

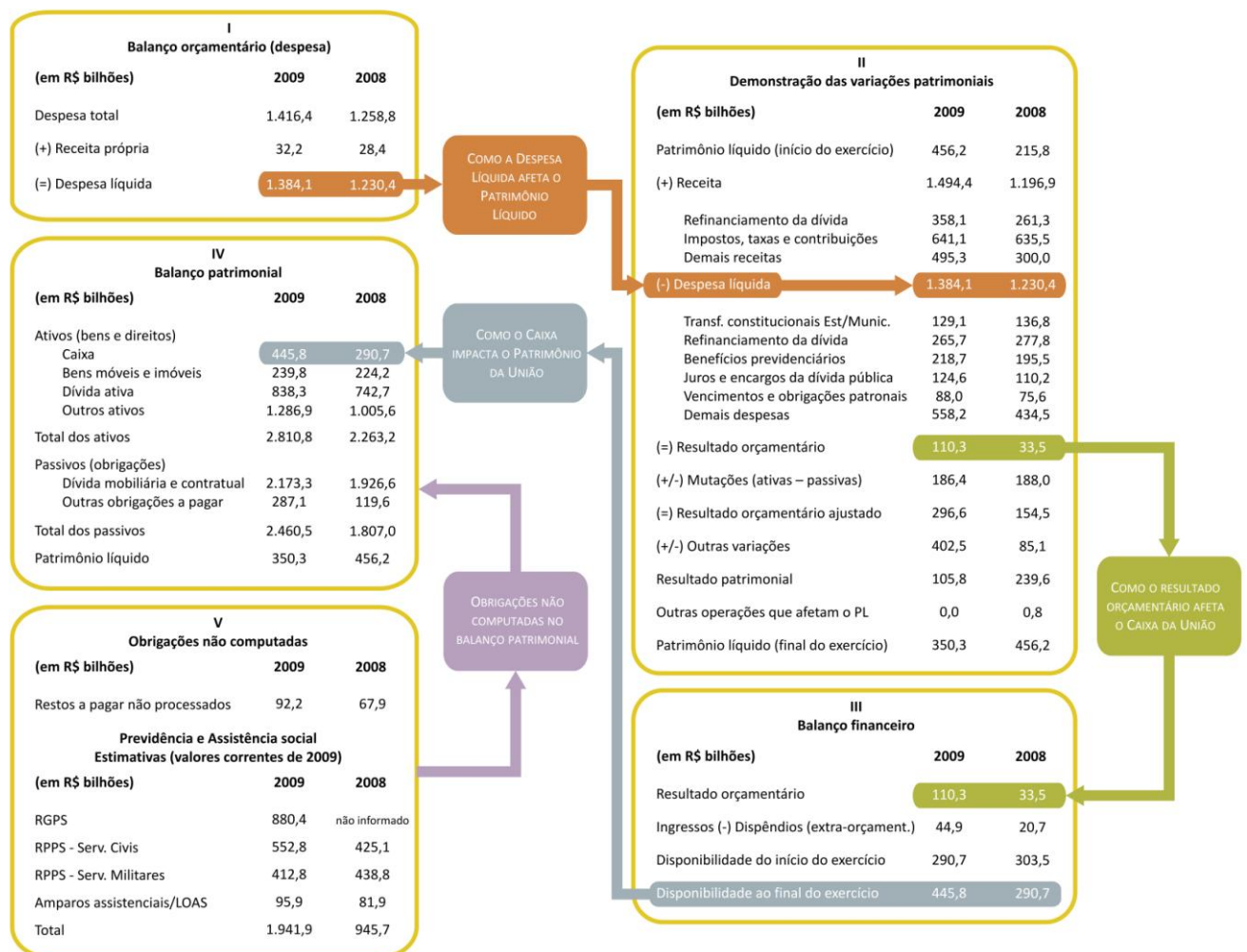
Simplified version of the General Government Accounts – Year 2009

# Analysis of Federal Government Accounting

TCU checked the relevant aspects of the accounts presented in the **Federal Balance Sheet - BGU** in fiscal year 2009 to check if it expresses adequately the budgetary, financial and equity situation of the Federal Government. In this context, the table below shows the major BGU numbers under review and illustrates how their financial statements are interrelated:

Prepared by the National Treasury Secretariat - STN and comprises the Annual Rendering of Accounts of the President of the Republic.

## The figures of the Federal Government



I  
Budget balance sheet (expenditure)

(in R\$billions)	2009	2008
Total expenditure	1,416.4	1,258.8
(+) Own revenue	32.2	28.4
(-) Net expenditure	1,384.1	1,230.4

How Net Expenditure Affects Net Equity

II  
Equity variations statement

(in R\$ billions)	2009	2008
Net equity (beginning of year)	456.2	215.8
(+) Revenue	1,494.4	1,196.9
Refinancing of debt	358.1	261.3
Taxes, fees and contributions	641.1	635.5
Other revenues	495.3	300.0
(-) Net Expenditure	1,384.1	1,230.4
Constitutional Transfers States/Municip.	129.1	136.8
Debt refinancing	265.7	277.8
Social security Benefits	218.7	195.5
Interest and charges on public debt	124.6	110.2
Dues and employer's obligations	88.0	75.6
Other expenditures	558.2	434.5
(=) Budget result	110.3	33.5
(+/-) Mutations (assets – liabilities)	186.4	188.0
(=) Adjusted budget result	296.6	154.5
(+/-) Other variations	402.5	85.1
Equity result	105.8	239.6
Other operations affecting NE	0.0	0.8
Net equity (year end)	350.3	456.2

HOW BUDGET RESULT AFFECTS UNION'S CASH

III  
Financial balance sheet

(in R\$ billions)	2009	2008
Budget result	110.3	33.5
Inflows (-) Expenditures (extra-budget)	44.9	20.7
Availability at the beginning of year	290.7	303.5
Availability at end of year	445.8	290.7

IV  
Balance sheet

(in R\$ billions)	2009	2008
Assets (goods and rights)		
Cash	445.8	290.7
Movable properties and real estate	239.8	224.2
Debts in execution	838.3	742.7
Other assets	1,286.9	1,005.6
Total assets	2,810.8	2,263.2
Liabilities (commitments)		
Securities and contractual debts	2,173.3	1,926.6
Other payable obligations	287.1	119.6
Total liabilities	2,460.5	1,807.0
Net equity	350.3	456.2

HOW CASH IMPACTS ON UNION'S EQUITY

V  
Not computed obligations

(in R\$ billions)	2009	2008
Amount to be paid, nor processed	92.2	67.9

Social Security and Social Assistance  
Estimates (2008 current amounts)

(in R\$ billions)	2009	2008
RGPS	880.4	not informed
RPPS – Civil servants	552.8	425.1
RPPS – Military servants	412.8	438.8
Social assistance/LOAS	95.9	81.
Total	1,941.9	945.7

OBLIGATIONS NOT COMPUTED IN BALANCE SHEET

**Sources: Siafi, PCPR 2009, LDO's 2009 and 2010, MPS, MD and MDS**

Table I shows that the expenditures of the Federal Government amounted to R\$1.416 trillion in 2009 and that, deducting its own revenues collected by agencies and entities, totaling R\$32.2 billion, the net expenditures amounted to R\$1.384 trillion. This amount was funded by the Treasury (taxes, debt and other sources).

Table II, in turn, highlights the elements of the net expenditure and presents the **budget results** of 2009, amounting to a surplus of R\$110.3 billion. This amount was obtained by calculating the difference between total revenues, amounting to R\$1.494 trillion, and net expense out of a total allotment of R\$1.384 trillion.

Amount collected by the Union in excess of the volume of expenses

It is important to note that some revenue and budget expenditure does not change the **net equity of the Union** after the appropriate accounting adjustments related to revenue and expenses not affecting property, as well as considerations related to extra budgetary events, the equity result showed a deficit of R\$105.8 billion. Discounting this deficit in shareholders' equity at the beginning of 2009, which totaled R\$456.2 billion, it is observed that the value of the equity of the Union at the end of the year was R\$350.3 billion.

*The net worth of the Union in late 2009 was R\$350.3 billion. This means that the Union's assets are R\$350.3 billion greater than its liabilities.*

Difference between assets (goods and rights) and liabilities (obligations) of the Union

Table III contains the balances and changes in cash holdings of the federal government. In early 2009, the availability of the Union amounted to R\$290.7 billion. After adding the R\$110.3 billion under the budget surplus as well as R\$44.9 billion relating to adjustments arising from budget execution or not, it is observed that the Union ended the year with a cash position of R\$445.8 billion.

Table IV shows the values of the assets, rights and obligations which form the Balance Sheet of the Union in 2009, which set the value of total assets of R\$2.811 trillion. This figure includes the value available in cash, from R\$445.8 billion. Moreover, there is a total liability of R\$2.460 trillion, consisting, among other obligations, of the federal debt, which in 2009 reached R\$2.173 trillion. Thus, the difference between total assets (goods and rights) and total liabilities (obligations) results in a positive net worth of R\$350.3 billion, the same value reported in Table II.

Finally, Table V complements other accounting frameworks highlighting the obligations not contemplated in the balance sheet shown in Table IV. The first one relates to **amounts to be paid, unprocessed** in the value of R\$92.2 billion. The second refers to future liabilities in social security and welfare, the estimated value of R\$1.942 trillion. Although these items are not recorded on the balance sheet of the Union, deserve to be highlighted as they were potential liabilities of large dimensions.

Committed expenditures, but not paid, whose delivery of goods or rendering of services was not yet accomplished by the supplier

After the brief presentation of large numbers of accounts of the Union, it stands out that were examined by TCU consolidated versions of the Balance, Financial and Assets Budget and Statement of Changes in Equity, so that did issues specific to each agency or entity were not contemplated.

This examination includes analysis of BGU and the relevant legislation and the analysis of accounting records and balances checking on Integrated System of Financial Administration of the Federal Government - Siafi; reconciliation of figures in financial statements and published data from other sources and analyzes regarding the composition and evolution of items of financial statements.

As a result of the works carried out by TCU, some relevant inconsistencies were identified, among which are: failure to disclosure the amounts of tax credits in installment and active debt, with differences of more than R\$85 billion between the data in the balance sheet and the report of tax administration; and

omission in BGU, of major portions of the patrimony of the Union, like the Electricity Sector Funds, which have R\$16.2 billion in financial assets and R\$14.0 billion of financial obligations and the balances of the Army's Housing Foundation and Caixa Construction of Dwellings for the Brazilian Navy servants.

**Access the full chapter on the Analysis of Accounting Statements in the full version of the Report and Prior Opinion on the General Government Accounts of the Republic: [www.tcu.gov.br/contasdegoverno](http://www.tcu.gov.br/contasdegoverno)**