

How to Use This Manual

A sound budgeting process is a critical activity in operations and planning for government entities. The budget defines how much money will be spent on day-to-day public services and helps manage the sources of revenue available to meet the planned expenditures. Budgeting processes and procedures can increase the efficiency of your operations, which in turn can increase the effectiveness of the delivery of goods and services. Budgeting is not only used to control authorized expenditures and expected revenue, it can be used for operational and strategic planning. Effective budgeting practices allow a government entity to manage a shrinking resource base even when the demands for goods and services increase. The *State & Local Government Budgeting Practices Handbook* is designed to help you achieve such objectives. It provides a foundation for developing, implementing, and maintaining a sound budgeting process. It focuses on current state and local government practices that can be integrated into your budgeting policies and procedures.

How the Book is Organized

We divided the book into five parts; each part corresponds to a step in the budgeting process:

Part I	Starting the Budget
Part II	Designing the Budget
Part III	Completing the Budget
Part IV	Extending the Budget
Part V	Analyzing the Budget

Part I Starting the Budget

In this part we discuss the budget process and how to use available tools and techniques to establish goals and objectives. Identifying these goals and objectives is the basis on which to establish and maintain a sound budget process.

Part II Designing the Budget

In this part we discuss the basic accounting structures that are used in the budgeting process and how to forecast and plan for the next fiscal year.

Part III Completing the Budget

In this part we focus on the different types of budgets you use, such as fixed, flexible, and program budgets, and the situations that call for specific budgets.

Part IV Extending the Budget

In this part we discuss how to use the budget for long-term, strategic and financial planning, performance measurement, and capital budgeting. We emphasize the use of strategic planning to supplement operational planning, the use of performance measures to improve your operations, and how to integrate capital budgeting into your budgeting process. In addition, we explore the opportunities and pitfalls of public-private arrangements or privatization.

Part V Analyzing the Budget

In this part we focus on different strategies you can use to determine the efficacy and efficiency of your new budget: work process analysis, data collection, project scheduling analysis, and business process reengineering.