Modern local government subsector management requires that the managers are supplied with relevant and needed information. Performance budgeting is a system which delivers such information, however at the moment it has only facultative character. That is why application of this tool will depend on the recognized need to introduce changes as well as the need to look at local government activities from different perspective. This article presents the principles of introduction of performance budgeting in local government units from the accounting and financial services point of view.

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