

Final balance sheets of municipal governments

Year 2010

The analysis of Municipal-level final balance certificates and local financing in particular falls within the context of ISTAT's statistical framework on general governments.

The provisional estimations presented in the following statistical summary are based on information from Ministry of the Interior data banks.

Revenue accounts by economic category

The total revenue assessed by municipal governments during fiscal year 2010 was estimated at 78,838 million euros (Table 1). This general total does not include the *revenue of third-party contractors*.

The total assessed revenue breaks down into 72.7 percent current revenues, 18.2 percent capital revenue and the remaining 9.1 percent for revenue derived from the opening of lines of credit.

Relative to the data for 2009, tax assessments increased by 1.0 percent and total tax collection fell by 2.2 percent. Collections in accrual accounts grew from 51,587 million euros in 2009 to 52,716 million euros in 2010 (+2.2 percent), while residual accounts dropped from 24,217 million euros to 21,429 million euros (-11.5 percent). Tax collection capacity in 2010, as measured by the ratio between taxes collected in accrual accounts and tax assessments, was equal to 66.9 percent (rising from the previous year).

Analyzing the weights of each single entry relative to total tax assessments reveals an increase – with reference to the previous year – only current revenues (+1.4 percentage points), while in both opening of lines of credit and capital revenue fell by 0.9 and 0.5 percentage points, respectively.

In 2010, the total for current revenue assessments was 57,291 million euros, reflecting an increase of 2.9 percent relative to the previous fiscal year. This result reflects the growth of tributary revenues (+6.1 percent), contributions and transfers and non-tributary revenues (+1.0 percent in both cases).

The collection of current revenues grew (+2.3 percent). Within this category, both the revenues from tributary and non-tributary revenues reflected an increase (+5.2 and +2.1 percent, respectively). Revenues from contributions and transfers remained stable.

A total of 14,328 million euros of capital revenues were assessed, down by 2.1 percent relative to 2009. This figure breaks down into a decline of 28.1 percent in credit collection, while both transfers and asset transfers grew by 2.4 and 2.0 percent, respectively.

Collections of capital revenues reached 12,604 million euros, reflecting a 13.9 percent decline relative to 2009. This can mostly be attributed to the reductions recorded in credit collection (-39.6 percent), transfers-derived (-8.4 percent) and by asset transfers revenues (-3.0 percent).

In 2010 the average per capita value of current revenues assessed at the national level (Table 2) was 945 euros per inhabitant, which was up 22 euros over the previous year's value. Municipal governments in the northern and central regions, with the exception of those located in Lombardia, Umbria, Emilia-Romagna,

Piemonte, Marche and Veneto, registered per capita levels that were above the national average. The values registered in the South fell below this threshold with 764 euros per inhabitant in the municipalities of Puglia representing the lowest value. The municipal governments of Sardegna, Abruzzo, Molise and Sicilia however, represent exceptions with per capita values above the national average of 1,210, 1,029, 982 and 979 euros, respectively.

Expenditure account by economic category

In 2010 the overall total for expenditure commitments was estimated to be 78,751 million euros (Table 3). Total payments amounted to 73,742 million euros, of which 48,280 was accrual accounts with a consequent spending capacity of 61.3 percent. Relative to 2009, commitments presented a slight decrease (-0.3 percent), while payments fell by 3.9 percent, with a reduced spending capacity (-0.6 percentage points). Current expenditure commitments totaled to 53,789 million euros, with 38,675 million euros of payments on accrual accounts. Spending capacity, therefore, was equal to 71.9 percent, reflecting a slight decrease over the previous year. In comparison to 2009, current commitments grew by 2.1 percent and current payments by 2.4 percent.

Commitments in capital accounts amounted to 18,174 million euros, with corresponding accrual payments of 3,469 million euros. This resulted in a spending capacity of 19.1 percent, which is 4.2 percentage points lower than the value reported the previous year. Relative to 2009, commitments and payments on capital accounts dropped by 4.8 percent and 19.4 percent, respectively.

In 2010, current per capita expenditures were 887.22 euros at the national level (Table 4), reflecting an increase of 14.12 euros relative to the previous fiscal year. The values recorded for municipal governments in the North, in the Centre and in the Islands were higher than the national average, with the exception of those in Umbria (880 euros), Emilia-Romagna (871 euros), Piemonte (852 euros), Marche (840 euros) and Veneto (736 euros).

In the northern regions, the highest levels of per capita expenditures were found in the municipal governments of the autonomous regions with special statutes and the autonomous Provinces – Valle d’Aosta-Vallée d’Aoste (1,581 euros) and Trentino-Alto Adige/Südtirol (1,248 euros). From among the regions with ordinary statutes there was Liguria (1,131 euros). The per capita values for all southern regions fell below the national average except for the municipal governments of Sardegna, Abruzzo and Sicilia, which registered an average value of 1,081 euros, 963 euro and 913 euros, respectively (which are above the national average). The lowest value (710 euros per inhabitant) was recorded in the municipalities of Puglia.

Expenditure accounts by functional category

Data regarding the final expenditures (including both current and capital account expenditures) of municipal governments were also analyzed in terms of the functional category employed in the final balance sheets (Table 5).

As witnessed in previous fiscal years, 2010 expenditures for the general administration function accounted for the largest proportion of final commitments (28.6 percent), which nevertheless reflects a 1.8 percentage point decline relative to 2009. When combined with expenditures for territorial and environmental management (20.2 percent), this grouping represents nearly the half of the final municipal government expenditures. As in previous years, significant proportions of expenditures were also designated for the road condition and transport (14.6 percent) function, the social sector (13.8 percent) and public education (9.2 percent). The residual 13.6 percent was divided among the other functions that were taken into

consideration. As a whole, the final expenditures committed by municipalities exhibited a slight increase relative to 2009 (+0.3 percent).

Economic-structural indicators

To facilitate the analysis of results related to the economic-financial management of municipal governments, different economic-structural indicators were disaggregated by region and demographic size class (Table 6).

This involves composition ratios that use economic aggregates that refer to assessments of revenue and expenditure commitments.

For municipal governments in Italy as a whole, the average **degree of taxation autonomy** was 38.3 percent (+1.2 percentage points relative to the previous year).

The **degree of financial autonomy**, equal to 59.1 percent at the national level, showed a growth relative to 2009 (58.4 percent for the 2009 fiscal year).

As for the **degree of tax dependence**, 2010 exhibited a decrease relative to previous fiscal years. On average, 27.5 percent of the current revenues of Italian municipal governments came from state contributions and transfers (-0.8 percentage points relative to 2009).

The **degree of structural rigidity** of municipal expenditures was equal to 40.4 percent on average, which represents a decrease relative to 2009 (42.7 percent).

Lastly, **the incidence of personal expenditures** on current municipal revenue, equal to 28.6 percent at the Italian level, showed a decrease relative to the previous fiscal year.

Table 1 - Assessments, collections (in millions of euros) and collection capacity (percentage) for municipal Governments by item - Years 2009 and 2010 (provisional data; absolute values in millions of euros)

ITEMS	ASSESSMENTS				COLLECTIONS (a)				COLLECTION CAPACITY (b)	
	2009	2010	var %	comp %	2009	2010	var %	comp %	2009	2010
Current revenue	55,671	57,291	2.9	72.7	53,364	54,584	2.3	73.6	72.7	73.3
Tributary revenue	20,660	21,927	6.1	27.8	19,634	20,649	5.2	27.8	67.3	67.0
Revenue from contributions and transfers	23,178	23,407	1.0	29.7	23,193	23,182	-	31.3	83.2	84.9
Non-tributary revenue	11,834	11,956	1.0	15.2	10,536	10,753	2.1	14.5	61.5	62.1
Capital accounts revenue	14,631	14,328	-2.1	18.2	14,638	12,604	-13.9	17.0	46.6	47.0
Asset transfers	1,714	1,748	2.0	2.2	1,571	1,524	-3.0	2.1	60.2	56.5
Transfers	10,791	11,052	2.4	14.0	10,222	9,361	-8.4	12.6	41.2	41.5
Credit collections	2,126	1,528	-28.1	1.9	2,846	1,719	-39.6	2.3	63.2	76.1
Opening of lines of credit	7,758	7,220	-6.9	9.1	7,802	6,957	-10.8	9.4	55.6	55.1
TOTAL GENERAL REVENUE	78,060	78,838	1.0	100.0	75,804	74,145	-2.2	100.0	66.1	66.9

(a) Includes collections in accrual and residual accounts

(b) The collection capacity is the percentage ratio between the collections in accrual accounts and assessments

Table 2 - Current revenue of municipal Governments by category and region, Year 2010 - Assessments (*provisional data; absolute values in millions of euros; per capita values in euros*)

REGIONS	TRIBUTARY REVENUE		CONTRIBUTIONS AND TRANSFERS		NON-TRIBUTARY REVENUE		TOTAL	
	Absolute	Per capita	Absolute	Per capita	Absolute	Per capita	Absolute	Per capita
	values	values	values	values	values	values	values	values
Piemonte	1,734	389	1,365	306	959	215	4,058	910
Valle d'Aosta-Vallée d'Aoste	56	440	135	1,051	41	320	232	1.811
Liguria	925	572	645	399	399	247	1,969	1.218
Lombardia	3,710	374	2,773	280	2,723	275	9,206	928
Trentino-Alto Adige/Südtirol	219	211	826	796	485	468	1,530	1.475
<i>Bolzano-Bozen</i>	109	214	419	824	271	534	799	1.573
<i>Trento</i>	110	208	407	769	214	405	731	1.381
Veneto	1,757	356	1,342	272	847	172	3,947	799
Friuli-Venezia Giulia	424	343	792	641	313	253	1,529	1.237
Emilia-Romagna	1,704	384	1,267	286	1,074	242	4,045	913
Toscana	1,419	378	1,152	307	1,049	280	3,620	965
Umbria	345	381	328	362	162	179	835	921
Marche	596	381	465	297	334	213	1,395	891
Lazio	2,080	363	2,698	471	1,151	201	5,930	1.035
Abruzzo	511	381	692	516	178	132	1,381	1.029
Molise	121	380	140	438	52	164	314	982
Campania	2,072	355	2,223	381	775	133	5,070	869
Puglia	1,459	357	1,368	334	297	73	3,124	764
Basilicata	166	283	261	444	82	139	508	865
Calabria	581	289	742	369	304	151	1,626	808
Sicilia	1,524	302	2,913	577	510	101	4,947	979
Sardegna	524	313	1,280	764	222	133	2,026	1.210
ITALY	21,927	362	23,407	386	11,956	197	57,291	945

Table 3 – Commitments, payments (in millions of euros) and spending capacity (percentage) of municipal Governments by category, Years 2009 and 2010 (provisional data; absolute values in millions of euros)

ITEMS	COMMITMENTS				PAYMENTS (a)				SPENDING CAPACITY (b)	
	2009	2010	var %	comp %	2009	2010	var %	comp %	2009	2010
Current expenditures	52,683	53,789	2.1	68.3	50,083	51,280	2.4	69.5	72.1	71.9
Personnel	16,575	16,373	-1.2	20.8	16,319	16,154	-1.0	21.9	91.0	91.2
Purchase of goods and services	25,245	27,136	7.5	34.5	23,608	25,242	6.9	34.2	61.0	61.6
Transfers	6,372	5,922	-7.1	7.5	5,892	5,708	-3.1	7.7	59.4	58.1
Passive interest and various financial burdens	2,361	2,180	-7.6	2.8	2,347	2,162	-7.9	2.9	97.4	97.6
Other current expenses (c)	2,130	2,177	2.2	2.8	1,917	2,015	5.1	2.7	66.6	66.3
Capital accounts expenses	19,088	18,174	-4.8	23.1	19,521	15,740	-19.4	21.3	23.3	19.1
Investments in public works	14,279	14,207	-0.5	18.0	14,445	12,018	-16.8	16.3	12.5	10.8
Furniture, equipment, etc,	740	707	-4.5	0.9	780	642	-17.6	0.9	22.8	22.2
Capital transfers	1,405	1,182	-15.9	1.5	1,316	1,134	-13.9	1.5	27.0	25.0
Investments and Conferments	279	327	17.4	0.4	468	254	-45.9	0.3	40.3	16.3
Other capital accounts expenditures	2,385	1,750	-26.6	2.2	2,512	1,692	-32.6	2.3	83.6	81.3
Loan repayment	7,207	6,788	-5.8	8.6	7,129	6,722	-5.7	9.1	90.1	90.4
TOTAL GENERAL EXPENDITURES (d)	78,978	78,751	-0.3	100.0	76,733	73,742	-3.9	100.0	61.9	61.3

(a) This item includes fee payments on accrual and residual accounts,

(b) Spending capacity is calculated as the percentage ratio between payments on accrual accounts and commitments,

(c) Includes depreciation as well,

(d) As a net of clearing accounts,

Table 4 - Current expenditures of municipal Governments by category and region, Commitments - Year 2010
(provisional data; absolute values in millions of euros; per capita values in euros)

REGIONS	PERSONNEL EXPENDITURES		EXPENDITURES FOR PURCHASE OF GOODS AND SERVICES		OTHER CURRENT EXPENDITURES		TOTAL	
	Absolute	Per capita	Absolute	Per capita	Absolute	Per capita	Absolute	Per capita
	values	values	values	values	values	values	values	values
Piemonte	1,193	268	1,795	403	808	181	3,796	852
Valle d'Aosta-Vallée d'Aoste	60	466	101	788	42	327	203	1581
Liguria	562	348	844	522	422	261	1,828	1131
Lombardia	2,386	241	4,892	493	1,529	154	8,807	888
Trentino-Alto Adige/Südtirol	421	406	504	485	370	357	1,295	1248
<i>Bozano-Bozen</i>	197	388	209	412	239	472	645	1271
<i>Trento</i>	224	423	295	556	131	247	649	1226
Veneto	1,053	213	1,771	359	811	164	3,634	736
Friuli-Venezia Giulia	409	331	643	520	313	253	1,365	1104
Emilia-Romagna	1,225	276	1,754	396	880	199	3,860	871
Toscana	1,098	293	1,626	434	682	182	3,407	908
Umbria	240	265	414	457	144	159	798	880
Marche	403	257	685	438	227	145	1,315	840
Lazio	1,730	302	3,346	584	776	136	5,852	1022
Abruzzo	302	225	795	592	195	145	1,293	963
Molise	85	266	133	416	60	186	278	869
Campania	1,538	264	2,377	407	853	146	4,767	817
Puglia	751	184	1,633	399	521	127	2,905	710
Basilicata	152	259	224	381	92	157	468	797
Calabria	489	243	728	362	276	137	1,493	742
Sicilia	1,831	362	1,952	386	831	165	4,613	913
Sardegna	445	266	919	549	447	267	1,811	1081
ITALY	16,373	270	27,136	448	10,279	170	53,789	887

Table 5 - Municipal Government expenditures by geographical area and function, Years 2009 and 2010 - Commitments (provisional data, percentage composition)

FUNCTIONS	NORTH-WEST			NORTH-EAST			CENTER			SOUTH			ISLANDS			ITALY		
	2009	2010	var %	2009	2010	var %	2009	2010	var %	2009	2010	var %	2009	2010	var %	2009	2010	var %
Administration, management and control (a)	6,361	6,249	-1.8	4,161	3,787	-9.0	4,420	3,604	-18.5	4,331	4,398	1.5	2,561	2,523	-1.5	21,834	20,561	-5.8
Justice	79	82	4.0	75	61	-17.3	88	65	-26.6	91	98	7.4	49	58	19.9	382	364	-4.4
Local police	811	849	4.7	496	501	0.9	800	845	5.6	694	697	0.4	365	357	-2.3	3,166	3,249	2.6
Public education	1,987	1,970	-0.9	1,617	1,598	-1.1	1,620	1,550	-4.3	1,099	1,040	-5.3	545	497	-8.7	6,868	6,655	-3.1
Culture and cultural goods	637	652	2.4	644	597	-7.4	594	689	16.1	311	276	-11.2	182	185	1.7	2,368	2,399	1.3
Sports and recreation	401	399	-0.4	526	485	-8.0	257	243	-4.9	248	226	-9.1	122	119	-2.9	1,554	1,472	-5.3
Tourism	146	155	5.9	123	101	-18.0	98	116	19.3	127	137	7.6	93	68	-27.2	587	577	-1.8
Movement and transport	2,489	3,268	31.3	1,926	1,822	-5.4	2,630	2,438	-7.3	1,912	2,100	9.9	779	848	8.8	9,736	10,476	7.6
Territorial and environmental management	3,141	3,538	12.6	1,843	1,967	6.7	2,612	2,529	-3.2	4,571	4,701	2.9	1,805	1,817	0.6	13,972	14,552	4.2
Social sector	2,694	2,669	-0.9	2,279	2,322	1.9	2,070	2,142	3.5	1,444	1,613	11.7	1,134	1,214	7.1	9,620	9,960	3.5
Economic development	175	179	2.3	159	163	2.6	186	211	13.4	275	197	-28.4	103	120	16.0	898	870	-3.2
Manufacturing services	181	175	-3.5	243	318	31.0	154	152	-1.0	127	134	5.3	81	46	-42.7	786	825	5.1
TOTAL (b)	19,102	20,185	5.7	14,092	13,722	-2.6	15,529	14,584	-6.1	15,230	15,617	2.5	7,819	7,852	0.4	71,771	71,960	0.3

(a) The local authorities of Valle d'Aosta-Vallée d'Aoste did not supply a functional disaggregation of final expenditures, For analytical purposes, all expenditures were attributed to the general administration and control functions,

(b) This is different than the total reported in table 3 because it is the net of loan repayment expenditures,

Table 6 - Structural-economic indicators for municipal Governments by region, Years 2009 and 2010 (provisional data; percentage values)

REGIONS	Degree of tax autonomy		Degree of financial autonomy		Degree of tax dependence		Degree of structural rigidity		Incidence of personnel expenses	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Piemonte	41.4	42.7	65.0	66.4	27.8	27.1	43.4	40.9	30.7	29.4
Valle d'Aosta-Vallée d'Aoste	22.1	24.3	39.7	42.0	1.1	1.1	30.9	30.0	26.5	25.7
Liguria	43.1	47.0	64.7	67.2	24.9	24.1	39.1	36.3	30.8	28.6
Lombardia	40.6	40.3	69.5	69.9	25.6	23.3	38.3	32.9	28.0	25.9
Trentino-Alto Adige/Südtirol	14.6	14.3	45.8	46.0	1.0	1.1	38.0	38.3	27.2	27.5
<i>Bolzano-Bozen</i>	14.4	13.6	48.3	47.6	0.7	1.0	37.2	37.8	24.2	24.7
<i>Trento</i>	14.9	15.0	43.0	44.3	1.3	1.3	38.8	38.9	30.4	30.6
Veneto	43.1	44.5	65.4	66.0	26.4	26.4	39.9	36.3	28.5	26.7
Friuli-Venezia Giulia	25.6	27.7	46.1	48.2	1.8	1.8	36.9	35.7	27.4	26.8
Emilia-Romagna	42.2	42.1	69.2	68.7	25.0	25.2	40.9	39.6	31.5	30.3
Toscana	38.2	39.2	67.4	68.2	25.9	25.5	44.0	41.4	31.7	30.3
Umbria	38.3	41.3	59.7	60.7	29.2	27.2	57.8	50.5	31.2	28.7
Marche	41.1	42.7	64.7	66.7	25.1	24.3	41.9	42.8	29.4	28.9
Lazio	31.4	35.1	51.7	54.5	37.0	33.3	32.6	35.6	27.1	29.2
Abruzzo	39.9	37.0	56.7	49.9	38.4	46.0	37.8	30.6	26.4	21.9
Molise	35.3	38.7	54.6	55.3	27.6	27.7	43.5	37.8	30.1	27.1
Campania	39.3	40.9	54.7	56.1	36.5	37.3	47.6	48.7	30.4	30.3
Puglia	47.3	46.7	58.4	56.2	33.9	31.7	38.6	35.7	26.4	24.0
Basilicata	32.5	32.7	49.9	48.7	36.1	35.4	57.2	52.8	31.0	29.9
Calabria	34.3	35.7	52.9	54.4	36.4	36.6	54.9	58.2	31.1	30.1
Sicilia	29.8	30.8	40.7	41.1	33.5	33.1	69.9	61.7	39.9	37.0
Sardegna	26.6	25.8	38.3	36.8	20.9	21.2	25.3	24.6	22.5	22.0
ITALY	37.1	38.3	58.4	59.1	28.3	27.5	42.7	40.4	29.8	28.6

- 1 - Degree of tax autonomy = tributary revenue / current revenue,
2 - Degree of financial autonomy = (tributary revenue + non-tributary revenue) / current revenue,
3 - Degree of tax dependence = contributions and current state transfers / current revenues,
4 - Degree of structural rigidity = (personnel expenses + loan repayments) / current revenue,
5 - Incidence of personnel expenses = personnel expenses / current revenue,

Informative note

The data source for this statistical summary is the certified balance sheet that all municipal governments are required to publish on an annual basis to certify their primary accounting data for the previous fiscal year. The certification of municipal balance sheets, the structure of which is defined in *Presidential Decree no,194 of 31,0,1996*, details the financial flows of salaries and cash flow for the main economic categories and revenue and expenditure items,

For fiscal year 2010, data for these provisional estimations were available for 6,756 municipal governments. Value estimations for the universe of municipalities were based on resident populations as of 31,12,2009 using coefficients of expansion for each resident population class of each region (Table 7),

Table 7 – Municipal governments and the degree of data collection coverage for final municipal balance sheets, Year 2010

REGIONS	Total no. of municipalities (A)	No. of municipal respondents (B)	Degree of municipal coverage $C=(B/A*100)$	Total Population (D)	Population of municipal respondents (E)	Degree of population coverage $F=(E/D*100)$
Piemonte	1,206	1,089	90.3	4,457,335	4,277,888	96.0
Valle d'Aosta-Vallée d'Aoste	74	66	89.2	128,230	88,869	69.3
Liguria	235	200	85.1	1,616,788	1,525,830	94.4
Lombardia	1,546	1,369	88.6	9,917,714	8,614,836	86.9
Trentino-Alto Adige/Südtirol	333	263	79.0	1,037,114	857,339	82.7
Veneto	581	535	92.1	4,937,854	4,732,763	95.9
Friuli-Venezia Giulia	218	203	93.1	1,235,808	1,191,511	96.4
Emilia-Romagna	348	319	91.7	4,432,418	4,266,584	96.3
Toscana	287	261	90.9	3,749,813	3,536,657	94.3
Umbria	92	88	95.7	906,486	891,355	98.3
Marche	239	179	74.9	1,565,335	1,254,970	80.2
Lazio	378	275	72.8	5,728,688	5,027,230	87.8
Abruzzo	305	256	83.9	1,342,366	1,177,750	87.7
Molise	136	100	73.5	319,780	175,741	55.0
Campania	551	403	73.1	5,834,056	4,575,707	78.4
Puglia	258	213	82.6	4,091,259	3,353,566	82.0
Basilicata	131	111	84.7	587,517	491,807	83.7
Calabria	409	323	79.0	2,011,395	1,526,228	75.9
Sicilia	390	280	71.8	5,051,075	4,023,677	79.7
Sardegna	377	223	59.2	1,675,411	1,115,720	66.6
ITALY	8,094	6,756	83.5	60,626,442	52,706,028	86.9

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