

# Public Financial Management and Public Finance

**Rabin, Jack, W. Bartley Hildreth and Gerald J. Miller, Budgeting, Athens, GA: Vinson Institute of Government**

*"Exceptionally useful manual for all who deals with local government budget management. This collection of discussions can be used as a basic source on the formulation and execution of the annual budget. This book equally addresses the needs of public administration students, instructors and practicing public financial managers. This easy-to-use guide is presented in two parts: part 1 focuses on budget development, opening with readings designed to place the process of budgeting in the context of political economy, offering a review of budget setting, revenues and expenditures ; in the second part the authors discuss budget execution, cash and debt management, controls (i.e. established accounting procedures), reporting practices, and accountability devices (auditing). Both parts introduce the reader to the variety of skills, perspectives, and concepts critical to budget management. Very reliable source of information about traditional practices and latest developments in the field of budgeting at affordable price."*

**Petersen, John and Dennis Strachota, Local Government Finance: Concepts and Practices, Chicago: Government Finance Officers Association.**

**James M. Banovetz (editor). Managing Local Government Finance: Cases in Decision Making. (ICMA, 1996).**

*Written for all practitioners of local government finance, ICMA's Management Policies in Local Government Finance has long been considered the most comprehensive, most on-target text for local government managers, finance directors, and economic development planners and directors*

**Finkler, Steven A. Financial Management for Public, Health, and Not-For-Profit Organizations. Prentice Hall: Upper Saddle River, New Jersey, 2004.**

*"This is one of the only books available that addresses financial and managerial accounting within the framework of the three major areas of the public sector. Clear and comprehensive, Finkler's unique and accessible text provides the fundamentals of financial management for those who lack a financial background so that readers can access and apply financial information more effectively. Details the many aspects of strategic and budgetary planning. Outlines the processes involved in implementing and controlling results. Features aspects of accounting unique for Health Care, not-for-profit organizations and state and local governments. Explains balance sheets, operating and cash flow statements. Provides basic foundation for financial analysis. For managers and policy-makers in public service organizations who want to make more efficient use of their organization's financial information."*

**Aman Khan and W. Bartley Hildreth (eds.), Financial Management Theory in the Public Sector (FMTPS)**

*"To have a clear picture of developments in public financial management, a multidimensional perspective of the field is needed, since governments--unlike for-profit organizations-- serve multiple and often conflicting interests. This book provides this dynamic approach by integrating insights from economics, business, and political science. Written by some of the leading scholars in the field, this collection presents eleven chapters that run the gamut of public financial*

*management issues. Topics include: Transaction costs in contractual relationships; Uncertain conditions and probability assessment in the bond market; Rational choice and the institutional framework in public investment decision; E-Government financial management models; Budget balance as the building block of public financial strategy. Together the contributors present a robust framework for understanding and analyzing financial decision making in the public sector."*

**Miller, Girard. Investing Public Funds. GFOA: Chicago, IL, 1996.**

**GFOA. An introduction to Treasury Management Practices. GFOA: Chicago, 1996.**

**J.W. Henderson and T.S. Maness, The Financial Analyst's Deskbook: A Cash Flow Approach to Liquidity (New York: Van Nostrand Reinhold, 1989).**

**Kahn, Aman and W. Bartley Hildreth, Case Studies in Public Budgeting and Financial Management, 2d ed. New York: Dekker.**

*"A resource for administrators seeking innovative ideas and supporting precedents in formulating policy, this book also provides a useful textbook for public administration and policy students. It employs a wealth of case studies in budgeting and financial management to demonstrate strategies in system implementation, policy formulation, government accounting, auditing, and financial reporting. With contributions from leading experts, it clarifies procedures to solve cutback and downsizing dilemmas using theoretical models, and provides pragmatic approaches to managing financial activities under budgetary strain. It also covers the evolution of a debt management policy."*

**Frank, Howard A. Public Financial Management Taylor and Francis Group. Boca Raton, FL. 2006.**

*"Public Financial Management covers the five major pillars of this sub-discipline of public administration: context, public finance, retirement systems, performance measurement and budgeting, and international perspectives. This text offers practitioners information valuable in their day-to-day operations, while also providing students in public administration and public management programs with a solid foundation for their own development as future professionals and researchers. Overall this volume promotes linkages between resource allocation and "value-adds" for citizens and stakeholders, driving innovations in operations and increased transparency in reporting."*

**Granof, Michael H. Government and Not-For-Profit Accounting Concepts and Practices 4<sup>th</sup> Edition. John Wiley & Sons, Inc. New York, 2007.**

*"Unlike other government and not-for-profit (NFP) books, this one is directed at potential users rather than preparers of financial reports. It demonstrates the significance of reported information and shows users (managers, investors, taxpayers, legislators, trustees) how to interpret and analyze accounting information."*

**Herbert, Leo, Killough, Larry, and Steiss, Alan. Governmental Accounting and Control. Brooks/Cole: Monterey, CA, 1984.**

**XiaoHu Wang (2006): Financial Management in the Public Sector: Tools,**

**Applications, and Cases. M.E.Sharpe Publisher**

*Thoroughly classroom tested, this comprehensive text provides a step-by-step guide to how to use financial management and budgeting tools in the public sector. The book features a practical, case study approach and includes numerous exercises and examples. It is designed as a core text for instructors who want to introduce students to hands-on tools and techniques in courses on Public Financial Management or Public Budgeting.*

*The book covers all the cornerstone topics in the discipline, including Financial Planning, Financial Implementation, and Financial Reporting and Analysis. Each chapter is carefully structured as a self-contained learning module, and includes learning objectives, key concepts, easy-to-use Excel spreadsheet models, a case study, and detailed exercises with answers provided in an appendix.*

**“Restoring Fiscal Sanity—2005: Meeting the Long Run Challenge.” Alice Rivlin and Isabel Sawhill. [There is now a 2007 edition]**

*“In the face of looming deficits and the growing needs of an aging population, leading policy experts offer a set of prescriptions for restoring the health of the federal budget. The focus is on bringing revenues and spending more in line during the next decade and balancing them over the long term. The authors suggest reforms in the tax system, Social Security, and Medicare to help close the financial gap and put the United States on sounder fiscal ground. Following in the footsteps of their earlier book *Restoring Fiscal Sanity* (Brookings, 2004), Alice Rivlin and Isabel Sawhill have produced a thoughtful, reasoned analysis of what ails the national well-being and how to improve it--for tomorrow and the longer term future, as well.”*

**Fishbein, John. Preparing High Quality Budget Documents (Chicago: Government Finance Officers Association, 2006).**

*No single document is more important to a government than its annual or biennial operating budget. For this reason, GFOA has identified 27 specific criteria for assessing the usefulness of budget documents. *Preparing High Quality Budget Documents* draws upon a wealth of real-life examples to demonstrate the practical application of each of these criteria. The examples selected represent a broad crosssection of state and local governments of all types and sizes from both the United States and Canada. The concise yet comprehensive text that accompanies the illustrations highlights specific lessons to be learned, as well as common errors to be avoided. A “must-have” publication for every finance director and budget professional!*

**Livingston, Miles, *Bonds and Bond Derivatives*, 2<sup>nd</sup> Edition, Blackwell Publishing, 2005.**

*“This book provides an introduction to bond markets and bond derivatives for students as well as for executives in commercial businesses and financial institutions. While many topics about debt instruments involve mathematics, this text presents the essential elements in an intuitive manner. Containing material that is accessible and engaging to students and practitioners alike, the book is ideally suited for debt markets courses, and provides a good fit with any finance curriculum. For practitioners, the book can be readily used as a training manual and reference source for firms involved in debt markets.”*

**Fabozzi, Frank J, *The Handbook of Fixed Income Securities*, McGraw-Hill 7<sup>th</sup> edition.**

*“Provides in-depth coverage, analysis, and guidance on topics including types and features of fixed income securities, risks and risk control strategies, mortgage-backed and asset-backed securities, bond market indexes, floating rate securities, municipal bonds, treasury securities, and more.”*

**"Bond Markets, Analysis and Strategies" by Frank J. Fabozzi**

*"Bond Markets, Analysis and Strategies, 4th edition, takes a practical real-world approach to bond investing. It includes a detailed discussion of each type of bond and interest rate derivative instrument. The text features a comprehensive discussion of not only the instruments, but also their investment characteristics, the state-of-the-art technology for valuing them, techniques for quantifying interest rate risk, and portfolio strategies for using them. These strategies include active strategies and structured portfolio strategies."*

**James M. Buchanan and Richard A. Musgrave, Public Finance and Public Choice: Two Contrasting Visions of the State**

*"In this volume, based on a week-long symposium at the University of Munich's Center for Economic Studies, two leading scholars of governmental economics debate their divergent perspectives on the role of government and its fiscal functions.*

*James M. Buchanan, who was influential in developing the research program in public choice, concentrates on the imperfections of the political process and stresses the need for rules to restrain governmental interference. Richard A. Musgrave, a founder of modern public finance, points to market failures and inequities that call for corrective public policies. They apply their differing economic and political philosophies to a variety of key issues. Each presentation is followed by a response and general discussion."*

**How the Bond Market Works (Second Edition); Robert Zipf; New York Institute of Finance, Paramus, NJ (1997)**

*"Completely updated to reflect the latest changes in the debt-instrument market. Provides the most current information available on the different bond instruments, trends in fixed income markets generally, and trends in individual markets. Softcover."*

**The Fundamentals of Municipal Bonds (Fifth Edition) Judy Wesalo Temel; The Bond Market Association; John Wiley & Sons, New York, NY (2001)**

*"This is simply the most comprehensive, useful look-it-up book on municipal bonds I've ever read (said with all due respect to The ABC of Municipal Bonds my dad wrote in 1937 when I was nine). Read Fundamentals cover to cover. I'm keeping mine in my briefcase, under my arm, at my fingertips. No accountant, financial advisor, attorney, new bond salesman, reporter, regulator, test-writer, cautious, suspicious first-time investor in municipal bonds, or dinner guest is ever going to catch me again with a question about municipal bonds I can't answer."—Jim Lebenthal, Chairman, Lebenthal & Co.*

**Municipal Bonds (Second Edition); Robert Lamb and Stephen P. Rappaport; McGraw-Hill, New York, NY (1987)**

*"This authoritative book offers more than seven million holders of tax-exempt securities, stockbrokers, and all others interested in the future of municipal finance the tools to evaluate the safety of municipal securities. Revised and completely up to*

date, the Second Edition discusses the long-range implications of the property tax revolt and its effect on municipal finance. It provides the necessary information to help the readers analyze such important trends as population shifts, social and economic characteristics, the political climate, cash flow, revenues, taxes per capita, pension obligations, and many others. What's more, there are now new sections covering transportation bonds, education bonds, solid waste and resource recovery bonds, bonds for infrastructure purposes, bonds with market-related financing options, and municipal analysis."

**Big Bets Gone Bad; Derivatives and Bankruptcy in Orange County; Phillippe Jorion and Robert Roper; Academic Press (1995)**

*"Jorion (finance, Univ. of California-Irvine) had a ringside seat at the great Orange County, California, financial debacle of 1994. He gives readers information about the major players and a thorough analysis of the esoteric financial instruments that provided the vehicle by which the treasurer, Robert Citron, bankrupted the county after losing \$1.5 billion. Readers unfamiliar with financial jargon may find the chapters detailing the high-flying world of repos and derivatives heavy going, but those interested in learning what really happened in Orange County will find that time invested in Jorion's book is well spent. Recommended for public and academic libraries."*

*Andrea C. Dragon, Coll. of St. Elizabeth, Convent Station, N.J.*

**J. Richard Aronson and Eli Schwartz (eds.), Management Policies in Local Government Finance, fifth edition**

*Written for all practitioners of local government finance, ICMA's Management Policies in Local Government Finance has long been considered the most comprehensive, most on-target text for local government managers, finance directors, and economic development planners and directors.*

**Joseph E Stiglitz Economics of the Public Sector 3rd edition, (W. W. Norton, New York 2000) provides clear discussion of the concepts in the context of the US scene.**

*"At the center of our country's political life are some basic economic questions: How does the government affect the economy? What should the government do? Why are some economic activities undertaken in the public sector and others in the private? Should government do more than it is currently doing, or less? Should it change what it is doing, and how it is doing it? To answer these questions, we must begin by understanding what the government does today. How had the government grown over the past fifty years? How do the size and scope of government in the United States compare with government's size and scope in other countries? This new edition of the acclaimed textbook by leading economic Joseph W. Stiglitz is the definitive text for studying public sector economics."*

**"Memos to the Governor-An Introduction to State Budgeting," Dall Forsythe, 2nd Edition, 2004 (85 pages)**

*"This is not the book to learn the ins and outs of the step by step negotiations in New York or any other state. The author is sparing in his use of anecdotes. What he does, and does well, is to take the reader through the long and tortuous process of compiling a budget from the governor's point of view, and allowing the reader to see the obstacles any governor must face in achieving his vision under the American system of checks and balances."*

**“Public Budgeting Systems,” Robert D. Lee and Ronald W. Johnson, 8th edition.**

*“A complete and balanced reference, Public Budgeting Systems, Eighth Edition surveys the current state of budgeting throughout all levels of the United States government. The text emphasizes methods by which financial decisions are reached within a system as well as ways in which different types of information are used in budgetary decision-making. It also stresses the use of program information, since, for decades, budget reforms have sought to introduce greater program considerations into financial decisions. This updated text includes: More cases studies and practical information Figures and charts to make the information more accessible PowerPoint slides for professors Using this text, students will gain a first-rate understanding of methods by which financial decisions are reached within a system, and how different types of information are used in budgetary decision-making.”*

**Tax Policy Handbook for State Legislators, National Conference of State Legislatures, ISBN 1-58024-278-2 (Item #5363).**

*This report is designed to provide new legislators-or legislators who have limited experience in tax policy-with basic tools for evaluating different state taxes. It provides an overview of the current state tax systems. It also evaluates each major state tax on six criteria developed by a group of legislators, legislative staff and other tax experts convened by NCSL in the early 1990s. The six criteria are reliability, equity, compliance and administrative issues, interstate and international competition, economic neutrality, and accountability.*

**“New Realities in State Finance” National Conference of State Legislatures, 2004 (90pages)**

*This book deals with state tax policy and how well state taxes perform in the early 21<sup>st</sup> century. It examines the major state taxes and the ways that changes in the American economy and society have affected taxes, as well as alternatives to taxes and how the federal government's tax policies affect states. The book considers the productivity of taxes, their fairness, and the reasons tax policy must be considered not only in the long-term, but also in the immediate present.*

**Saunders, Anthony and Cornett, Marcia, Financial Markets and Institutions. McGraw-Hill, 2001**

*“Financial Markets and Institutions, 3/e offers a unique analysis of the risks faced by investors and savers interacting through financial institutions and financial markets, as well as strategies that can be adopted for controlling and managing risks. The third edition further strengthens the book's risk management approach with expanded discussions of ethics, new technology integration, and much more!”*

**Handbook of the Economics of Finance: Corporate Finance Volume 1A (HEF) ed. by Constantinides, Harris, and Stulz, North Holland 2003.**

*“Volume 1A covers corporate finance: how businesses allocate capital - the capital budgeting decision - and how they obtain capital - the financing decision. Though managers play no independent role in the work of Miller and Modigliani, major contributions in finance since then have shown that managers maximize their own objectives. To understand the firm's decisions, it is therefore necessary to understand the forces that lead managers to maximize the wealth of shareholders.”*

**Bodie, Kane, and Markus, Essentials of Investments, McGraw-Hill, 2005**

*This text will introduce you to the major issues currently of concern to all investors. It can give you the skills to conduct a sophisticated assessment of current issues and debates covered by both the popular media as well as more specialized finance journals. Whether you plan to become an investment professional, or simply a sophisticated individual investor, you will find these skills essential.*

**Brealey, Richard and Myers, Stewart, Principles of Corporate Finance, 9th edition, McGraw Hill, 2008**

*“The clear market leader in the corporate finance course, this text filled a very definite need for a MODERN corporate finance text back in 1983 when the first edition was published. It is known for its intuitive, conversational style and for being able to tie together many of the important ideas in corporate finance. The author's discussions and illustrations are unique due to the depth of detail blended with a distinct sense of humor. This new edition will continue to be authoritative and student friendly but will also carry stronger, modern coverage reflected by current examples and data as well as unique emphasis upon agency issues.”*

**Malkiel, Burton G., A Random Walk Down Wall Street, 9th edition, W.W. Norton, 2007**

*A Random Walk Down Wall Street is well established as a staple of the business shelf, the first book any investor should read before taking the plunge and starting a portfolio. With its life-cycle guide to investing, it matches the needs of investors at any age bracket. Burton G. Malkiel shows how to analyze the potential returns, not only for stocks and bonds but also for the full range of investment opportunities, from money market accounts and real estate investment trusts to insurance, home ownership, and tangible assets like gold and collectibles.*

**Martin Ives, Assessing Municipal Financial Condition (2006)**

**Berne & Schramm, The Financial Analysis of Governments, (Englewood Cliffs, NJ: Prentice Hall) 1986**

**Public Finance and Public Policy, 2nd edition, Jonathan Gruber, Worth Publishers, 2007.**

*“An excellent textbook for an upper level course for economics majors. There is a lot of inertia in textbook choice, but I was finally convinced to adopt Gruber's book when I served as the Lecturer for Stanford University's upper-level seminar in Public Economics. The textbook has high production values and of particular note is its timeliness in covering both current policy issues (Social Security Reform, Fundamental Tax Reform, Education, etc.) and current public economics research (Political Economy, Behavioral Economics, Contract Theory, etc). Most textbooks on the market offer a very dated view of Public Economics, especially in terms of current research. The book explains the findings using intuition and graphs, but provides mathematical detail in mathematical supplements for the ambitious reader. The accompanying website also provides impressive PowerPoint slides. The student response to the textbook was uniformly positive.*

*The only downsides are the hefty price tag, worsened by the limited secondary market, and for those who want a more mathematically rigorous treatment in courses that require calculus and optimization, the included supplements were helpful, but still limited.”*

**Richard W. Tresch, *Public Finance, 2<sup>nd</sup> Edition* (Business Publications, 2004).**

*"...a detailed introduction to theoretical work on many of the core issues in contemporary public economics. Careful and comprehensive, it will provide readers with an ideal springboard to further research."*

*James M. Poterba, Mitsui Professor of Economics, Massachusetts Institute of Technology, Cambridge, USA*

**Neil Bruce, *Public Finance and the American Economy, Second Edition* (Reading, MA: Addison-Wesley Educational Publishers, Inc., 2001)**

*"Professor Neil Bruce balances economic theory with real-world examples and applications. His graphs and mathematics are explained thoroughly and the text covers both expenditure policy as well as tax policy; making the textbook good for 2 separate courses/semesters."*

**Rosen, H. (2004), *Public Finance, 7<sup>th</sup> Edition* (Irwin)**

*"Public Finance--while continuing to follow an innovative approach that is both theoretical and empirical--is now completely updated to reflect major changes in its key topics. New or revised information includes explanations of the Social Security trust fund, a new section on the alternative minimum tax (AMT), possible links between the corporation tax and high-profile scandals such as Enron, and more."*