

ANALYSIS OF THE FINANCIAL MANAGEMENT OF A MUNICIPALITY



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1. SUMMARY

The purpose of the research project presented below is to analyze the financial management of a small municipality in the province of Teruel. The data under study has been framed in the year 2018 and subsequently compared with the year 2017; the data that have been provided by the council and from which we will establish our starting point have been: the state of settlement of income and expenditure, the remaining cash and the annual budget result and therefore we can know what the state of the institution is.

Having analyzed the data from the municipality, a comparison was made between the two years, and different economic ratios were established, which we will analyze later.

The report has specifically analyzed compliance with Law 47/2003. The municipality object of study and with which later we will compare are located in the region of the "Matarraña", and both count on a population inferior to the 300 inhabitants, being as well, its municipal term inferior to the 40 km²; it is for that reason that, we could think that the obtained results, will be able to be similar or not, but only a good comparative of economic and financial ratios will contribute to us of significant way as they have been managed both municipalities from the financial and countable point of view.

2. KEY WORDS

Budgetary settlement statement, income and cost, treasury remnant, ratios, budgetary result.

3. INTRODUCTION

In this research project, we will analyze the economic and financial management of a small municipality in the province of Teruel, called "Fuentespalda", which currently has 289 registered inhabitants, and which we will later compare with another municipality called "Lledó" with some 171 inhabitants.

With all this we intend to evaluate, from the economic and financial point of view, the management of the consistory. The data presented below, together with a series of summary tables that will be drawn up, will give us an idea of whether the municipality's income exceeds its annual expenditure, for example, and thus the municipality shows a surplus for the year under analysis, or whether, on the contrary, the expenditure is so high that the municipality must apply for a loan or increase its tax revenues.

We will also analyze whether the aid provided by the Autonomous Community of Aragon and the Provincial Council of Teruel is sufficient to meet municipal needs in terms of improvements to public roads or actions that can promote tourism, and therefore have a substantial economic impact on municipal establishments.

We can say that since this is a small municipality, the expenditure, like the income, is not too high, and therefore, thanks to the orderly and detailed information I have received from the Secretariat, our project proposal has been carefully and analytically examined.

I have had the opportunity to obtain the same data from another municipality in the same region, in order to extend the project. Once the data from the first municipality has been analyzed, a comparison will be made with the second one. As data, we can point out that both municipalities belong to the same political formation and with a woman as Mayor.

In short, the data have not been very high and its fairly orderly management has enabled us to analyze the council and then compare it with another very similar, and to reach a conclusion.

4. INFORMATION FROM THE MUNICIPALITY UNDER STUDY

Our municipality, of which we will analyze the economic-financial management of its council is located in Aragon, specifically in a very small region, called the “Matarraña”.

Aragon is one of the largest communities in Spain, ranking fourth in the national ranking, with an area of 47,720.25 km², 9.4% of the total Spanish territory. We cannot say the same in terms of inhabitants, since it is in eleventh place with a total of 1,313,463 inhabitants, with a population density of 27.68 inhabitants per km², far from the 829.24 inhabitants per km² that presents the Autonomous Community of Madrid. The Autonomous Community of Aragon is divided into 3 provinces, Huesca, Zaragoza and Teruel, its capital is Zaragoza, where half of its inhabitants are concentrated, leaving Huesca in second place and Teruel in the tail.



Figure 1. Map of Aragon/ Province of Teruel

Note that the “Matarraña” region borders on the Lower Aragon-Caspe in the north, the province of Tarragona in the east, the province of Castellón in the south and Lower Aragon in the west. The region of “Matarraña” is usually considered part of Historical Lower Aragon.

The region belongs to the so-called stripe of Aragón, and in all its municipalities the local language is among the varieties classified as dialects of Catalan. In addition, the whole population knows Spanish.

The nature of the region, together with its historical heritage, has been described by Vogue magazine as "Spanish Tuscany".

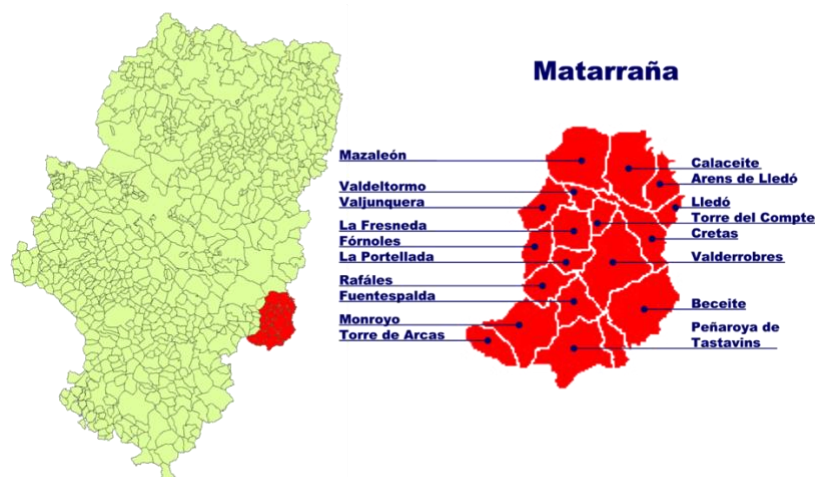


Figure2. Map of the "Matarraña" region

Fuentespalda, the municipality object of study, this located in the North zone of the Region of the "Matarraña" in the interfluvium of the rivers Pena and Tastavins, counts at the moment on 289 registered inhabitants, although we can indicate that during the winter periods the inhabitants are of 150 approximately. The economic motor is based on the pig ranch and the agriculture of olive trees and almond trees, approximately exist 10 farms that continue in active and two thirds of the dimension are fields dedicated to the culture, the rest are of forest character. Tourism, during the spring and summer periods supports the establishments in the area. Unfortunately and to our regret, the predominant age is from 60 years upwards.



Figure 3. Fuentespalda's Shield

Around it there are also municipalities with low population densities; the “Matarraña” region has 16 more municipalities. Only, the capital that is Valderrobres surpasses the 2,000 inhabitants, being this the neuralgic center of sanitary, commercial and legal activities.

So we can advance that the liquidation of the budget will not be very high, if we compare it with a city or a bigger town, as the capital of this region.

5. METHODOLOGY FOR THE ANALYSIS OF THE BUDGET SETTLEMENT

In order to perform all the calculations presented below, a formal request was first made to both town halls. In order to do so, we asked the Secretary of the City Council, both of the municipality under study and the municipality to be compared, to provide me with the following documentation:

- A) Settlement of the revenue and expenditure budget for the financial years 2017 and 2018.
- B) Remaining cash from the above-mentioned exercises.
- C) Adjusted budgetary result of the same years.

The entity's budget is made up of the entity's own budget, as well as that of the autonomous bodies that depend on it and the income and expenditure forecasts of the commercial companies whose share capital belongs entirely to the entity.

They must also comply with the Law on Budgetary Stability and Financial Sustainability, which is the subject of the guiding principles binding all public authorities, and to which public sector budgetary policy must conform, as a guarantee of sustained economic growth and job creation. It establishes the procedures necessary for the effective application of the principles guaranteeing

the participation of the institutional coordination bodies between the public authorities in matters of fiscal and financial policy, the establishment of deficit and debt limits, the exceptional cases in which they can be separated and the mechanisms for correcting the derivations.

For the purposes of the law on budgetary stability and financial sustainability, it consists of the following tiers:

1. The Public Administration sector.
 - 1.1. Central administration (State and central government agencies)
 - 1.2. Autonomous Communities.
 - 1.3. Local Corporations.
 - 1.4. Social Security Administrations.
2. All other public business entities, commercial companies and other public law entities.

The principle to be complied with in budgetary stability consists of 3 paragraphs:

1. The preparation, approval and execution of budgets and other actions affecting the expenditure or income of the various subjects included in the scope of application of this Law shall be carried out within a framework of budgetary stability, consistent with European regulations.
2. General government budgetary stability shall mean a position of balance or structural surplus.
3. Budgetary stability shall mean the position of financial balance as referred to in Article 2.2 of this law.

In addition, the principle of financial sustainability must be complied with, consisting of the following:

1. The actions of public administrations and other subjects within the scope of application of this Law shall be subject to the principle of financial sustainability.
2. Financial sustainability shall be understood to mean the capacity to finance present and future expenditure commitments within the limits of deficit, public debt and commercial debt arrears in accordance with the provisions of this law, the regulations on arrears and European regulations. On the other hand, it is understood that commercial debt is sustainable when the average period for

payment to suppliers does not exceed the maximum period provided for in the regulations on arrears.

3. In order to comply with the principle of financial sustainability, financial operations shall be subject to the principle of financial prudence.

We will also analyze financial ratios from the point of view of public accounting and to see if the council is in a good position.

6. BUDGET ANALYSIS

6.1. ANALYSIS OR THE INCOME BUDGET

The income budget table presented by the municipality to be analyzed is detailed in the following table. In this case, we can see that it has 9 income chapters, all of them referring to cash receipts in the municipality.

DESCRIPTION	BUDGET ESTIMATES	RECOGNIZED RIGHTS	CANCELLED DEBTS	NET RECOGNIZED RIGHTS	NET PROCEEDS	OUTSTANDING DEBTS	OVERPROVISION
CHAPTER 1. DIRECT TAXES	6500 0	6199 8,47	824, 24	61174, 23	6117 4,23	0	- 3825,77
CHAPTER 2. INDIRECT TAXES	5000	900, 19	0	900,19	900, 19	0	- 4099,81
CHAPTER 3. PUBLIC RATES AND PRICES	5625 0	1033 71,25	3990	99381, 25	6150 1,91	3787 9,34	4313 1,25
CHAPTER 4. CURRENT TRANSFERS	1063 00	1022 40,36	0	10224 0,36	9827 6,86	3963 ,5	- 4059,64
CHAPTER 5. PATRIMONIAL INCOME	1710 0	7295 ,16	180, 13	7115,0 3	7115 ,03	0	- 9984,97
CHAPTER 7. CAPITAL TRANSFERS	2968 00	2550 46,27	0	25504 6,27	8406 2,22	1709 84,05	- 41753,73
CHAPTER 8. FINANCIAL ASSETS	6037 9	0	0	0	0	0	- 60379
CHAPTER 9. FINANCIAL LIABILITIES	1000	0	0	0	0	0	- 1000
TOTAL	6078 29	5308 51,7	4994 ,37	52585 7,33	3130 30,44	2128 26,89	- 81971,67

Table 1. 2018 Income Budget

The first chapter is identified as direct taxes, within it, we can find all the taxes either of real estate, vehicles or economic activities that the city council collects from its taxpayers. In this chapter we look at the taxes on real estate and urban property with a total of 35,016.37 euros and which have been collected in full. It also includes the tax on mechanically-driven vehicles with a total of 21,380.21 euros, as many people in the village are involved in agriculture and therefore the amount of the tax is high under this heading.

In the second, called indirect taxes, we add the taxes for constructions, installations and works, also contributed by the taxpayer. In this section we only have a subchapter called tax on constructions, installations and works with a total of 900.19 euros, that is to say, the inhabitants pay tax for building in the municipal territory and this year it has not been very high.

The third, one of the most extensive, has income derived from different municipal taxes, whether for the supply of drinking water, sewage, solid urban waste, recycling and clean points, expenses caused by the use of the cemetery (considered to be the property of the municipality), taxes for the concession of a municipal swimming pool, etc. In our case, the most relevant has been the water supply service with an amount of 20,561.33 euros and the rubbish collection service with 13,800 euros, both of which were cancelled. We also have other diverse income with a total of 59,023.06 euros of net recognized rights but with 37,864.83 euros pending collection, more than half of the total.

The fourth, fundamental for populations with a high income due to their small population, and known in the media as "those of empty Spain", are those contributed by the Autonomous Community and the Provincial Council of Teruel, in this case, simply essential for the preservation of small municipalities such as those being analyzed in this project. Within this section and more relevant is the participation of state taxes with an amount of 54,598.06 euros collected in full. We also have income from councils, councils and town halls with an amount of 29,859.74 euros and charging more than 80%.

In the fifth chapter we find income from property; for example, leases of property from the municipality or forest holdings to natural persons. A very interesting subchapter within this section is the leasing of properties owned by the municipality with a sum of 6,281.40 euros and the pending item being void. In addition we also have income from forest exploitation, since there is a lot of hunting in the municipality and we obtain an amount of 832.13 euros per year from the village's hunting reserve.

In chapter seven, we find what is called capital transfers, whether they are made by the administration of the autonomous community, others from deputations other than those in chapter 4, etc. In our case, we asked for a subsidy from the autonomous community of Aragon for a value of 124,660.32 euros, but only 12,000

euros were paid, with the remainder pending for subsequent years. We also observed a subsidy from the council of 130,385.95 euros and that only 58,323.73 euros remained pending collection, less than half of the total.

In chapter eight, on financial assets, we highlight income for the supply of affected over-financing; in our municipality to be analyzed, as a preliminary figure, we can see that initially in the initial forecasts our income was over 60,000 euros, but finally the amount to be received was 0 euros. And finally the chapter nine called financial liabilities, section in which are located the loans received by the council from public sector entities and that initially was budgeted 1,000 euros but that were not carried out during the year.

These last chapters are the consequence of credits requested by the city council to face the debt, however, it was cancelled because the city council was not in debt.

6.2. COST BUDGET ANALYSIS

The structure of the expenditure budget is very similar to that of the revenue budget, which is why they have the same chapters. In this section, our municipality has only 6 chapters. The first one is for personnel and social security expenses. A second chapter destined to the acquisition of goods, rentals, maintenance and repair of infrastructures, supplies, publicity, etc... The third one destined to expenses for financial charges, either interests or expenses for modifications. A fourth one for pensions and subsidies and also transfers from the state, autonomous communities... A sixth chapter destined to investments and the last one which is the ninth one for general actions.

DESCRIPTION	BUDGETARY APPROPRIATIONS			COMMITTED EXPENDITURES	NET RECOGNIZED OBLIGATIONS	PAYMENTS	UNLIQUIDATED OBLIGATIONS	CREDIT BALANCES
	INITIALS	MODIFICATIONS	DEFINITIVE					
CHAPTER 1. STAFF COSTS	70100	0	70100	57220,80	57220,80	57220,80	0	12879,20
CHAPTER 2. EXPENDITURE ON CURRENT GOODS AND SERVICES	113250	0	113250	104242,02	104242,02	93709,81	10532,21	9007,98
CHAPTER 3. FINANCIAL EXPENSES	700	0	700	624,86	624,86	624,86	0	75,14
CHAPTER 4. CURRENT TRANSFERS	24650	0	24650	24527,57	24527,57	24527,57	0	122,43
CHAPTER 6. REAL INVESTMENTS	331500	60379	391879	321323,94	321323,94	169840,21	151483,73	70555,06
CHAPTER 9. GENERAL ACTIONS	7250	0	7250	7250	7250	7250	0	0
TOTAL	547450	60379	607829	515189,19	515189,19	353173,25	162015,94	92639,81

Table 2. 2018 Cost Budget

Analyzing the 2018 financial year, we note that in the first chapter we include staff costs, which in that financial year amounted to 57,220.80 euros for salaries of workers hired by the city council, for example, secretary, bailiff and administrative staff. We also include in this section the social security of these workers.

In the second chapter, for information purposes, it should be noted that the expenditure forecast was 113,250. This chapter is intended for expenditure on the maintenance or improvement of public roads or the development of activities.

Part of these obligations were earmarked for the promotion of cultural and sporting activities, with net recognized obligations of 4,433.52 euros, with 327.50 euros remaining to be paid, and a credit balance, i.e. exceeding the initial budgeted value by 433.52. On the other hand, an important data is the expense of electric energy destined to the public school of the municipality, with committed expenses of 1,534.63 Euros, 34.63 Euros more than the budgeted, but the obligations pending of payment remain null. Also to indicate a subsection for expenses in popular celebrations, with budgets of 2,000 euros, being finally of 1,601.04 euros.

In the sub-sections of expenditure on the supply of drinking water and the supply of electricity for public lighting, the following values should be highlighted

	Maintenance of drinking water	Electrical energy for public lighting
EXPENSE ESTIMATE	6.500 €	7.500 €
ANNUAL EXPENDITURE	5.172,73 €	6.459,91 €
UNPAID	1.327,27 €	1.040,09 €

Table 3. Water and electricity subsections

Another sub-section to be highlighted is the maintenance of machinery, technical installations and tools, as there were net obligations of 8,225.95 euros with 3,389.20 euros pending. It was also allocated to the maintenance of equipment for information processes with a total of 3,812.85 euros and for office equipment with 508.20 euros, both items being settled.

Finally, in this chapter, part of the expenditure included was destined to advertising of the municipality, such as, for example, telecommunications services, postcards, advertising, press, magazines, books and publications in official journals with a weight of 5,312.95 euro, with only 37.50 euro remaining to be paid, a value of little relevance.

In the third chapter we find the so-called financial expenses, where we have interest and other financial expenses where 500 euros of interest were budgeted and in

the end they were not carried out, while, on the contrary, the other financial expenses were budgeted for 200 euros, however, they were more, reaching 624.86 euros paying the whole amount.

In a fourth chapter, called current transfers, they include all payments that have been destined to public entities, in our case it has a total of 24,527.57 euros being cancelled. Within this section we find transfers destined to the region for rubbish collection, as from 2018 the "door to door" collection system was established with a total of 17,099.46 Euros of the total net recognized obligations. Apart from this, more expenses were also destined to the region, one of them for landfill, social insertion and physiotherapy, and a home help service where 693.86 euros were destined due to the fact that the population is long-lived and needs this assistance. Expenditure was also allocated to a sports service with a weight of 1,055.95 euros for activities carried out for all inhabitants and an urban planning service allocated 1,472.30 euros of the total expenditure of this chapter, to pay professionals who provided services in the municipality, hired by the "Matarraña" region.

In the sixth chapter called real investments, these are those expenses that are destined to municipal works such as the improvement of the public road of the town. Initially the budget in one subchapter was for the photovoltaic installation with a total of 100,000 euros although finally the final forecasts were nil. However, 160,000 euros was definitively budgeted in another subchapter and later the final cost was 36,828.52 euros less. On the other hand we have a subchapter to emphasize within this section, it was the expense budgeted for investments in new infrastructures and goods destined for general use giving an expense forecast of 46,000 Euros, and that finally the net recognized obligations were 45,129.10 Euros, with total payments in that year of 10,000 Euros, resulting in 78% of pending payment.

We also note, the budgeted expenditure for the use of FIMS this year, was 130,379 euros, but finally the faith expenditure of 105,812.16 euros, leaving 31,521.60 euros pending, with an over forecast of 24,566.84 euros. In the sub-section of works for the improvement of tracks, they were initially budgeted for 50,000 euros, with a modification that left the foreseen expense at 17,000 euros, although finally the value was reduced by 2499.53 euros, with 7,005.90 euros pending.

In addition, this chapter includes expenditure for buildings and other constructions with a total of 2,513.38, all of which is pending. We also note that there was a purchase of a van, due to the fact that in the same year it was removed from the municipal warehouse and replaced by a new one with a value of 12,700 euros, leaving the debt null and void.

Finally in this section, the city council invested in the air conditioning of an assembly hall in property, paying a total of 13,194.63 euros, 805.37 euros less than the initial forecast.

Finally, there is chapter nine where general expenses are allocated, in our case only 7,250 euros are allocated for the amortization of long-term loans from public sector entities, leaving these amortizations at 0 in the financial year 2018.

6.3. ANALYSIS OF THE BUDGETARY OUTCOME

The adjusted budgetary result is the result of correlating the rights recognized during the year with the obligations applied to the budget of the same, correcting both magnitudes with the deviations of financing, positive and negative, in expenses with financing affected that occur in the year and with the obligations that have been contracted with charge to the remaining unrestricted cash of the previous year.

It is presented by distinguishing the following groupings:

- Total non-financial operations.
- Financial assets.
- Financial liabilities.

Therefore, according to the data of our city council, the adjusted budget result shows a figure of 71,032.63 euros in the year 2018.

We can see this in the following table:

CONCEPTS	NET RECOGNIZED RIGHTS	NET RECOGNIZED OBLIGATIONS	SE TTINGS	BUDG ETARY OUTCOME
a) Current transactions	270796,55	186615,25		84181,3
b) Capital transactions	25504	32132		-
	6,27	3,94		66277,67
1. Total non-financial transactions	52584	50793		17903,
	2,82	9,19		63
c) Financial assets	0	0		0
b) Financial liabilities	0	7250		-7250
2. Total financial transactions	0	7250		-7250
I.- BUDGETARY OUTCOME FOR THE YEAR	525842,82	515189,19		10653,63
SETTINGS				
3. Spent appropriations financed from surplus cash for overheads			603	
			79	
4. Negative financing deviations for the year			0	
5. Positive financing deviations for the year			0	
II.- TOTAL SETTINGS			60379	
ADJUSTED BUDGET OUTCOME				71032,63

Table 4. Adjusted budget outcome 2018

The way to calculate it is obtained simply by taking the non-financial operations and the financial ones and by their difference we obtain the budgetary result of the year. When we already have this result, we add or subtract, as the case may be, the necessary adjustments, either for credits or for deviations from capital.

With the data provided by the municipality to be analyzed, we observe that the net recognized rights are greater than the net recognized obligations, which according to 2018 were 525,842.82 and 515,189.19, respectively, and that applying a difference between the two we obtain a result of 10,653.63. On the other hand, this result must be adjusted according to the obligations financed by the remaining cash, in our case only for general expenses, with an amount of 60,379.00 euros. Then by adding up all the adjustments and the budgetary result for the year we would obtain a more adjusted result with a total of 71,032.63.

We can conclude that the budgetary result for the year is positive and that the municipality has a surplus.

6.4. TREASURY REMNANT ANALYSIS

The remaining cash reflects the liquidity situation of the entity at the end of the year, which is found to finance expenses, resulting in a very important indicator to assess the short-term financial solvency of the local entity. It is obtained by the sum of liquid funds plus rights pending collection, deducting the obligations pending payment and adding the relevant application items and therefore we will obtain the total cash surplus. After knowing the total, we proceed to deduct the balances of doubtful collection and the excess financing affected, obtaining as a result the remaining cash for general expenses. It will be subject to the appropriate control to determine at each moment the part used to finance expenses and the part pending to be used, which will constitute the liquid remaining cash.

For these purposes, the numbers are as follows:

COMPONENTS	2018
(+) CASH FUNDS	105.497,11 €
(+) RIGHTS TO BE COLLECTED	259.547,75 €
(+) of current budget	212.812,38 €
(+) of closed budgets	19.239,40 €
(+) of non-budget transactions	27.495,97 €
(-) OUTSTANDING OBLIGATIONS	184.796,02 €
(+) of current budget	162.015,94 €
(+) of closed budgets	- €
(+) of non-budget transactions	22.780,08 €
(+) ITEMS TO BE APPLIED	0,20 €

(-) pending collections and final application	- €
(+) payments made pending final application	0,20 €
I. TOTAL TREASURY REMNANT	180.249,04 €
II. DOUBTFUL BALANCES	4.809,85 €
III. EXCESS FINANCING AFFECTED	- €
IV. TREASURY REMNANT FOR OVERHEAD	175.439,19 €

Table 5. Treasury remnant 2018

We can see from the table that we have outstanding receivables that are significantly higher than our outstanding obligations, namely 74,751.73 euros, which is higher than our expenses that we will be collecting in the following years. Therefore when we calculate the total cash surplus, explained above, we obtain a result of 180,249.04 euros. This result can say that the entity should reduce the accumulated debt, so the destination of the surplus will be the reduction of the net debt of the municipality. We observe that by deducting the balances of doubtful collection, we obtain a cash surplus for general expenses of 175,439.19 euros, with which we can say that the city council has a surplus of this amount. This is due to the fact that the city council has had much less expenses than the income, either from subsidies granted that will later be spent and therefore we can say that it is managing its resources well.

We can also say that analyzing this section, the remaining cash is like the savings of the city council, and therefore it would serve to meet unforeseen expenses in the short term, such as helping families due to a pandemic, or fix damage after a squall.

6.5. RATIO ANALYSIS

In this section, we intend to analyze the ratios that basically are some indicators to measure the situation of the identity or in our case our city council.

The key figures we are going to analyze are the following:

- Making payments: Payments made/ Net recognized obligations.
- Collection: Net collection / Net recognized rights.

- Expenditure per capita: Net obligations/ No. of inhabitants
- Investment per capita: Net recognized obligations(Cap 6+7)/ No. of inhabitants.
- -Investment effort: Net recognized obligations(Ch 6+7)/ Total net recognized obligations
- Average payment period: Unpaid liabilities/Net recognized liabilities x 365.
- Average collection period: Duty to be collected/ Duty recognized net x 365.

The first ratio, " Making payments", reflects the proportion of obligations recognized in the year for which payment has been made at the end of the year in relation to total recognized obligations. Therefore, these would be the calculations:

making payments= $353,173.25/515,189.19= 0.6855$, therefore we can say that 68% of the net recognized obligations at the end of the year have been paid. For this ratio to be in the average it should be 80% as only 20% would remain unpaid.

The second, "Making collection", reflects the percentage that the collections obtained in the year represent of the net recognized rights.

Collections of receivables = $313,030.44/525,857.33= 0.5952$, which means that 59% of the net recognized rights have been collected. This ratio should be 80% or higher for the council to be in a good position since only 20% of its income would remain uncollected, but 40% is still pending.

The third is the ratio of "expenditure per capita", which would be equal to the net obligations, which are 515,189.19 divided by 289 which are the inhabitants, that is equal to 1782.66. This ratio basically distributes the total budgetary expenditure made during the year among the inhabitants of the entity, therefore, if the inhabitants had to pay the budgetary expenditure of the municipality among all its inhabitants.

The fourth ratio is similar to the previous one, but on the contrary, we calculated it to see how the total budgetary expenditure for capital operations carried out in the year is distributed among the number of inhabitants of the entity. Therefore, we take the net recognized obligations from chapter 6 only as the municipality does not appear with chapter 7. The total obligations in this chapter are 321,323.94 and if we divide this amount by 289 which are the inhabitants of the municipality we obtain a result of 1,111.85, this would be the capital operations expenditure made in 2018 per inhabitant and therefore it will have an impact on the quantity and quality of the corresponding infrastructure in the municipality.

In the fifth, called “investment effort”, we take the net recognized obligations of chapters 6 and 7 which are 321,323.94 and divide it by the total net recognized obligations which in the year 2018 were 515,189.19 and we obtain a result of 0.6237. This result reflects the proportion of the capital operations carried out during the year in relation to the total budgetary expenses incurred during the year, i.e. 62% of the total.

The sixth ratio to be analyzed would be the “Average payment period”, which reflects the average time that the entity takes to pay its creditors resulting from the execution of the budget. In our case it would be the following: $162,015.94/515,189.19 \times 365 = 114.78$ days. We can say that these are not many days, since many entities pay after 120 days.

The last ratio would be the “Average collection period”, reflecting the number of days it takes on average for the entity to collect its revenue, i.e. to collect its recognized rights arising from the execution of the budget. In our case, we would take the rights pending collection, which are 212,826.89, divide it by 525,857.33, which are the rights recognized net, and multiply it by 365 to obtain an average collection period of 147 days.

We may find that we charge later than we pay, and therefore, we may have problems if we do not have enough left over to pay the expenses.

6.6. GLOBAL ANALYSIS

In this section we will analyze in general the results of the income and expense settlement, since we will see which chapter has more weight in the different sections.

On the one hand, we can see that the 2018 income budget was 607,829 euros. This amount is only budgeted, now we are going to see how much has changed what was budgeted and what has actually been received during 2018 since there is a difference in comparison with the recognized rights of 76,977.3 euros, but there are chapters that cancel those rights and therefore it remains at 525,857.33 euros which are the net recognized rights and there is a difference of 81,971.67 euros since there are some rights canceled of 4,994.37 euros. And on

the other hand we will see which chapter has more weight in the different sections. We will appreciate it more clearly in the following table.

DESCRIPTION	NET RECOGNIZED RIGHTS	%/TOTAL	NET PROCEEDS	%/TOTAL	OUTSTANDING DEBTS	%/TOTAL
CHAPTER 1. DIRECT TAXES	61174,23	11,63%	61174,23	19,54%	0	0%
CHAPTER 2. INDIRECT TAXES	900,19	0,17%	900,19	0,29%	0	0%
CHAPTER 3. PUBLIC RATES AND PRICES	99381,25	18,90%	61501,91	19,65%	37879,34	17,80%
CHAPTER 4. CURRENT TRANSFERS	102240,36	19,44%	98276,86	31,40%	3963,5	1,86%
CHAPTER 5. PATRIMONIAL INCOME	7115,03	1,35%	7115,03	2,27%	0	0%
CHAPTER 7. CAPITAL TRANSFERS	255046,27	48,50%	84062,22	26,85%	170984,05	80,34%
CHAPTER 8. FINANCIAL ASSETS	0	0%	0	0%	0	0%
CHAPTER 9. FINANCIAL LIABILITIES	0	0%	0	0%	0	0%
TOTAL	525857,33	100%	313030,44	100%	212826,89	100%

Table 6. Income settlement by percent

We can see that chapter 7, capital transfers, has a greater weight than the others, since it represents 48.50% of the total net recognized rights, this is because it includes all the capital transfers of the autonomous community, councils and deputations with a total of 255,046.27. Also important are chapters 3 with 18.90% and the fourth with 19.44% of the total, since, for example, in chapter 3 we have all the income from fees charged to inhabitants and in the fourth the transfers we obtain from the participation of the State Taxes, the INEM and the local fund of Aragon.

With regard to the Net Collection, which we have collected during 2018, we note that the one with the most weight is Chapter 4, that is, it has been collected quite a bit, but we did not reach the total net collection. The second most important is chapter 7, with 26.85% of the total, but on the other hand we can see that little has been collected from that chapter, specifically 32.96% of the net rights. The other chapters, which have a slightly higher percentage, are the first with 17.54% of the total, but nevertheless we see that everything has been charged. And the third, with a weight of 19.65%, we see that not everything has been collected, only 61.88%, which means that not everyone has paid their fees at the end of the year.

With regard to outstanding receivables, we can see that the most significant are capital transfers, which account for 80.34% of the total, with 67% of net recognized

receivables outstanding. On the other hand, Chapter 3, which accounts for 17.80% of the total outstanding entitlements, shows that 32.11% of the fees have remained outstanding. Finally, chapter 4, with a weight of 1.86%, only 3.9% of current transfers are still to be collected.

On the other hand, there is the expenditure budget, in which we will see which chapters have more weight within the sections shown below:

DESCRIPTION	NET RECOGNIZED OBLIGATIONS	%/TOTAL	PAYMENTS	%/TOTAL	UNLIQUIDATED OBLIGATIONS	%/TOTAL
CHAPTER 1. STAFF COSTS	57220,8	11,11%	57220,8	16,20%	0	0%
CHAPTER 2. EXPENDITURE ON CURRENT GOODS AND SERVICES	104242,02	20,23%	93709,81	26,53%	10532,21	6,50%
CHAPTER 3. FINANCIAL EXPENSES	624,86	0,12%	624,86	0,18%	0	0%
CHAPTER 4. CURRENT TRANSFERS	24527,57	4,76%	24527,57	6,94%	0	0%
CHAPTER 6. REAL INVESTMENTS	321323,94	62,37%	169840,21	48,09%	151483,73	93,50%
CHAPTER 9. GENERAL ACTIONS	7250	1,41%	7250	2,05%	0	0%
TOTAL	515189,19	100%	353173,25	100,00%	162015,94	100%

Table 7. Revenue Settlement by percent

Firstly, in the net recognized obligations we observe that the chapter with the most weight in the net recognized obligations, that is, the expense caused by different sectors, is chapter 6, Actual investments with 62.37% of the total. In second place is chapter 2, expenditure on current goods and services, with 20.23% and the last most relevant is the first of these, with 11.11%, which involves personnel costs within the municipality with a total of 57,220.8 The remaining chapters, such as the fourth, only represent 4.76% of current transfers with respect to the total expenditure incurred during the financial year.

On the other hand, we observe the payments that have been made during the year 2018 that have been a total of 353,173.25 euros, 68.55% on the net recognized obligations. In this section, we note that in Chapter 6, which has a weight of 48.09% over total payments, less than half of these obligations have been paid. However, in Chapter 2, almost all the expenses incurred in that section

have been paid. We also note that Chapter 3, has been settled, with nothing pending to be paid, the same as Chapter 4 and number 9.

Finally, in the section on Outstanding Obligations, the chapter with the greatest weight is number 6, with 93.50% of the total outstanding. In this chapter, 47.14% of the real investments that the city council has invested in that year or in previous years remain unpaid, that is, they will be paid in the following years. And on the other hand, with 6.5%, chapter 2 is established, leaving only 10,532.21 euros of a total of 104,242.02 euros of the obligations recognized net in that chapter.

We can say that, in general, the accounts are clear and properly ordered. There are more receivables than payables, so it will be possible to meet these payments in the next year if you manage to collect them all.

7. COMPARATIVE YEARS 2017-2018

In this section we will compare the results for 2017 and 2018, both the cash surplus and the adjusted budget result.

On the one hand we have the remaining cash, already explained above. We focused on the surplus for general expenses and noted that there has been a minor change of only 2%, i.e. 4,171.45 euros in 2018 compared to the previous year. We can see this better below:

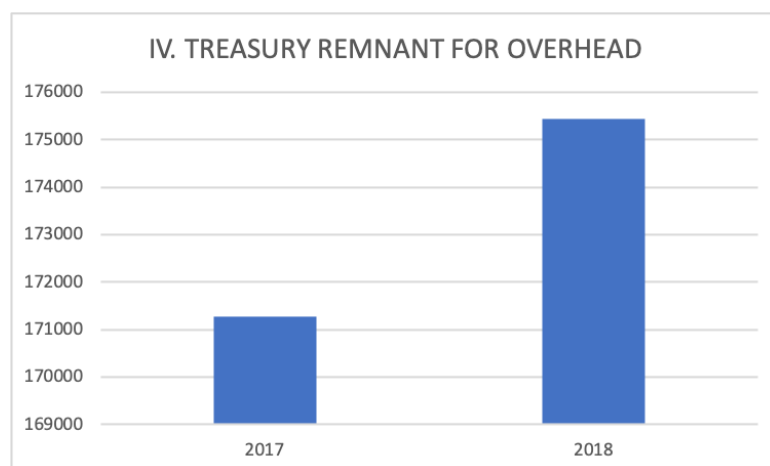


Figure 4. Treasury Remnant for Overhead 2017-2018

This difference is due to outstanding rights and obligations from the current budget and rights from budgets closed with overruns in 2018. In addition, in the financial year 2018, it has doubtful balances of 4,809.85 euros that can be considered as lost in following financial years.

On the other hand, we compare the adjusted budget result for the years 2017-2018 presented in the following graph:

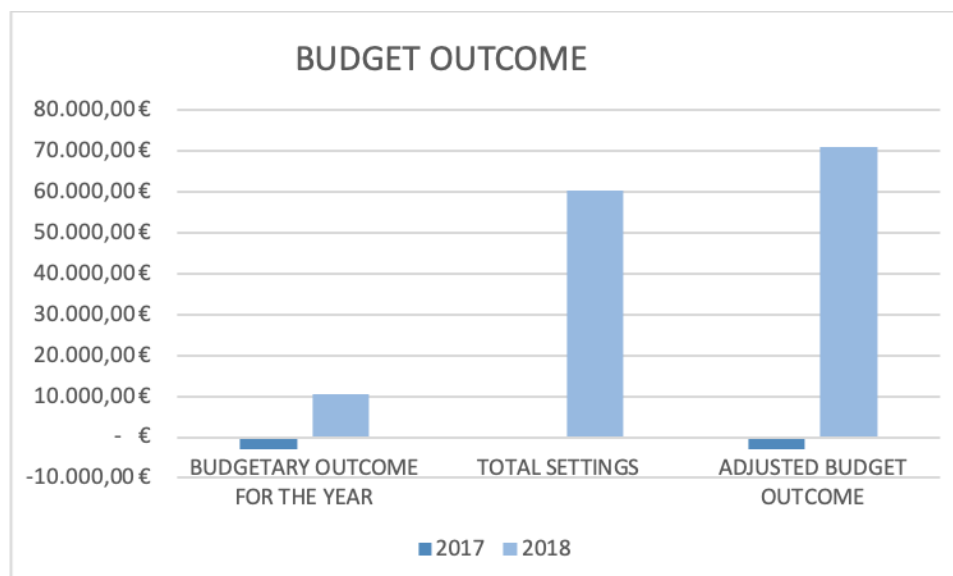


Figure 5. Adjusted Budget Outcome 2017-2018

These results are quite striking, since we see that in 2017 it had a deficit of 3,010.17 euros due to the fact that the rights recognized were lower than the obligations recognized. This figure is not alarming, as the municipality did not have any liquidity problems due to the fact that its cash balance was quite high. With respect to 2018 we had a high adjusted budget result in relation to the size of the town, closing the year with a surplus of 71,032.63 euros. This very significant difference was due to the spent credits financed with surplus cash for general expenses in 2018, as it amounts to 60,379 euros.

8. COMPARED TO ANOTHER TOWN

In this section we will make a comparison of the municipality A, “Fuentespalda” with currently 289 inhabitants, with the municipality B, “Lledó” with

only 172 inhabitants. To do so, we will compare the budget of expenses and income, the remaining cash flow, the adjusted budget result and the ratios that we will then calculate for municipality B. Therefore, we will see how management changes in each municipality in 2018.

First we are going to see the expenditure budget for the 2018 financial year, it is as follows:

DESCRIPTION	LLEDÓ				FUENTESPALDA			
	FINAL BUDGETS	NET RECOGNIZED OBLIGATIONS	PAYMENTS	UNLIQUIDATED OBLIGATIONS	FINAL BUDGETS	NET RECOGNIZED OBLIGATIONS	PAYMENTS	UNLIQUIDATED OBLIGATIONS
CHAPTER 0. PUBLIC DEBT	250	249,75	249,75	0	0	0	0	0
CHAPTER 1. STAFF COSTS	90443,04	76116,7	32880,95	43235,75	70100	57220,80	57220,80	0
CHAPTER 2. EXPENDITURE ON CURRENT GOODS AND SERVICES	8070	7824,59	7824,59	0	113250	104242,02	93709,81	10532,21
CHAPTER 3. FINANCIAL EXPENSES	24800	24033,82	22996,58	1037,24	700	624,86	624,86	0
CHAPTER 4. CURRENT TRANSFERS	17000	15722,84	15722,84	0	24650	24527,57	24527,57	0
CHAPTER 6. REAL INVESTMENTS	0	0	0	0	391,879	321323,94	169840,21	151483,73
CHAPTER 9. GENERAL ACTIONS	70003,93	49571,23	48286,12	1285,11	7250	7250	0	7250
TOTAL	210566,97	173518,93	127960,83	45558,1	607829	515189,19	353173,25	162015,94

Table 8. Comparison between municipalities of the expenditure budget

In general, we can see that municipality A has net recognized obligations of 515,189.19 euros, almost 3 times more than Lledó with a total of 173,518.93 euros. At first sight we see that the differences can be significant since they present quite different results.

We observe that the municipality of Lledó has a chapter 0 called Public Debt, where we can see that the city council possibly took out a loan that paid it off in 2018.

In the first chapter, personnel expenses, we observe the net recognized obligations are 76,116.7 euros in municipality B with a difference of 18895.9 euros. In municipality A, even having less expenses in this chapter, nothing is left to be paid, however, in municipality B 57% of these expenses remain to be paid. This significant difference can be attributed to the fact that municipality B, even though it has fewer inhabitants, has more people employed than municipality A.

The second, which is called expenditure on current goods and services, we can see that municipality B budgeted for expenditure of 8,070 euros, carrying out only 7,824.59 euros, paying the full amount of these expenses in this financial year, while municipality A paid more than 104,000 euros. This is a very alarming fact, since it is quite different, and this is due to the fact that in this municipality it

allocated more monetary units to drinking water to supply the inhabitants, popular celebrations and, as it had more streetlights, it had a higher expenditure on lighting. In short, these expenses have been basically destined to associations or families in municipality B.

The third chapter, called financial charges, basically covers all debts issued, contracted or assumed by the State, charges for the issue of debts or interest on arrears or other financial charges. We observe a difference of 23,408.96 euros in the net recognized obligations, this is because Lledó had more debt and financial burden than Municipality A. Only an amount of 1,037.24 euros was outstanding in Lledó, not 5% of the total and nothing in Fuentespalda. This difference is due to the fact that municipality B had more interest and financial charges to pay, since in 2017 it took out a large loan.

The fourth, called current transfers, the expenditure between the two municipalities is too different, since in municipality B they budgeted 17,000 euros only, spending 15,722.84 euros and paying the full amount in the year 2018. And the municipality A, budgeted a total of 24,650 euros for expenses of self-employed, social security and other entities, paying all these expenses. This difference is due to the fact that in municipality A the "door to door" rubbish collection was established with a high cost, however, municipality B continues with the traditional system.

In the sixth chapter, which is called real investments, we observe that municipality B has had no expenses, and that only municipality A has invested a great deal, as mentioned above, in a giant zip line and infrastructure works in the town mentioned above.

Finally, there is chapter 9 called financial liabilities, in which we find the amortization of issued debts and loans and the return of deposits and guarantees built by third parties. Municipality B budgeted a total of 70,003.93 euros and finally it was 49,571.23 euros paying almost all the debt. However, municipality A only budgeted 7,250 euros paying all the expenses. This is due to the repayment of the loans that were granted to this municipality, which is why the amount is so high.

The second thing we will do is compare the income settlement summarized in the table below:

DESCRIPTION	LLEDÓ				FUENTESPALDA			
	BUDGETARY PROJECTIONS	NET RECOGNIZED RIGHTS	NET PROCEEDS	OUTSTANDING DEBTS	BUDGETARY PROJECTIONS	NET RECOGNIZED RIGHTS	NET PROCEEDS	OUTSTANDING DEBTS
CHAPTER 1. DIRECT TAXES	29600,00	25063,95	24898,28	165,67	65000	61174,23	61174,23	0
CHAPTER 2. INDIRECT TAXES	9500,00	7580,4	7580,4	0	5000	900,19	900,19	0
CHAPTER 3. PUBLIC RATES AND PRICES	53740,00	41498,15	30507,22	10990,93	56250	99381,25	61501,91	37879,34
CHAPTER 4. CURRENT TRANSFERS	76670,00	75713,62	70714,2	4999,42	106300	102240,36	98276,86	3963,5
CHAPTER 5. PATRIMONIAL INCOME	480,00	0	0	0	17100	7115,03	7115,03	0
CHAPTER 7. CAPITAL TRANSFERS	40576,97	40272,64	0	40272,64	296800	255046,27	84062,22	170984,05
CHAPTER 8. FINANCIAL ASSETS	0	0	0	0	60379	0	0	0
CHAPTER 9. FINANCIAL LIABILITIES	0,00	0	0	0	1000	0	0	0
TOTAL	210566,97	190128,76	133700,10	56428,66	607829	525857,33	313030,44	212826,89

Table 9. Comparison between municipalities in the revenue budget

In general, we can see that the total of net recognized rights in municipality A has been in the exercise 2018 of 525,857.33 euros, while in municipality B has had a total of 190,128.76 euros. This difference is quite significant, basically because Lledó is a smaller town, the inhabitants pay less tax and receive less income from public entities.

The first of the chapters in this settlement is that of direct taxes, where we group within this section the taxes on goods, vehicles and economic activities. In municipality A there was a total of 65,000 euros of provision and 61,174.23 euros net being collected in full, however in municipality B only 29,600 euros were budgeted and 25,063.95 euros were recognized, differing by 36,110.28 euros because Lledó collects less property tax and only 165.67 euros remained to be collected.

In the second chapter, called direct taxes, where the taxes on constructions that are charged to the inhabitants for the works belong, we can see that municipality B collected all the taxes with a total of 7,580.4 euros, a figure higher than the rights recognized in municipality A, which was 900.19 euros, due to the fact that more works were carried out in Lledó. And also collecting all the taxes in this section in both municipalities. This is because Lledó reformed the municipal bar, hence the difference.

In the third section called fees and public prices, the discrepancies are significant among the municipalities, although the forecasts in this chapter were similar, we can see that the difference in net recognized rights has been 57,883.10, this is because in Fuentespalda there are more inhabitants, specifically 117 more than in Lledó and also has the service of garbage collection and camping that the municipality B does not get.

In the fourth chapter called current transfers, if we look we can see little difference between the two municipalities. Municipality B has an income from local and autonomous entities of 75,713.62 euros while municipality A has an income of 102,240.36 euros. This is due to the fact that in Lledó, being a smaller town, it receives less income in this section from the provincial council, councils and town halls.

The fifth would be the income from property, where the municipality B budgeted in this item a total of 480 euros being void later. However, the municipality A has charged a total of 7,115.03 euros due to a lease that was made from urban estates and forest holdings.

In chapter seven called capital transfers we see an abysmal difference of 256,223.03 euros, this is because Fuentespalda received a grant to finance capital operations, in this case the construction of a giant zip line located in the municipality and currently in operation of 2000 meters. While municipality B was considerably less with a 40,272.64 euro grant to fix the municipality's infrastructure.

Chapters eight and nine, financial assets and financial liabilities respectively, in municipality B are non-existent income in these sections. While in municipality A, 60,379 euros are budgeted in the eighth and 1,000 euros in the ninth but were not recognized.

As for the remaining cash of both municipalities, we can see the following table:

COMPONENTS	LLEDÓ	FUENTESPALDA
(+) FONDOS LÍQUIDOS	146.756,85 €	105.497,11 €
(+) CASH FUNDS	58.293,41 €	259.547,75 €
(+) RIGHTS TO BE COLLECTED	56.428,66 €	212.812,38 €
(+) of current budget	428,75 €	19.239,40 €
(+) of closed budgets	1.436,00 €	27.495,97 €
(+) of non-budget transactions	58.017,96 €	184.796,02 €
(-) OUTSTANDING OBLIGATIONS	45.558,10 €	162.015,94 €
(+) of current budget	11.751,50 €	- €
(+) of closed budgets	708,36 €	22.780,08 €
(+) of non-budget transactions	- €	0,20 €
(+) ITEMS TO BE APPLIED	- €	- €
(-) pending collections and final application	- €	0,20 €
(+) payments made pending final application	147.032,30 €	180.249,04 €
I. TOTAL TREASURY REMNANT	107,19 €	4.809,85 €
II. DOUBTFUL BALANCES	- €	- €
III. EXCESS FINANCING AFFECTED	146.925,11 €	175.439,19 €

Table 10. Comparison of the remaining treasury of both municipalities

As we can see, the figures are similar, although there are sections where they are quite different. At first we can see that the liquid funds are higher in municipality B (Lledó) than in municipality A (Fuentespalda), but if we look at the fees to be collected we see that they differ by 201,254.34 euros, this is because the income in municipality A has not been collected yet, as they had several subsidies and in 2018 they have not received them, and municipality B has little left to collect compared to the other municipality. On the other hand, we observe the outstanding obligations, as the difference is also significant, with a total of

126,778.06 euros more for municipality A than for municipality B, which means that Fuentespalda municipality has had more expenses during 2018 than Lledó municipality. As for the items pending application, we observe that in municipality B they are zero and in municipality A they are irrelevant.

At the end of adding and subtracting the above, we arrive at the result of total cash surplus that the difference between municipalities is 33,216.74, taking into account that the inhabitants are lower in municipality B, the difference would not be significant. Later on, we observe that the balances of doubtful collection are higher in town A, due to the fact that there are items that doubt their collection.

Finally, we arrive at the result of cash surplus for general expenses, observing a difference of 28,514.08 euros, this means that municipality A had a higher surplus to be used for more expenses than municipality B, even though B has fewer inhabitants than A.

With regard to the adjusted budgetary result, we observe the comparison in the following table:

CONCEPTS	LLEDÓ	FUENTESPALDA
a) Current transactions	34833,07	84181,3
b) Capital transactions	-18223,24	-66277,67
1. Total non-financial transactions	16609,83	17903,63
c) Financial assets	0	0
b) Financial liabilities	0	-7250
2. Total financial transactions	0	-7250
I.- BUDGETARY OUTCOME FOR THE YEAR	16609,83	10653,63
SETTINGS		
3. Spent appropriations financed from surplus cash for overheads	0	60379
4. Negative financing deviations for the year	0	0
5. Positive financing deviations for the year	0	0
II.- TOTAL SETTINGS	0	60379
ADJUSTED BUDGET OUTCOME	16609,83	71032,63

Table 11. Comparison of the budgetary result of both municipalities

Table 12. Adjusted Budget Outcome

The budgetary result, already explained above, shows us if the result obtained by a municipality at the end of the year shows a surplus or a deficit. In our comparison of two municipalities, we observe that in proportion to the size of the village and the number of inhabitants, non-financial and financial operations are hardly differentiated. In the non-financial ones, municipality A has 1293.8 euros more than municipality B and in the financial ones, municipality B does not have. Therefore if we deduct these two sections we arrive at the budgetary result for the 2018 financial year for both municipalities. We can see that it is the opposite of the other sections, as the result is higher in Lledó than in Fuentespalda, by 5956.2 euros.

After calculating this result we have to apply the adjustments, which in municipality B are 0, and in municipality A are 60,379 euros, already explained above. If we add these amounts to those previously mentioned we obtain the adjusted budgetary result, with a total of 71,032.63 euros in municipality A and the same amount as the budgetary result previously mentioned in municipality B.

In conclusion we can say that because municipality A has allocated appropriations financed from surplus cash for overheads it has obtained a higher result than municipality B, but both municipalities have a surplus.

Finally, we are going to compare the ratios previously calculated for municipality A with those calculated, explained above, for municipality B. We can see in the following table a summary:

RATIOS	LLEDÓ	FUENTESPALDA
Making payments	73,74%	68,55%
Making collections	70,32%	59,52%
Expenditure per capita	1008,83	1782,66
Investment per capita	0	1111,85
Investment effort	0	62,37%
average payment period	96	115
average collection period	108	147

Table 13. Ratios of both municipalities

At first sight we can see that those that differ most are the investment per inhabitant and the investment effort due to the fact that in municipality B we do not have data in chapters 6 and 7 of the expenditure budget.

On the one hand, we can see that the so-called payment and collection ratios have a very small difference, 5.19%. This is because in Lledó they have paid more net obligations and collected more net royalties on the total than Fuentespalda. The data are beneficial for both municipalities since they have less than half of all their income and expenses to collect during the year.

On the other hand, we observe the ratios called per capita expenditure and per capita investment. They only differ in the first of the above-mentioned ratios by 773.83, which means that an inhabitant of the municipality of Fuentespalda pays more on the total net recognized obligations than in the municipality of Lledó. On the basis of the investment ratio per inhabitant, it is zero in municipality B since it does not include chapters 6 and 7 and therefore they differ by the totality of this ratio in municipality A with a total of 1,111.85 euros. As we do not have these chapters we cannot calculate the investment effort either, which in Fuentespalda was 63.37%, this percentage shows us the proportion represented by capital operations in this municipality.

Finally, we have the ratios called average payment and collection period. In municipality B they were lower than in municipality A, with a difference of 19 days in the average payment period and 39 days in the collection period. If we analyze them, we can say that municipality B collects and pays 20 days earlier than municipality A, both are within the permitted period but collect later and could have liquidity problems in the long term.

9. CONCLUSIONS

As we have seen throughout the work and by way of conclusion we can say that the Fuentespalda Town Hall complies with the two laws, budgetary stability and financial sustainability.

With regard to the analysis of expenditure budgets, we have seen that it is managed in a very orderly and detailed manner. We have also been able to observe that it has made many investments in the 2018 financial year with a total of 321,323.94 euros and that it has improved and maintained the public roads, trying to make the town known with publicity.

In the revenue budget we have observed that their source of income is from taxes and fees to their inhabitants. It has also received many grants from the region and the council and has received a subsidy to be able to cope with the construction of a giant zip line with a total of 255,046.27 euros only charging 84,062.22 euros.

As for the adjusted budgetary result which has a result of 71,032.63 euros we can say that it is a high figure for a town of 289 inhabitants and that as the obligations are lower than the rights it has a surplus.

If we look at the remaining cash, we have seen that it is quite high with an amount of 171,267.74 euros, that is, this saving can be spent throughout the year 2019 for possible unbudgeted or unforeseen expenses. The remaining amount presents 28.71% of the budgeted income in 2018.

Based on the calculated ratios we have been able to see that 60% of all obligations and rights are paid and collected. Per capita expenditure is high, because as we have already mentioned, there have been many investments in this financial year. What is a little worrying is the average price of payment and collection, in our case we have been able to see that we charge at 147 days and pay at 115 days. However, with a high residual value we are able to meet the expenses recognized in this financial year.

The 2017 financial year has differed little in terms of cash surplus from 2018, only by 4,171.45 euros due to an excess financing affected of 16,203.99 euros in the 2017 financial year. As for the budgetary result, it has been higher in 2018. In 2017 it presented a result of -3,010.17 euros and 71,032.63 euros in 2018, this was due to the fact that there was an adjustment for spent credits financed with surplus cash of 60,379 euros in the financial year 2018.

In the comparison with the municipality called Lledó, we have observed significant differences in some of its sections due to the fact that the municipality

is smaller, specifically 117 more inhabitants in Fuentespalda. The most relevant data was that municipality B has requested several long-term loans and that even so, the adjusted budgetary result is considerably lower than in municipality B due to the fact that it has had more expenditure than income. And finally, the average price of payment and collection is quite positive, as it is lower than in Fuentespalda, although both collect later than they pay.

To conclude, with the calculated indexes we can say that the town hall analyzed has a very orderly and detailed management and its economic and financial management is adequate. Although they are small municipalities, they have more and more tourism and this makes them promote the area and as a consequence the town halls invest in improving infrastructures and promoting all the rural areas that the municipality enjoys.

This is a first step to carry out a more in-depth study of the management of the municipalities in the region in the future to help improve the management of these municipalities.

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