

## 6. FINANCE

Data given in Tables 6-1 to 6-12 and in Table 6-13 were provided by the Ministry of Finance and the Ministry of Defence, respectively.

### Notes on Tables

#### Tables 6-1 to 6-4 General government operations

Tables 6-1 to 6-4 give consolidated general government operations, i.e. the **state budget** (including transactions on the accounts of the National Fund, which administers resources from EU funds, resources from privatisation, i.e. the former National Property Fund, which was discontinued in 2006), **extrabudgetary funds**, i.e. state funds (the State Agricultural Intervention Fund, the State Environmental Fund, the State Culture Fund, the State Fund for Support and Development of Czech Cinematography (on 1 January 2013 replaced by the State Cinematography Fund), the State Housing Development Fund, the State Fund for Transport Infrastructure), and the Land Fund (discontinued as at 31 December 2012; the State Land Office is its legal successor since 1 January 2013), **social security funds** (public health insurance), and **local governments** (i.e. budgets of regions, municipalities, voluntary unions of municipalities, and Regional Councils of Cohesion Regions).

The consolidation of general government operations is a method eliminating all transactions and reciprocal stock positions among the government units to obtain unbiased information on total volumes of all government transactions made only in relation to non-government units.

The source data for the processing are taken from the financial statements of individual general government components, the State Final Account, and annual reports of extrabudgetary funds. The data are compiled according to the methodology of the International Monetary Fund in accordance with the Government Finance Statistics Manual 2014 (GFSM 2014). The differences in the structure or the volumes of revenue and expenditure (expense) in Tables 6-1 to 6-4 and 6-5 to 6-12 are due to the coverage of general government and the methodology used for processing. (The GFSM 2014 methodology excludes drawing and creation of reserve funds from revenue and expense. Waste deposit charges are classified as non-tax revenue. Revenue excludes loan repayments; expense excludes lending, which is classified as financing activities.)

The GFSM 2014 methodology uses accrual and cash principle. Tables 6-1 to 6-3 capture cash flows. Definition of institutions is also narrower now than the full coverage determined in the GFSM 2014 (which is the same as in the ESA 2010). Table 6-4 shows debt in the nominal value.

Due to methodological changes (implementation of the GFSM 2014) from 1 September 2016 data in Tables 6-1 to 6-4 have been revised and are not fully comparable with those published in the previous Statistical Yearbooks of the Czech Republic.

Compared to the Government Finance Statistics Manual 2001 (GFSM 2001), fundamental principles how financial and non-financial operations are captured do not change; however, the GFSM 2014 gets closer to the ESA 2010 methodology (European system of national and regional accounts in the European Union). Some changes were made in the structure of reported revenue and expense (or cash receipts from operating activities and cash payments from operating activities, respectively), especially other revenue and other expense (or other receipts and other payments, respectively) as well as the structure how financial statistics is presented. A new indicator of expenditure cash flows is a sum of expense on operating activities and "net cash outflow: investments in NFAs" (i.e. investments in non-financial assets adjusted for sales of non-financial assets). General government balance on the cash surplus/deficit line remains unchanged. What belongs to the most important changes in the structure of revenue and expense is gross recording of "own sources" contributions to the EU budget by VAT. Contributions remain to be recorded in tax revenue and on the expense side these payments are classified as current grants to international organizations. The previous treatment excluded these contributions from revenue and did not record them on the expense side (so-called net principle). Moreover, procurement of destructive military equipment is newly classified as purchases of non-financial assets instead of previous purchases of goods and services. Due to the cash principle of operations capture in the GFSM what is also not made any longer is imputation of social contributions in the form of wage compensations (sickness benefits) paid by an employer to the employees in the period of incapacity for work of the employees. Payments of these contributions remain to be recorded only as a social benefit paid by an employer to an employee. Imputation of the same amount on the expense side (compensation of employees) and the revenue side (social contribution receipts) is not made any longer.

Tables 6-1 and 6-2 list revenue and expenditure (expense) of general government by kind.

Table 6-3 contains expenditure broken down by function of general government according to the Classification of the Functions of Government (COFOG) adopted by the UN Statistical Commission.

Table 6-4 shows debt of individual general government components and the total consolidated general government debt as at 31 December of the reported year by type of debt instrument. There was also a revision: other long-term liabilities were excluded from the debt of local governments.

**Tables 6-5 to 6-12 Budget and state funds**

The data given in Tables 6-5 to 6-12 are taken from the State Final Account of the Czech Republic every year and show the financial performance of the **state budget** of the Czech Republic, **local governments**, and **state funds**.

The state budget performance results given in the State Final Account follow up the data reported in financial statements of organizational units of the state as at 31 December of the respective year and the Czech National Bank's state budget performance data as at the same date.

Tables 6-5 to 6-8 present the state budget performance results broken down by the valid budget classification, Tables 6-9 to 6-11 show performance results of local governments (i.e. budgets of regions, municipalities, and voluntary unions of municipalities in total, including Regional Councils of Cohesion Regions).

Table 6-12 shows the financial performance of state funds, including grants and subsidies provided from the state budget.

**Table 6-13 Defence expenditure by type of costs and use**

The data comply with the standardized reporting of defence (military) expenditure according to the methodology of the United Nations and come from the State Final Account of the Czech Republic for 2016, Chapter Ministry of Defence.

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The state budget current performance data can be found on the website of the Ministry of Finance at:

- [www.mfcr.cz/cs/verejny-sektor/statni-rozpocet/plneni-statniho-rozpoctu](http://www.mfcr.cz/cs/verejny-sektor/statni-rozpocet/plneni-statniho-rozpoctu) (Czech only)
- [www.mfcr.cz/en/statistics/government-finance-statistics/2016/general-government-operations-2016-28932](http://www.mfcr.cz/en/statistics/government-finance-statistics/2016/general-government-operations-2016-28932)