

16 STATE FINANCE

This chapter provides a general outline of the trends regarding the principal data in the final balance of the Sicilian Region, analyzing the phases of accrual (accounts receivable and payable) and cash flow (amounts received and amounts paid). Consolidated cash flow data for the Sicilian Provincial and Municipal administrations, from 2006 to 2009, is also shown, and data from the “Territorial Public Accounts” project, which is being run by the Ministry for Economic Development, helps provide a Regionalised overview of the whole extent of public administration spending.

The liquidated revenue for the Sicilian Region in 2010 amounted to 18,792 million Euros and represented a fall of 5% when compared to financial year 2009. This trend was principally due to the considerable decrease in capital transfers (-53.3%), and affected all the main items in the balance sheet.

With regard to expenditure in 2010, overall spending commitments rose by 3.4% when compared to 2009, (amounting to 19,259 million Euros). Whereas current expenditure fell by 4% capital account spending rose by 22.1%. Spending resulting from reimbursement of capital borrowed by the Region amounted to 835 million Euros (4.3% of overall spending).

As a result of the varying nature of the flows examined, analysis of cash-flow data entered in the Final Statement for 2010 showed results that did not coincide precisely with the accrual data. In fact both revenue (+8.3%,) and expenditure (+6.7%) are up.

Scrutiny of spending commitments (analyzed by intervention sector) shows that 48.1% of Regional spending (9,266 million Euros) goes on the Health sector. The sum of 565 million Euros (2.9% of the total) allotted to Agriculture, stands out among the productive sectors, as does the sum of 458 million Euros allocated to Transport. Spending allocated to General Services represented 21.2% of Regional expenditure, and increased by 6.7% when compared to 2009.

Tables 16.6 – 16.7 show the trend of consolidated cash accounts in the public sector in Sicily from 2006 to 2009. The term “consolidated” is here understood as Public Administration accounts calculated through the elision of transfers carried out in the Extended public sector, i.e. the sum total comprising central administration, local administration, municipalized and Regionalised companies, Social security companies, public bodies and Foundations. Through a homogeneous process of data-collection and processing it is thus possible to obtain information regarding the flow of state finance in the individual Regions. Analysis of revenue shows that in 2009 there was an overall 1% increase, due mainly to an increase in capital accounts revenue (+7.3%).

Total expenditure in the public sector in 2009 amounted to 66,483 million

Euros (a fall of 8.7%). This trend concerned both current expenditure, which fell by 5.1% and capital account expenditure, which dropped by 30%. The difference between overall outlay and revenue amounted to 9,587 million Euros, and gives an idea of the importance that additional public resources have in the Sicilian economy (although this gap seems to be smaller than for the previous three-year period).

Glossary

Accounts payable (A/P): a sum of money that has been committed but not yet paid; it amounts to a debt on the part of the public body.

Accounts receivable (A/R): revenue that has been registered but not collected. It constitutes credit for the public body.

Accruals: revenue that an enterprise is legally owed and expenditure committed during a financial year, regardless of whether these sums will be collected or paid.

Balance-sheet items: totality of revenue and spending operations. Revenue is divided into five items: tax revenue; contributions and current transfers; extra tax revenue, transfer and amortization of assets and collection of debts; registering of new borrowing. Spending is divided into three items: current, capital and loan repayment.

Capital expenditure: spending directly or indirectly affecting creation of capital

Capital revenue: revenue directly or indirectly affecting creation of capital

Cash flow: amount of money moving in and out during a financial year, regardless of whether or not it may have been registered or committed in other financial years.

Cash inventory: juridical/accountancy operation with which the Administration “verifies” the reasons for granting credit; this is the first phase in the procedure of receiving revenue.

Consolidated account: Public administration account aggregated through the elision of transfers carried out in the Extended Public Sector.

Current expenditure: expenditure to be allocated to production and redistribution of income for non-direct production purposes.

Current revenue: revenue to be channelled into the financing of production and re-distribution of income for purposes that are not directly productive.

Expenditure commitment: sum owed by the enterprise as a result of juridically contracted financial obligations.

Extended public sector: a loose group made up of central administration, local administration, municipalized and Regionalised companies, Social security companies, public bodies.

Financial year: totality of operations regarding management of the balance-sheet (i.e. forecasting of revenue and spending) carried out during the financial year.

Long-term liabilities: total amount of medium and long-term borrowing transactions or real estate transactions, excluding transactions lasting less than one year.

Loan repayment: totality of operations regarding repayment of medium and long-term debts, disregarding interest.

Payment: final phase in the procedure of expenditure; it consists in operations through which the order to pay is issued.

Revenue: sums effectively collected.

Transfers: unilateral transactions through which a subject devolves a sum of money or a series of goods and services without receiving anything in exchange.

Further reading

Publications

Sicilian Region General Report– Regional department for the balance and finance.

Local finance: revenue and expenditure of final balances (2005) ISTAT

AA.VV. – Italy by Regional Public Accounts (Conti Pubblici Territoriali - CPT) - Monetary flow in the Regione Sicilia (Regione Sicilia e Ministero dello Sviluppo Economico – 2009)

Internet

<http://www.istat.it/it/pubblica-amministrazione>

Local finance: revenue and expenditure of final balances (Municipalities, Provinces and Regions) - 2008

www.dps.tesoro.it/cpt/cpt.asp

Territorial public accounts project

<http://www.finanzalocale.interno.it/>

Home Ministry – Department for Home and local affairs – Central management of local finances

http://pti.regione.sicilia.it/portal/page/portal/PIR_PORTALE/PIR_LaStrutturaRegionale/PIR_AssessoratoEconomia/PIR_DipBilancioTesoro/PIR_ServizioStatistica.

Regional balance-sheet

Budget – financial years 2007-2011

General report – financial years 1994-2010

Document for economic/financial planning (2002-2004; 2003-2006; 2004-2006; 2005-2007; 2006-2008; 2007-2011, 2008-2011, 2009-2013; 2010-2013; 2011-2013; 2012-2014)