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Public and Business Budget Preparation Strategies

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Public and Business Budget Preparation Strategies

Most people think that there is a similarity between the public and business budget preparation, and however, they are not sure of how similar the two are. In this paper, we shall compare the public and business budget preparation strategies. We shall start by focusing on the introduction to business budget preparation. We shall also look at the operating and funding sources of business sources of public revenue. Additionally, the paper will look at the effects of demographics on public revenue services. We shall conclude our paper by reviewing the main points that compare the public and business budget strategies.

Introduction to the preparation of budget

It is crucial to engage in budget preparation, whether personal, public or for a business. The process of the budget is the strategy or a financial plan of how the government allocates resources. This process requires that one begins with the identification of goals. It is crucial to first reflect on what one aims at achieving in the business. For example, one may desire to know the profits he targets to accomplish after a certain period. This is followed by reviewing what he has in the business, for example, the documents. It is essential to analyze the business items such as the balance sheet, income statement, liabilities, assets, unsettled debts, and the projected flow of cash in the business. This will help one decide on how to draft the budget. Thirdly, defining the costs of the business follows. This involves determining the costs related to the goals that one has set for the business (Gregory, 2019).

In defining the costs of the business, it will be necessary for one to split every goal into the amount of money per year, followed by a month. The records will be used in filling such costs. Further investigations may be done to approximate the prices of items that one may not

know about. The last step in the preparation of the budget is creating documents that facilitate the taking of the information gathered in the three steps. A word document or a spreadsheet would serve this purpose well to track every detail (Gregory, 2019).

Operating and funding public revenue sources

One way through which the public agencies make revenues are through the taxes they collect from the businesses and citizens. These revenues help the federal government to fund its administrative operations. The primary sources of revenues for the government are the taxes imposed on payrolls and the individual income taxes, and the corporate income taxes follow closely. During the preparation of the following year's budget, the financial managers consider the stakeholders' interests (Sances & You, 2017).

One of the ways that can help in dealing with such a reality is by lessening the weight on such sensitive sources of revenue by diverting the costs to the less sensitive sources of revenue. The public organizations analyze the previous budgets to decide on the possible funding for the following year. After the review of the earnings, the public organizations can plan for the next year's budget.

How the demographics affect the public revenue services

In planning the budget, the public sectors should consider the impacts of demography on their plans. The data obtained from the study of the population can help determine people who live in town, and it also shows the city's finances. In general, in a town that comprises many residents who utilize the public resources at a higher rate than they fund through taxation, there is a high likelihood of experiencing fiscal problems. The demographic factors that are likely to affect the public budget revenue include income and age. For example, there is a high likelihood

of having less revenue generation from a poverty-stricken area than the area that comprises the working population. (Maciag, 2016).

Review of the main points for comparison

This discussion is helpful because we can now understand the similarity of the public and business budget preparation strategies. In the paper, we have discussed the similarities that exist between the two. The introduction helped us know what the paper entailed. We looked at the steps involved in budget preparation, and we also looked at how the government uses the budget process to allocate resources. Additionally, we noted that the funding and operating public revenue sources help to generate revenues through taxes obtained from businesses and citizens. We finally looked at how demography affects public revenue services. We realized that some of the demographic factors that affect the public revenue budget include income and age.

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