

## Methodology

Monthly data on sources and uses of cash by central government units of the general government sector were worked out for analytical and statistical purposes of the International Monetary Fund using its definitions and classifications applied in the *GFSM2001* system (*A Government Finance Statistics Manual* IMF 2001).

Statistics include main components of the central government level, namely state budget, Social Insurance Fund, Pension and Disability Fund, Labour Fund and National Health Fund.<sup>1</sup> Non-consolidated expenditures of the above-mentioned components cover around 80% of non-consolidated expenditures of the subsector. That means that data presented in the publication are representative to make an assessment of formation of the fiscal policy of the central government.

The full institutional scope of the consolidated central level includes annual data prepared and published from 2016 (data for 2014) by the Central Statistical Office (CSO) in accordance with the *GFSM2014* methodology (*A Government Finance Statistics Manual 2014*). Previously, annual data according to *GFSM2001* was prepared by the Ministry of Finance.

Monthly data are published in the IMF's *International Financial Statistics* and in Polish CSO's Statistical Bulletin. Moreover, the main aggregates of monthly and annual data and their methodological descriptions are available on *Dissemination Standard Bulletin Board* website, created and maintained by IMF for the purpose of disseminating the standards of financial and economic data presentation.

Monthly data are presented on a cash basis and after internal transfers consolidation, i.e. the elimination of financial flows among entities included into the scope of the sector.

The operations concerning consolidated central government level were collected in following main aggregates: 1) cash receipts from operating activities, 2) cash payments for operating activities, 3) net cash inflow from operating activities, 4) net acquisition of nonfinancial assets, 5) cash surplus or deficit, 6) net acquisition of financial assets other than cash, 7) net incurrence of liabilities, 8) net change in the stock of cash.

1) Cash receipts from operating activities cover: taxes, social contributions from employers or employees that secure employees' entitlements to future social benefits, grants, equalling non-compulsory transfers from the other general government units or international organizations, other receipts comprising property income, including interest and dividends, sales of goods and services, including administrative fees, and other non-tax receipts (i.e. fines, penalties, gifts).

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<sup>1</sup> Sources: The State Budget Department monthly data on revenue, expenditure and state budget deficit; monthly information from the Paying Authority Department on European funds budget (excluding Common Agricultural Policy) and monthly information on the payments to farmers within Common Agricultural Policy budget; the Public Debt Department monthly data on the State Treasury debt in capital value, sources of financing of the state budget deficit, exchange interests payments by way of swap transactions and state budget receipts from bonus and interest by way of treasury securities; Rb-FUS - the Social Insurance Fund report on its revenue and expenditure worked out by the Social Insurance Institution; Rb-FER - the Pension and Disability Fund of the Board for Social Insurance of Farmers report on its revenue and expenditure; MRPiPS-02 - the Labour Fund report on its revenue and expenditure, worked out by the Ministry of Family, Labour and Social Policy; National Health Fund monthly reports presented according to the Minister of Finance regulation of December 23, 2011 on detailed principles of conduct of the financial management of the National Health Fund. In a very few cases when it was impossible to obtain data from the source materials, there were made estimations to make the sets of data.

- 2) Cash payments for operating activities include: compensation of employees, purchases of goods and services (equal to the costs of materials and services), interest paid mainly on loans and redemption of securities, subsidies, grants to the other general government units and international organizations, social benefits (from social security, i.e. pensions, disability, unemployment compensation or sickness benefits and from social assistance) and other payments covering all transactions not mentioned above (i.e. rents, transfers to non-profit institutions serving households, including associations and foundations, taxes, compulsory fees, fines, penalties, compensations and capital transfers to enterprises).
- 3) Net cash inflow from operating activities covers cash receipts from operating activities less cash payments for operating activities.
- 4) Net acquisition of non-financial assets comprises purchases of fixed assets, valuables, and non-produced assets less their sales. It equals the cash flow from investments in non-financial assets.
- 5) Cash surplus or deficit is defined as the net cash inflow from operating activities less the net cash outflow from investments in non-financial assets.
- 6) Net acquisition of financial assets other than cash records transactions concerning mainly acquisition of securities less their disposals, lending less repayments and other operations (i.e. privatisation), resulting in the changes in the value of assets held.
- 7) Net incurrence of liabilities identify the transactions concerning mainly the issue of securities less their redemption, incur of loans and credits less repayments and other operations, resulting in the changes in the value of liabilities held.
- 8) Net change in the stock of cash is cash surplus or deficit plus net cash inflow from operating activities (the inflow means net acquisition of financial assets other than cash less net incurrence of liabilities). It is equal to the sum of the net cash received as a result of current activities, transactions on non-financial assets and transactions on financial assets other than cash and financial liabilities.

The classification of financial transactions as domestic or foreign was made according to the SNA domestic resident definition, in accordance with the resident is an entity having their headquarter on the economic territory of the country, where it is engaged in economic activity in period longer than one year.