INCOMES AND EXPENSES
DEFINE ELEMENTS OF THE BUDGETARY ACCOUNTING OF PUBLIC INSTITUTIONS ACCOUNTING

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ABSTRACT: The process of reforming accounting has been transposed to the level of public institutions for nearly 3 years. It was an audacious attempt by Cutting out the heavy legacy of the past, limited to income earned and expenses paid. The next stage of reform is sedimentation, decanting, and the formulation of strategies accounting for supreme desideratum achievement of accounting - the image faithful. In this process should be involved both theory and practice of accounting. It is why we considered appropriate treatment, through these works, some issues relating to the public budget, conceptual and logical approach to revenue and public expenditure, and budget, their role in delimiting the scope of accounting and public institutions the budget, reported in their public accounts.

Keywords: public accounting, the public institution accounting, budgetary accounting, incomes, expenses

JEL Codes: M41, P43, H83

Introduction

It is often confusion with regard to levying of income-public expenditure, and budget. Witnessing formulations like "public expenditures represent ways of distributing and using the cash fund budget in order to meet the general needs of society" or "public revenues means all amounts of money that is available to mobilize the necessary for achieving the objectives of internal political and foreign. From the standpoint of public finances validity is not defined, but if we report the accounting field, noted that both sense omit certain types of expenditure / income, although that does not generate cash flows, contributing indirectly to the performance of duties on Society needs that is. It is the so-called expenditure / income calculated. They adjusted corrected value of assets or risk reflects the likelihood that is on assets and debts.

Public is vast, with information regarding the origin and destination. Under the structural aspect in the public domain and public institutions identify the "all legal persons established by acts of power or the provision of public administration or local for the purpose of non-commercial activities or to fulfill a public service non-patrimonial.

In identifying an organizational entity as a public institution is important presence in the legal capacity of its copyright, administrative command, along with economic ones.

Public institutions are entities operating in the public sector and activities of social, cultural, administrative, according to legal norms established in the fields.

At the level of public institutions to produce non-commercial services for community and carry out the distribution and redistribution of income in the economy. To do this, but they assume the risk of none charging of taxes, fees, contributions etc. depreciation of assets, the additional debt etc.

Also, public institutions are required to prepare annual budget, and financial plan which includes revenue and expenditure, or, only expenses for a certain period of time. The budget is the legal document, which establishes also in nature and in measure of the mobilized incomes to the state as well as the way volume of the budgetary allocations, which will be lead by the state for the finance of different activities during a year. The budget represents also the synthetic expression of the economic relations, which are manifested in the forming processes, and of the public funds use.

Main instrument for ensuring transparency over the management of "public property" is accounting. Through its production information, to verify and correct decisions to better protect the interests of individuals.

Reported in public institutions, accounting aims at reflecting the true image on the assets, liabilities and shareholders' equity in their management. By reporting to the budget, accounting aims accurate and true reflection of how the achievement of budgetary implementation. Implementation of the budget reflects all the measures, activities and operations relating to the collection of revenue and making spending. It is the concretization of the budgetary and assessing the effectiveness of the activities conducted at institutional level.

This paper aims to highlight the distinction between the accounts of public institutions and budgetary accounting, through recourse to instruments of specific work both revenues and expenses.

Method and methodology

By reporting to the subject, method of research as a way to address the phenomenon of cognitive perception of the accounting of public institutions, a systematic approach for investigating the facts on this segment accounting.

Technical work was to review literature specialist and legislation that fall within the legal accounting patterns public institutions. Processes which I did call were noted, reasoning, analysis, synthesis, interpretation.

Methodology appoints scientific theory methods of collecting and processing data and the principles and rules by which scientific knowledge is leading in the accounts.

In relation to the accounting and the particular disease at public institutions is underlined by the scientific literature specialist valences and practice of legal norms, but also promoting position of public finances and general accounting.

Research methodology, as a system integrator for the techniques and procedures specified amount increases cognitive and practical investigative process of positioning and identifying the scope of the accounts of public institutions.

Conceptual delimitations regarding the public/budgetary incomes and the expenses

According to the norms of the European System of Accounts regarding the general accepted accounting principles in the case of the engagements accounting, the expenses represents the goods and consumed services sum during a year, even if they are paid or not in that year.

According the present accounting regulations the expenses reflects the cost of the goods and used services with the purpose to realize public services or incomes, and also subsidies, transfers social assistance provided due to a period of time.

The expenses represents the “economic benefits reducing or the potential services in the reported period under the form of the out flows or of the assets consume or to the debts increasing, which have as an effect the reducing of the net benefits, others then the one allocated by the owners”

In agreement with the double part principles, the expense points out by equivalence with the outs and assets reduce such as the liquidities, stocks, goods of the nature of the fix assets. Also, they can register also by equivalence with passive grows, such as the different debts to the tertiary persons.

From the point of view of the expenses forming, there can be identified the next four cases for the expenses[1] recognition:

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[1] After A. Pop, *The bases of the accounting in double part*, Publishing House Presa Universitară Clujeană, Cluj-Napoca 2000.

- the stocked goods consume in the current activity, operational;
- engage an expense which interferes in the moment of buying the un-stocked goods, works, utilities and services destined to production, with the occasion of creating obligations to the suppliers;
- the payment of a sum of money destined to satisfy the current need of the public institution, for which previous to payment was not registered the engagement (obligation) of payment;
- incorporating (including) in the current expenses of the expired budgetary exercise some sums representing the irreversible economic depreciations (amortizations) economic depreciations probably reversible (adjustments for the depreciation or value loss) or to cover the future risks (supplying).

The incomes represent the taxes, contributions and other sums en-cashed according to the law, and also the price of the sold goods and pressed services due to a period of time.

The incomes represent the total amount of the enter flows of economic benefits and potential services during the reported period of time exception making the flows from the entering resulted from the contribution of the owners (state, namely the local public administration).

In the patrimony plan, according to the double part principle, the incomes are delimitated and emphasized by equivalence with the enters and with the active grows, under the form of the cash, claims and received services, received in exchange of the goods and services offered. Also the incomes are recognized by the equivalence with the passive lows by the end of the obligations, by giving the goods and the services to a creditor in order to end the repayment obligations of the credit.

From the point of view of the incomes forming we can identify the next moments of their recognition:

- ✓ finding out the budgetary claims represented by the taxes, contributions and others, based on the fiscal and social declarations of the debtors;
- ✓ enchasing the sums of money for which were not registered previous to the budgetary claims;
- ✓ obtaining goods in the frame of the public institutions;
- ✓ delivering the obtained production which makes the moment of the transfer of the property right from the producer to the buyer;
- ✓ including in the current incomes of the financial exercise the sums representing the incomes which were estimated as probable in the previous financial exercises, but which did not become certain in the financial exercise which we refer to. It is about the steadfast incomes in advance failing due and or from the annulations of the adjustments for the depreciations of the commissions that remained without the object.

The public - in the budgetary accounts of public institutions

Needs and interests of the public is carried out by the state, primarily (and sometimes exclusively) through money. In a general public attribute designates something that belongs to human or community comes from such a community, the state that the entire nation, available to all. Restricted to accounting, we could say that the real source of information on the management of public resources, which originate and are intended for human collectivities constitute a public accounting.

Justification for social accounting is done by linking producers with users of information on position and financial performance of the various entities. The information provided is a public, accessible to any interested person, whether it comes from public or private entities. On the basis of the above formula dared to claim that the public accounts is made up of the following structural components: the accounts of public institutions, the accounts of legal entities under private law (commercial companies, non-profit organizations, groups of entities), bank accounts, accounts of Insurance, the state treasury accounts[2].

The ratio of public accounts and the accounts of public institutions is presented in the figure below:

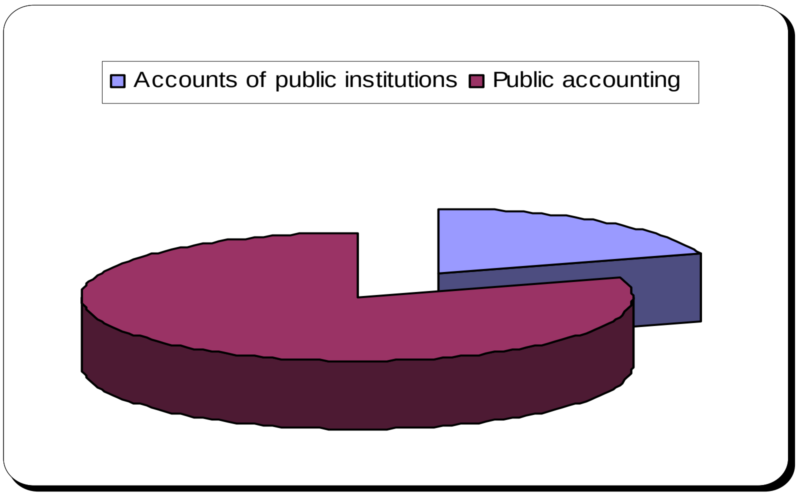

***Fig. no. 1 - Linking public accounting - accounts of public institutions**[3]*

The accounts of public institutions is thus an accounting of the public, and in relation to other components contribute to the achievement of feed - back the information through the transmission of information regarding the management of assets and liabilities public, whose origin and accuracy is dependent on information received from commercial companies, non-profit group entities, banks, insurance, the State Treasury.

At public institutions are developed and implemented budgets. The budget[4] is a tool for prediction of the activity of public institutions for a period of time, and the revenue and expenditure future, an exhaustive and estimate costs and revenues to be done within a certain period.

The budget is sanctioned by a decision, which gives the force and coercion. As the main instrument for organizing and forecast, the budget is the result of a decision freely entered into, which consists of the obligation taken in advance to make certain choices, compliance options, once they were made.

Paul Leroy Braulieu stated that "the budget is a provision for income achieved[5], the expenditures made, and in turn, Gaston Jeze stressed that" the means to prepare a list, evaluate and compare periodically with anticipation and for a period of future spending and revenues of the receivable.

We can conclude that the specialists in terms of public budgets is that the composition of their find revenue to be converted into cash and the forecasted expenses.

By extrapolation, accounting budget relates to items found in the budget the revenue and expenditure generating cash. Implementation of accrual accounting with expanded coverage of budgetary accounting for income received and expenses paid to the finding generators rights revenue to be collected and obligations which are the counterparties in expenses paid. Beyond these issues, public institutions have the opportunity, offered by the legal record structures amending the

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[2] I had found in the wording of the law of accounting: accounting State Treasury and public institutions.
[3] The report ignored dimensional between the two subjects of comparison.
[4] After M. Băcescu, A. Băcescu-Cărbunaru, *Compendiu de macroeconomie*, Publishing House Economică, Bucureşti, 1997.
[5] D. Lazăr, *Finanțe şi bugete publice*, Editura Accent, Cluj - Napoca, 2006

permanent and temporary adjustments to value and to reflect changes through all their expenses and income, but not included in the budget and not exercise influence on the treasury.

Conclude, therefore, that in turn accounts budget is an accounting of public institutions, and as a result of figure below:

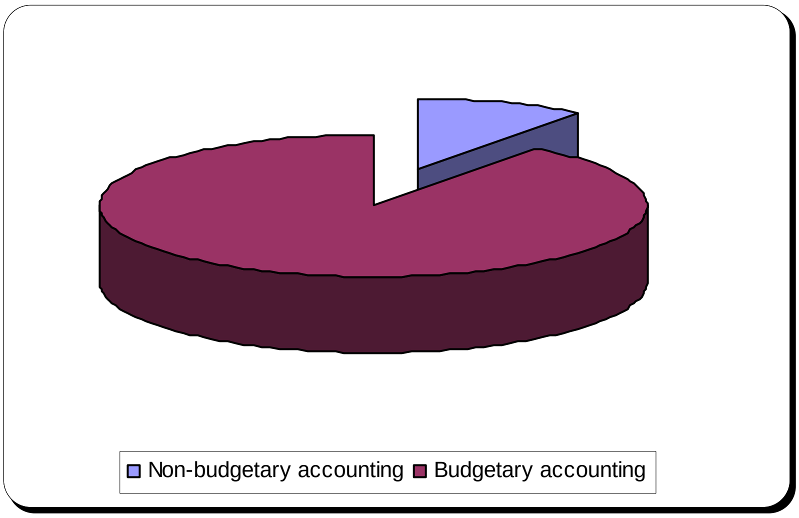

Fig. no. 1 - Linking the accounts of public institutions - budgetary[6] accounting at the public institutions level

We can say with certainty that this partition is dominant at public institutions, but is not unique.

The information you generate the budget process for public institutions are important because: (i) coordinate the activities of public institutions to obtain a final result, utilities that produce social, administrative, justice, public order, defense, (ii) the budget provides economic analysis of the situation and financial information in order to obtain the necessary decisions which have as their object the development of society and its ongoing adaptation to market requirements, (iii) the estimated costs necessary to achieve public policy institutions related to public services, and related to the projected results can be achieved; (iv) ensure the conditions necessary for management to exercise control over how the resources are managed so public. Without intention to affect the important role of the budget for any public entity, we consider absolutely necessary to making the distinction between the accounts of public institutions and budgetary accounting, with as the mechanism accounting for commitments so requires.

The role of revenue and expenditure accounting delimitation budget accounts of public institutions

According to literature specialist, public expenditure is made for the public, through public institutions and covers the state budget or the budget, on account of income.

Purpose of public expenditure is to provide public services. In this situation there is a contra-release flows of welfare payments to individuals, which, however, is difficult to achieve and measurable in monetary value.

The expenditure budget covers only those expenses that cover the state budget, local budgets, and social security budget.

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[6] Idem, footnote 3.

It is pointed out, in terms of public finances, the distinction between public expenditure and the budget, the latter being a sub-category. Public expenditures include the scope of their budgetary expenditure, expenditure of special purpose funds, extra costs and expenses incurred from the public treasury.

Acceptance of previous shows in our view spending money, and budget. We consider any budgetary expenditure entered in a public budget, regardless of source of coverage. Therefore, no source of coverage is what makes the difference between the two categories of expenditure but-not including its inclusion in the budget, of course, by reference to the character or the public. Public revenues, in turn, means all that cash is available to mobilize the state to meet the collective needs of any company.

The budgetary revenues mean that part of public revenues found in the state budget, local budgets, and social security budget.

Such expenses, income differentiation of the public budget should make a report to the budget and the opportunity to supplement cash flow of public institution.

Complementary approach from the perspective of public finances, we refer to as the perception of the items generating the result found in the accounts. Thus, in terms of recording time in taxonomy accounting revenue and expenditure are as follows: income / expenditure incurred (recorded in the accounts in a different time cash payment of actual) of their income / expenditure recorded (when in recognition Accounting coincides with the time cash payment thereof), income / expenditure accounts, calculated (do not cashing / actual payment of a sum of money, not when their registration, but even at a later date).

This last category of expenditure and revenue fall and the elements that generates real results of public institutions, but not between the components of the budget. Accounting for commitments made a step forward in November and assigns values accounting of public institutions, by the need to build information and accounting revenue and expenditure calculated.

The accounts of public institutions are built on a foundation of the public finances (which stand in the center of the budget) and general accounting. Both operating income and expenses and combining perceptions gives us the opportunity to carry out investigations in a segment accounting, still insufficiently exploited in terms of possibilities for theoretical and methodological background.

Conclusions

Public institutions occupy an important role in macro-economic level because they have a relationship of interdependence with public finances as their important component of social and economic life. The existence of public finances is indissolubly linked to the existence of the state, which has achieved important tasks and functions relating to the organization and management of economic and social activity of national independence and sovereignty defending the country.

They say the budget is an accounting of the future. If we report strictly to the budget forecast act as indeed is on the estimate of accounting.

Budgetary accounting, however, provide the link between the past (because it provides information about how to have foresight concretized budget), present (information on the manner in which the implementation of the budget) and future (prior information are used as starting point budget estimates for the future and to orient decision). This is facilitated and widespread, not for a long time, accounting commitments at public institutions.

Called accounting year, accounting for commitments offers the possibility of identifying current and potential liabilities, inseparable aspect to know all the obligations recognized and their planning for the payment, obtaining information on the impact of existing obligations on future resources, assessing the possibility of providing benefits public by the addressees, etc.. Accrual accounting provides Adding to the implementation of budgetary implementation non-budgetary as a result of finding employment income and expenditure, which does not necessarily turn into money.

There are also differences between the accounting and budgetary accounting based on cash, because the latter not only recognizes revenue and expenses generated cash, while budgetary accounts are closed to wear items of this nature which will generate cash later.

The public institutions accounting remains a budgetary accounting, because the central axe in which she builds the accounting information is the budget. The expenses and the incomes of the public institutions that generate the money are simultaneous of public and budgetary nature, because are made/realized by the public institutions, which works in the public sector, and are financed by different budgets.

At the same time, the accounts of public institutions, to show the true and correct actions taken and the effects it has made an important step by Adding accounting budgetary accounts transposition of operations which do not affect the budget, role in this repositioning is assigned accounting commitments.

Issues discussed in this paper allow us to emphasize the following: progress accounting institutions triggered thanks to the reform process "in steps" to the general public institutions since 2006, the important role of expenditure and revenue both for rating the performance measured in public service for community, and formulate hypotheses regarding the scope of accounting in the public sector, accounts of public institutions constitutes a component of public accounting and incorporated in turn accounts budget, scope and complexity of the need to clarify terminology, given its location intersection of public finances with general accounting.

Finally, we are convinced that at public institutions is to find a bright spot for research in accounting and therefore exploratory investigations and background should continue.

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