

Public budgeting essay sample

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The goal of this paper is to briefly discuss public finance and its philosophy. Public finance plays a major role in our lives. It is mainly focusing on the establishment of rights and responsibilities with maintaining balance between them for accomplishing practical tasks. Because public finance relates to government activities the paper will also contrast governmental accounting with nongovernmental accounting. The main point for the governments finance reporting is its accountability. After providing the overview of the different accounting methods the paper will explain the relationship between budgeting and financial reporting in government.

Before we can discuss public finance we will need to understand what it is. Public Finance is the study of Government activities and how the Government finances those activities (Gaffney, 2008). Public finance controls all revenues and expenditures moved through state budgets, developed from various sources and however spent. Public finance assist with the development of communities to function correctly and strives to meet the citizen's needs. For this function the strategy of financial planning is applied. Its philosophy is based on raising revenue for the sake of public reasons. Public finance set out to focusing on the establishment of rights and responsibilities while maintaining a balance between the two for succeeding practical tasks. Two terms which relate to public finance are governmental finance and economic development.

Governmental accounting and nongovernmental accounting differ in various ways. Governmental accounting is based on the accounting methods of the public sector, and nongovernmental accounting is based on the accounting methods of private sector. According to Lee, R. D. & Johnson, RW., Joyce <https://assignbuster.com/public-budgeting-essay-sample/>

(2008) “ Conventional accounting systems provide much of the information that public organizations use for budgetary decisions”. “ All governments budget for these activities, but not all government budgeting systems make explicit the consumption-versus-investment tradeoffs in budget decisions”.

Public budgeting systems are systems for making choices of ends and means (Lee, Johnson & Joyce, 2008). Budgeting in government are expressions of public policy. It provides the authority of law, preventing public officials from spending outside their budgetary authority. Financial reports display the importance of the budget by giving a report which compares the budgets and actual the actual amounts. One is identified with Governmental Accounting Standards Board (GASB) while the other with Financial Accounting Standards Board (FASB).

In conclusion, the elements that make up a budget are public finance. We have stated public finance is the study of Government activities and how the Government finances those activities. Governmental accounting with nongovernmental accounting each differs in that one deals with the public and one deals with private sector. We also discussed the relationship between budgeting and financial reporting in government. Without these elements in place public budgeting would not be capable of completing its task. These elements set it aside from other forms of budgeting. Each is critical to the welfare of the government. The government or public budgeting is totally different from business budgeting. The steps to creating a budget however are critical whether it is for a business, government or the individual. It is all about proper and efficient planning. The implementation of

the elements discussed assist with helping to break down the processes and meaning of public budgeting.

Reference

Lee, R. D. & Johnson, RW., Joyce, P. G. (2008). Public budgeting systems (8th ed.). Sudbury, MA: Jones and Bartlett.