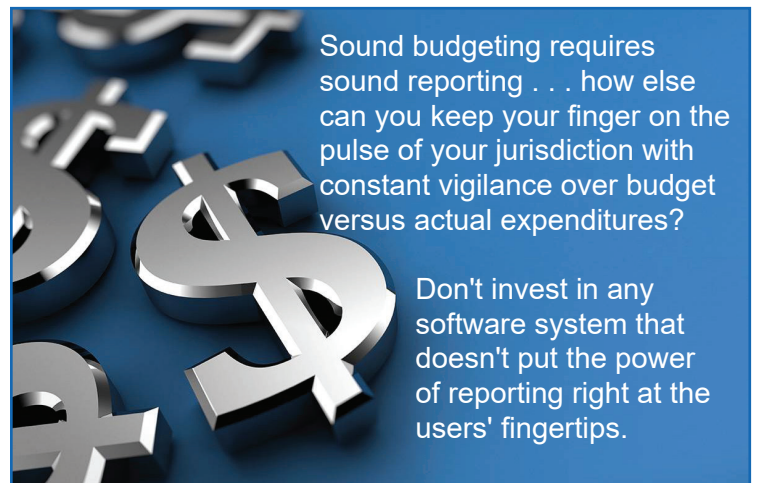
We often assume that accurately forecasting revenues is easy for local governments, and it can be for certain departments. However, as we warned earlier in this article, departments can not operate independently without running the risk of adversely affecting the jurisdiction as a whole. Having a system that provides a 360° view of your jurisdiction increases your ability to accurately project revenue and maintain a balanced budget.

committees, supervisory staff, auditors, and constituents. Double-check that reports can be sent to any person without the need of a user license or Crystal Reports, accessed throughout the system, saved as "favorites" and refreshed at any time with real-time information and data.

Sound budgeting requires sound reporting . . . how else can you keep your finger on the pulse of your jurisdiction with constant vigilance over budget versus actual expenditures?

Don't invest in any software system that doesn't put the power of reporting right at the users' fingertips.

5. Reduce Time Spent on Reporting

The final budgeting challenge to be addressed is reporting. We now know all the primary budgeting challenges technology can help you overcome to ensure a streamlined, transparent and efficient budgeting process. We always find it incredulous, however, when we see jurisdictions try to produce even the simplest of reports only to be confronted with complex report writers or the need to send a report request to the IT department! Reporting should be easy, self-sufficient and on-demand or at any cadence . . . do not choose a software solution that does not provide this type of dynamic reporting.

Confirm that your technology solution gives you real-time, on-demand reports and dashboards that you can easily configure yourself and that include any of the information stored in the system by any department. All information within the software application must be accessible for inclusion on a report. The reports and formatting must meet the expansive demands for communities who need to report to a wide variety of stakeholders, including internal users, internal customers, regulatory

Summary

Technology can help solve many budgeting process woes, but you must be diligent in your solution selection process to ensure the system you choose addresses all five of the challenges we've discussed. Budgeting does not have to be the nightmare scenario you've been experiencing for years, nor does it have to be mired in manual processes, endless stacks of paper and multiple versions of spreadsheets that are so large they take forever to open on your computer!

Insist that your reports and dashboards provide instant, customizable, real-time information that you can produce yourself with no help from IT. Your system must be powerfully predictive in its ability to forecast revenue and keep your budget balanced. Take the new system on a test drive to also ensure it's easy to use, in spite of its power, which will lead to high user adoption rates within your jurisdiction. The technology must be the catalyst for seamless interdepartmental collaborations that pave the way for greater transparency, fluid communication and happier, more confident citizens.