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Analysis of revenues and expenditures of the Perm City budget for 2020

Abstract: At this stage of the development of the City of Perm, the genuine financial stabilization, which opens the way to economic recovery, growth of real investments in production, improvement of living standards, quality of education and culture, is significant. The state of the budget system has a specific impact on financial stabilization. The municipal budget, being the main means of mobilizing and spending Perm's resources, gives the political authorities a real opportunity to influence the economy, finance its structural restructuring, stimulate the development of priority sectors of the economy, and provide social support to the least protected segments of the population. In this regard, to make effective and efficient decisions, both at the federal and territorial levels, the study of the budget system, the budget process, the theoretical and legislative foundations and the actual practice of the functioning of the budget mechanism, a thorough analysis of the problems arising during the formation and execution of the budget, have now become particularly relevant. The purpose of the study was to study the budget of the city of Perm. The study used legislative, regulatory and statistical data from official sources of state and municipal structures. The analysis concluded that the budget for 2020 is in deficit, while the deficit turned out to be less than planned due to reduced spending. The sources of financing the budget deficit of the city of Perm are changes in the balance of funds on accounts and budget loans from other budgets of the budgetary system of the Russian Federation.

Keywords: Perm, city budget, budget system, income, expenses.



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Анализ доходов и расходов бюджета города Перми на 2020 год

Аннотация: На данном этапе развития города Перми важна подлинная финансовая стабилизация, открывающая путь к экономическому подъему, росту реальных инвестиций в производство, повышению уровня жизни, качества образования и культуры. Особое влияние на финансовую

стабилизацию оказывает состояние бюджетной системы. Муниципальный бюджет, являясь главным средством мобилизации и расходования ресурсов Перми, дает политической власти реальную возможность воздействовать на экономику, финансировать ее структурную перестройку, стимулировать развитие приоритетных секторов экономики, обеспечивать социальную поддержку наименее защищенным слоям населения. В связи с этим для принятия действенных и эффективных решений, как на федеральном, так и на территориальном уровнях, изучение бюджетной системы, бюджетного процесса, теоретических и законодательных основ и реальной практики функционирования бюджетного механизма, тщательный анализ возникающих в ходе формирования и исполнения бюджета проблем, обрели в настоящее время особую актуальность. Целью исследования было изучение бюджета города Перми. В ходе исследования были использованы законодательные, нормативные и статистические данные из официальных источников государственных и муниципальных структур. При анализе был сделан вывод, что бюджет за 2020 год является дефицитным, при этом дефицит оказался меньше, чем планировался, за счет уменьшения расходов. Источниками финансирования дефицита бюджета города Перми являются изменение остатков средств на счетах и бюджетные кредиты от других бюджетов бюджетной системы Российской Федерации.

Ключевые слова: Пермь, бюджет города, бюджетная система, доходы, расходы.



Introduction

Perm is a city in the east of the European part of Russia, in the Urals. It is situated on the banks of the Kama River, below the confluence of the Chusovaya River, the administrative centre of the Perm Krai and Perm district, a transport hub on the Trans-Siberian railway, a river port, has the status of a city of regional significance and an urban district. A large diversified industrial, scientific and cultural centre of the Urals. The Perm's population is 1,049,199 people. The city's economy is characterized primarily by developed heavy industry. Leading industries are electric power, oil and gas processing, mechanical engineering, chemistry and petrochemistry, woodworking, printing and food industry.

At this stage of the Perm City development, genuine financial stabilization is significant, which opens the way to economic recovery, growth of real investments in production, improvement of living standards, quality of education and culture. The state of the budget system has a specific impact on financial stabilization.

The municipal budget, being the main means of mobilizing and spending Perm's resources, gives the political authorities a real opportunity to influence the economy, finance its structural restructuring, stimulate the development of priority sectors of the economy, and provide social support to the least protected segments of the population.

In this regard, to make effective and efficient decisions, both at the federal and territorial levels, the study of the budget system, the budget process, the theoretical and legislative foundations and the actual practice of the functioning of the budget mechanism, a thorough analysis of the problems arising during the formation and execution of the budget, have now become particularly relevant.

The study subject is the budget of the City of Perm.

Based on this, the study purpose was to research the Perm City budget.

To achieve the purpose, the following tasks were identified and solved:

- review the execution of the budget of the City of Perm for 2020;
- analyze income from the point of view of species characteristics and chief revenue administrators;
- analyze the distribution of budget expenditures by industry has been carried out;
- consider the most expensive and large-scale municipal programmes of the City of Perm.

The study used legislative, regulatory and statistical data from official sources of state and municipal structures.

Analysis of Perm City budget revenues for 2020

The budget as a financial plan is a list of revenues and expenditures of the state, approved by the legislative and representative authorities in the form of a law. Any budget consists of two parts: income and expenditure.

Budget revenues – funds received gratuitously and irrevocably following the legislation of the Russian Federation at the disposal of state authorities of the Russian Federation, subjects of the Russian Federation and local self-government bodies.

According to Article 41 of the Budget Code of the Russian Federation, budget revenues include:

- 1) tax revenues – taxes and fees paid to the budget;
- 2) non-tax income – income from the use of property that is in state or municipal ownership;
- 3) gratuitous receipts – grants, subsidies, subventions and other inter-budgetary transfers, in other words, funds that come from one budget to another (*Budget Code of the Russian Federation*).

When analyzing the budget revenues of the City of Perm, it is worth noting that a total of 37,021.3 million rubles were collected in January-December 2020. The execution of budget revenues is 101.9% (the updated annual plan for 2020 is 36,327.9 million rubles) (*Decision of the Perm City Duma No. 133*). The structure of income by type is presented in Table 1, which shows that budget revenues for 2020 increased by 5,274.4 million rubles compared to the previous year.

Analyzing the specific income characteristics, the following conclusions can be drawn:

1. The total increase in income is 16.92%.
2. Non-tax revenues increased significantly (by 57.41%).
3. Gratuitous receipts, including various kinds of inter-budgetary transfers, have the largest share in the income structure (48.1% of the total amount of income).
4. Tax revenues make up 41.4% of the total amount of income.
5. Non-tax income is 10.4% of the total amount of income (*Decision of the Perm City Duma No. 133*).

A detailed examination of each type of income shows that tax revenues mainly consist of personal income tax, land tax and transport tax.

When considering budget revenues from the point of view of the administrators of the budget revenues of the city of Perm, 41.3% of all revenues come from the Office of the Federal Tax Service for the Perm Region, 25.6% – from the Department of Education of the Perm City Administration, 7.6% – from the Department of Transport of the Perm City Administration (*Diagram 1*) (*Perm City Administration Resolution No. 775*).

Analysis of Perm City budget expenditures for 2020

Budget expenditures are monetary funds paid from the budget, except for funds that are sources of financing the budget deficit. The budget expenditures of the City of Perm for 2020 amount to 38,456.7 million rubles. Execution of budget expenditures – 91.9% (annual expenditure plan – 41,684.4 million rubles) (*Decision of the Perm City Duma No. 133*). The structure of the Perm City budget expenditures in the context of industries is presented in Figure 2.

It can be seen from Diagram 2 that education is primarily a funded industry (40% of all expenditures), which is explained by the implementation of such municipal programs in the field of preschool, school and higher education as *Affordable and High-Quality Education (Perm City Administration Resolution No. 792)* and *Development of a Network of Educational Organizations in the City of Perm (Perm City Administration Resolution No. 796)*. These programs are aimed to increase the number of preschool educational and general education institutions providing additional education.

Priority tasks also are to form a modern educational environment and develop a system of support and the professional growth of teaching staff.

The next industry in terms of financing is the national economy (30%). Within the framework of this industry, the municipal programs *Organization of Regular Transportation by Road and Urban Ground Electric Transport in Perm* and *Organization of Road Activities in Perm (Perm City Administration Resolution No. 775)* were implemented.

At the same time, the healthcare financing during the coronavirus pandemic raises several questions – less than 1% of the entire expenditure part of the city budget.

Analyzing budget expenditures for 2020, it is worth considering the dynamics of growth or loss of financing of certain industries in comparison with the previous and subsequent years (see Table 2).

Analyzing the comparative characteristics of expenses, the following conclusions can be drawn:

1. Budget expenditures tend to increase both in 2020 and in 2021.
2. A significant increase in expenditures is planned in 2021 in such sectors as national security, national economy, housing and communal services, environmental protection.
3. A significant decrease in funding is typical for the healthcare industry.
4. Spending on social policy is decreasing.

When analyzing the expenditures and revenues of the Perm City budget, it can be concluded that the budget for 2020 is in deficit, while the deficit turned out to be less than planned due to reduced expenditures (*Table 3*). The sources of financing the budget deficit of the City of Perm are changes in account balances (17.6 million rubles) and budget loans from other budgets of the budgetary system of the Russian Federation (1,417.9 million rubles).

Conclusion

Analysis of the execution of the budget of the city of Perm for 2020 and comparison in previous and subsequent budget years shows:

- 1) an increase in both revenues and expenditures of the budget for 2020 in comparison with the previous year;

- 2) mainly the revenue part of the budget consists of gratuitous receipts, which indicates insufficient financial support for the municipality and dependence on higher budgets;
- 3) the expenditure part of the budget allows us to conclude the priority directions of the development of the city of Perm, in particular, 70% of expenses are distributed in the field of education and economy;
- 4) municipal programs are one of the main tools of budget planning
- 5) a negative trend towards a decrease in health care costs;
- 6) the budget for 2020 is in deficit, in the budgets for 2021, 2022, and 2023, the expenditure part also exceeds the revenue;
- 7) the main source of financing of the budget deficit is a budget loan.



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Appendix

Table 1. Income by type of income for 2019 and 2020, million rubles

	Budget revenues for 2019	Budget revenues for 2020
Total	31,745.9	37,021.3 (+16.62%)
Tax revenues, including	14,056.7	15,342.9 (+9.15%)
<i>Personal income tax</i>		9,910.2
<i>Unified imputed income tax for certain types of activities</i>		108.2
<i>Personal property tax</i>		768.3
<i>Transport tax</i>		1,555.4
<i>Land tax</i>		2,596.7
<i>State duty</i>		224.5
<i>Other tax income</i>		179.7
Non-tax income	2,457.69	3,868.6 (+57.41%)
<i>Income from the use of state and municipal property</i>		837.3
<i>Payments for the use of natural resources</i>		3.9
<i>Income from the provision of paid services (works) and compensation of state costs</i>		2,343.6
<i>Income from the sale of tangible and intangible assets</i>		356.5
<i>Fines, sanctions, damages</i>		240.0
<i>Other non-tax income</i>		87.2
Gratuitous receipts	15,231.5	17,809.8 (+16.93%)

Table 2. Comparison of Perm city budget expenditures for 2019, 2020, and 2021, million rubles

	Budget expenditures for 2019	Budget expenditures for 2020	Planned expenditures for 2021
Total	31,013.2	38,456.6 (24%)	48,418.8 (25,9%)
National issues	2,045.3	2,267.69 (10,87%)	2,918.1 (28,68%)
National security and law enforcement	286.39	276.7 (-3,38%)	418.0 (51,07%)
National economy	7,578.6	11,496.5 (51,70%)	16,011.0 (39,27%)
Housing and communal services	3,536.4	4,467.89 (26,34%)	8,603.7 (92,57%)
Environmental protection	31.9	33.5 (5,02%)	60.3 (80,00%)
Education	12,958.7	15,328.4 (18,29%)	16,411.8 (7,07%)
Culture and cinematography	1,071.3	1,201.0 (12,11%)	1,334.6 (11,12%)
Healthcare	71.2	19.39 (-72,77%)	0.2 (-98,97%)
Social policy	2,225.9	2,189.69(-1,63%)	1,393.1 (-36,38%)
Physical education and sports	1,207.5	1,175.8 (-2,63%)	1,262.59 (7,38%)
Servicing of state and municipal debt	0.0	0.0	5.4

Table 3. The main indicators of the execution of the Perm City budget for 2020, million rubles

	Updated annual plan for 2020	Executed during the reporting period	Percentage of execution, %
Income	36,327.9	37,021.2	101.9
Expenses	41,864.4	38,456.7	91.9
Deficit/ proficiency	-3,376.4	-1,435.5	-

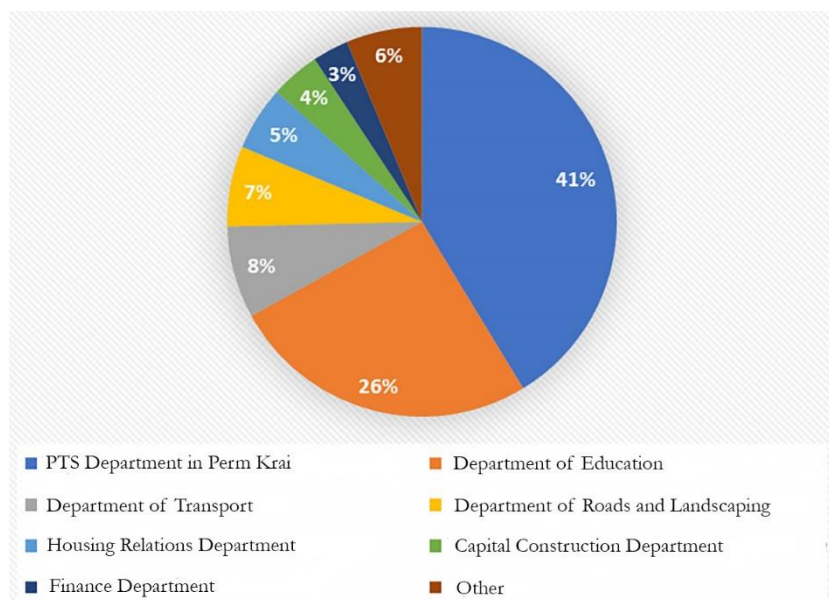


Diagram 1. Revenue by department