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Public Administration and Finance

114-1403

Switzerland's financial statistics for 2014

Annual report



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Federal Department of Finance FDF
Federal Finance Administration FFA

Swiss Confederation

Neuchâtel 2016

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Published by Federal Finance Administration (FFA)

Published by: Federal Finance Administration (FFA)
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Realisation: Financial Statistics Section, FFA
Obtainable from: Federal Statistical Office (FSO), CH-2010 Neuchâtel
 Phone: +41 (0)58 463 60 60 / fax +41 (0)58 463 60 61 / email: order@bfs.admin.ch
FSO number: 114-1403
Price: CHF 19 (VAT not incl.)
Series: Swiss Statistics
Domain: 18 Public Administration and Finance
Original text: German
Translation: FDF Language Services
Cover graphics: FSO; Concept: Netthoevel & Gaberthüel, Biel; Photograph: © PanOptika – Fotolia.com
Graphics/Layout: FSO / FFA
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ISBN: 978-3-303-18135-5

In 2014, the general government's debt ratio rose by 0.5 percentage points to 34.7% of nominal gross domestic product (GDP) for various reasons: the cantons and municipalities increased long-term financial liabilities as part of the recapitalization of their pension funds. The long-term financial liabilities of the cantons and municipalities rose further within the framework of the review and restatement of items in the statement of financial position as part of the changeover to the current Harmonized Accounting Model for the Cantons and Municipalities (HAM2). This was curbed by the debt reduction posted by the Confederation (-2.8 bn) and the social security funds (-0.6 bn). The Confederation's gross debt fell to CHF 107.7 billion, meaning that the debt reduction trend continued in 2014 as well. The sharp reduction occurred in the case of short-term and long-term financial liabilities. Money market debt register claims were down by CHF 2.0 billion because of the reduced need for liquidity, while long-term financial liabilities dropped because of the smaller bond position. The Confederation's debt ratio thus fell by 0.7 percentage points, whereas that of the social security funds remained almost unchanged (0.7%).

Tax revenue growth slightly outstripped that of nominal GDP in 2014. However, this did not have much of an effect on the general government tax-to-GDP ratio, which stood at 27.0% like the previous year. The tax revenue growth of the cantons and municipalities was driven mainly by taxes on income, profits and capital gains, as well as wealth tax. In contrast, the Confederation's tax-to-GDP ratio edged down by 0.1 percentage points to end 2014 at 9.5%.

The general government expenditure ratio remained at the previous year's level of 32.9% because the expenditure of the Confederation and cantons sub-sectors moved in opposite directions. The Confederation's expenditure was lower primarily in the task areas "Military defense" (savings associated with the

rejected procurement of new fighter jets), "Health" and "Education" (reduced participation in the EU research program Horizon 2020). The cantons' expenditure rose in "General public services", largely because of additional expenditure triggered by further contributions for the restructuring and funding of public-sector pension funds. Primarily the cantons of *Basel Landschaft*, *Geneva* and *St. Gallen* were affected by the recapitalization of cantonal pension funds in 2014. Despite a 1.3% increase in receipts, the general government had negative net lending/borrowing (-1.2 bn) in the GFS Model. The deficit/surplus ratio remained constant at -0.2%.

The Financial Statistics Section of the Federal Finance Administration (FFA) shows its figures based on both national standards with the FS Model and the International Monetary Fund's international standards with the GFS Model. For the needs of financial statistics, the FS Model is based on the somewhat streamlined Harmonized Accounting Model for the Cantons and Municipalities (HAM2), and the GFS Model is based on the IMF's Government Finance Statistics Manual 2014 (GFSM 2014). The FS Model serves as a basis for the GFS Model, which has largely been reconciled with the system of national accounts of the Federal Statistical Office (FSO) since 2015. The system of national accounts is in turn based on the 2010 version of the European System of Accounts (ESA 2010). The items regarding the recording, coverage and valuation of contributions for the restructuring and funding of public-sector pension funds, as well as the amount of the resultant employee retirement benefits that were still outstanding within the scope of the 2015 reconciliation have been clarified in the meantime, but they have not yet been implemented. It is planned to publish the data adjustments associated with the finalization of the reconciliation and thus the definitive figures for the GFS Model in the summer of 2017. The chapter "Changes and revisions" provides further information on the reconciliation with the system of national accounts.

Financing statement in the FS Model

CHF mn		2010	2011	2012	2013	2014
General government	Receipts	193 862	200 467	200 771	205 921	206 549
	Expenditure	191 418	198 450	200 537	204 652	207 599
	Overall fiscal balance	2 444	2 017	234	1 270	-1 050
	Ordinary fiscal balance	3 081	5 797	1 942	1 325	600
	Debt ratio ²	33.9	33.2	34.2	34.2	34.7
Confederation ¹	Receipts	63 465	65 201	64 416	67 011	64 920
	Expenditure	60 335	64 497	62 731	64 540	64 726
	Overall fiscal balance	3 129	704	1 685	2 470	194
	Ordinary fiscal balance	3 131	1 563	947	1 164	-19
	Debt ratio ²	18.0	17.7	17.8	17.4	16.7
Cantons	Receipts	77 277	79 321	79 786	81 363	82 848
	Expenditure	76 086	81 073	83 219	83 248	85 220
	Overall fiscal balance	1 192	-1 752	-3 433	-1 885	-2 372
	Ordinary fiscal balance	1 810	1 128	-1 388	-749	-603
	Debt ratio ²	8.7	8.3	8.8	9.3	10.3
Municipalities	Receipts	42 670	44 058	44 168	44 498	45 375
	Expenditure	43 175	43 947	45 083	45 960	46 404
	Overall fiscal balance	-506	111	-915	-1 462	-1 028
	Ordinary fiscal balance	-487	153	-514	-1 236	-934
	Debt ratio ²	7.6	7.5	7.6	7.7	7.8
Social security funds	Receipts	54 449	58 619	59 563	60 814	61 958
	Expenditure	55 821	55 664	56 666	58 668	59 802
	Overall fiscal balance	-1 372	2 954	2 897	2 146	2 156
	Ordinary fiscal balance	-1 373	2 953	2 897	2 146	2 156
	Debt ratio ²	1.2	1.0	1.0	0.7	0.7

1 Incl. separate accounts

2 With reference to the Maastricht definition

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Abbreviations

AHV	Old-age and survivors' insurance
ALV	Unemployment insurance
GDP	Gross domestic product
COFOG	Classification of Outlays by Function of Government
EO	Compensation for loss of earnings
ESA 2010	European System of Accounts (2010)
Eurostat	Statistical office of the European Union
FL	Agriculture family allowances
FS	Financial statistics with reference to the HAM2
GFS	Financial statistics with reference to the GFSM 2014
GFSM 2014	Government Finance Statistics Manual 2014 issued by the International Monetary Fund
IPSAS	International Public Sector Accounting Standards
ISCED	International Standard Classification of Education
IV	Disability insurance
IMF	International Monetary Fund
HAM2	Harmonized Accounting Model for the Cantons and Municipalities
NFE	New system of fiscal equalization and division of tasks between the Confederation and the cantons
NAM	New Accounting Model of the Confederation
OECD	Organisation for Economic Co-operation and Development
SNA	System of National Accounts
SNB	Swiss National Bank

The survey population for the federal financial statistics is formed by the financial results of the general government sector, i.e. Confederation, cantons (incl. concordats), municipalities (incl. primarily tax-financed special purpose entities) and social security funds. Delimitation of the general government sector is in accordance with the European System of Accounts (ESA 2010), which also applies to Switzerland.

The surveys cover the statements of financial position, as well as the statements of financial performance and statements of investments of the government units (of the general government sector). In accordance with the ESA 2010, the general government sector (S. 13) comprises the following four economic sub-sectors: “Confederation” (S. 1311), “cantons” (S. 1312), “municipalities” (S. 1313) and “social security funds” (S. 1314).

In addition to the 26 cantons, the cantons sub-sector in Switzerland also includes concordats, where these meet the ESA 2010 sectoring criteria. A concordat is a contract that governs inter-cantonal cooperation in certain public task areas (e.g. education). This serves to harmonize cantonal responsibilities within federal Switzerland without the need for federal regulations. A concordat can include just a few cantons or all cantons. Since 2008, the concordats’ results have been reported separately in the financial statistics; prior to this, they were allocated proportionately to the individual cantons involved. The municipalities sub-sector includes not only the political municipalities themselves, but also the institutional entities controlled by these that are primarily tax-financed (special purpose entities, corporations, institutions and funds).

In 2014, the financial statistics surveyed 949 municipalities, which is around 40% of all political municipalities in Switzerland. Specifically, these are: the cantonal capitals, the cities of the Swiss Union of Cities and all municipalities in the cantons of *Appenzell Innerrhoden*, *Appenzell Ausserrhoden*, *Basel Landschaft*, *Basel Stadt*, *Geneva*, *Glarus*, *Neuchâtel*, *Nidwalden*, *Obwalden*, *Schaffhausen*, *Schwyz*, *Uri* and *Zug*. The municipalities of the other cantons are surveyed on a random sample basis. In order to review and improve the random sampling concept, the Financial Statistics Section periodically performs a full census, as was the case in the canton of *Luzern* in 2014. It is also worth mentioning that the Financial Statistics Section retroactively included the Thurgau University of Teacher Education (PHTG), based in Kreuzlingen, as a separate account in the canton of *Thurgau*. The PHTG was previously captured in the city of *Kreuzlingen*. The correction concerns the years from 2008 onward. Otherwise, the survey scope has not changed significantly relative to last year’s report. Because the municipality of *Horgen* in the canton of *Zurich* had more than 20,000 inhabitants in its permanent resident population statistics as of the end of 2014, it has been included in the evaluation of cities and cantonal capitals for the first time. The following table shows which institutional entities are included or not in the general government accounts. This means that the evaluations made as part of the financial statistics do not necessarily correspond to the financial statements published for the individual government units.

Government unit	Added administrative units	Eliminated administrative units
Confederation		
	<ul style="list-style-type: none"> • Swiss Federal Institutes of Technology Domain • Swiss Alcohol Board • Swiss Federal Institute for Vocational Education and Training • Swiss Federal Institute of Metrology (METAS) • Fund for major railway projects • Building Foundation for International Organisations (FIPOI) • Infrastructure fund • Feed-in remuneration at cost (CRF) • Pro Helvetia • Switzerland Tourism • Swiss National Science Foundation • Swiss National Museum 	–

Government unit	Added administrative units	Eliminated administrative units
Cantons		
Zurich	–	<ul style="list-style-type: none"> • Legacies/foundations • Psychiatric clinics • Hospitals • Transportation companies
Bern	<ul style="list-style-type: none"> • University third-party funds • Lottery fund • Regional employment center (RAV) • Sport-Toto fund • University • University of applied sciences (incl. third-party funds) • Teacher training college (incl. third-party funds) 	<ul style="list-style-type: none"> • Churches • Psychiatric clinics
Luzern	<ul style="list-style-type: none"> • LUSTAT Statistik Luzern • Teacher training college • Regional employment center (RAV) • University 	–
Uri	–	<ul style="list-style-type: none"> • Unemployment fund
Schwyz	<ul style="list-style-type: none"> • Lottery and Sport-Toto fund • Teacher training college 	<ul style="list-style-type: none"> • Unemployment fund
Obwalden	–	–
Nidwalden	–	<ul style="list-style-type: none"> • Churches
Glarus	<ul style="list-style-type: none"> • Protection of cultural heritage fund • Lottery fund • Sport-Toto fund 	<ul style="list-style-type: none"> • Cantonal unemployment fund • Cantonal compensation fund • Cantonal hospital
Zug	<ul style="list-style-type: none"> • Lottery fund • Regional employment center (RAV) • Segregated fund • Sport-Toto fund • Teacher training college 	<ul style="list-style-type: none"> • Outpatient psychiatric clinic • Unemployment fund • Emergency medical services
Fribourg	<ul style="list-style-type: none"> • University third-party funds • Driver and vehicle licensing office 	<ul style="list-style-type: none"> • Retirement home • Marsens laundry
Solothurn	<ul style="list-style-type: none"> • Lottery fund • Sport-Toto fund 	<ul style="list-style-type: none"> • Unemployment fund • Churches
Basel Stadt	<ul style="list-style-type: none"> • University 	<ul style="list-style-type: none"> • Unemployment fund • Emergency medical services
Basel Landschaft	<ul style="list-style-type: none"> • Fishery conservation fund • H2 construction fund • Infrastructure fund • Project fund • Shelter fund • Swisslos fund • Swisslos sport fund • Animal diseases fund • Business development fund • Fund for the promotion of housing construction 	<ul style="list-style-type: none"> • Waste plant • Wastewater plants • Unemployment fund • District heating plant
Schaffhausen	<ul style="list-style-type: none"> • Cantonal shelter exemption tax fund (EAG fund) • Lottery winnings fund • Regional employment center (RAV) • Social fund • Sport-Toto fund 	–
Appenzell Ausserrhoden	<ul style="list-style-type: none"> • Trogen cantonal school • Regional employment center (RAV) 	–
Appenzell Innerrhoden	<ul style="list-style-type: none"> • Waste accounts • Secondary school (Gymnasium) • Regional employment center (RAV) • Road accounts 	<ul style="list-style-type: none"> • Oberegg retirement home

Government unit	Added administrative units	Eliminated administrative units
Cantons		
St. Gallen	<ul style="list-style-type: none"> • St. Gallen teacher training college • Rhine fund • St. Gallen cultural foundation • University 	<ul style="list-style-type: none"> • Unemployment fund
Graubünden	<ul style="list-style-type: none"> • Healthcare and social work training center • Care homes • Institute of Technology and Economics (HTW) • Teacher training college 	<ul style="list-style-type: none"> • Administrative costs for unemployment fund
Aargau	<ul style="list-style-type: none"> • Lottery fund 	<ul style="list-style-type: none"> • Unemployment fund
Thurgau	<ul style="list-style-type: none"> • Regional employment center (RAV) • PHTG, Thurgau University of Teacher Education 	–
Ticino	<ul style="list-style-type: none"> • ASP teacher training college • University third-party funds • University of Applied Sciences and Arts of Southern Switzerland (SUPSI) • Withholding tax (in accordance with Art. 35 of the Tax Harmonisation Act) • USI Università della Svizzera italiana 	<ul style="list-style-type: none"> • Psychiatric services
Vaud	<ul style="list-style-type: none"> • University third-party funds • University of Teacher Education Canton of Vaud (HEP Vaud) • Loterie romande • Regional employment center (RAV) • Sport-Toto • University 	<ul style="list-style-type: none"> • Churches
Valais	–	<ul style="list-style-type: none"> • University of Applied Sciences (entered under concordats)
Neuchâtel	<ul style="list-style-type: none"> • University third-party funds • Loterie romande • SCAN driver and vehicle licensing office • University 	–
Geneva	<ul style="list-style-type: none"> • Etablissements publics pour l'intégration EPI • Hautes écoles spécialisées HES • Hospice général • Loterie romande • Sport-Toto fund • University 	–
Jura	<ul style="list-style-type: none"> • Loterie romande 	–

Government unit	Added administrative units
Cantonal concordats	
Driver and vehicle licensing offices	<ul style="list-style-type: none"> • MfZ-Prüfstation beider Basel • Verkehrssicherheitszentrum OW/NW
Prison	<ul style="list-style-type: none"> • Bostadel • Penitentiary concordat of North West and Central Switzerland
Upper secondary schools	<ul style="list-style-type: none"> • Interstaatliche Maturitätsschule St. Gallen • Gymnase intercantonale de la Broye
Post-secondary vocational education	<ul style="list-style-type: none"> • Hitzkirch police training college • Maienfeld forestry training center
Universities	<ul style="list-style-type: none"> • Swiss Center of Accreditation and Quality Assurance in Higher Education (OAQ)
Teacher training colleges	<ul style="list-style-type: none"> • BE, JU, NE teacher training colleges • University of Applied Sciences of Special Needs Education (HfH)
Universities of applied sciences	<ul style="list-style-type: none"> • Western Switzerland (HES-SO) • Eastern Switzerland (FHO) • Central Switzerland (FHZ) • Northwestern Switzerland (FHNW) • University of Applied Arts ARC

Government unit	Added administrative units
Cantonal concordats	
Health	<ul style="list-style-type: none"> • Laboratory of UR, SZ, OW, NW • Intercantonal laboratory of AR, AI, GL, SH
Regional employment center (RAV)	<ul style="list-style-type: none"> • OW/NW regional employment center (RAV)
Motorways	<ul style="list-style-type: none"> • Northwestern Switzerland motorways (NSNW) BL, BS, AG, SO
Dairy industry advisory services	<ul style="list-style-type: none"> • CASEi
Labor market committee	<ul style="list-style-type: none"> • Tripartite labor market committee, authority for the cantons UR, OW, NW and SZ

Government unit	Added administrative units	Eliminated administrative units
Cities and cantonal capitals		
Dietikon	–	<ul style="list-style-type: none"> • Retirement home
Dübendorf	<ul style="list-style-type: none"> • Secondary school 	<ul style="list-style-type: none"> • Retirement home • Churches • Convalescent and nursing home services • Spitex
Uster	<ul style="list-style-type: none"> • Secondary school 	<ul style="list-style-type: none"> • Wastewater treatment plant • Convalescent and nursing home services • Spitex
Wetzikon	<ul style="list-style-type: none"> • Lower secondary school community 	<ul style="list-style-type: none"> • Retirement home • Wastewater treatment plant • Power stations • Electricity, gas, steam and hot water supply • Natural gas supply • Public utilities • Waterworks
Horgen	–	<ul style="list-style-type: none"> • Retirement home • Wastewater treatment plant • Power stations • District heating • Natural gas supply • Waterworks
Wädenswil	–	<ul style="list-style-type: none"> • Retirement home • Wastewater treatment plant • Waterworks
Winterthur	–	<ul style="list-style-type: none"> • Wastewater treatment plant • Electricity • Petroleum and natural gas • Waste incineration plant • Convalescent and nursing home services • Non-electrical energy • Other commercial operations • Spitex • Transportation association • Water supply
Zurich	<ul style="list-style-type: none"> • Waste management 	<ul style="list-style-type: none"> • Retirement home • Wastewater treatment plant • Electricity • Waste incineration plant • Convalescent and nursing home services • Non-electrical energy • Hospital • Transportation association • Water supply
Bern	–	<ul style="list-style-type: none"> • Retirement home • Medical police

Government unit	Added administrative units	Eliminated administrative units
Cities and cantonal capitals		
Biel	<ul style="list-style-type: none"> • Wastewater services • Fire protection services • Waste services • Daycare center • Parking services • Full-time schools 	–
Köniz	–	<ul style="list-style-type: none"> • Water supply
Thun	–	–
Emmen	–	–
Kriens	–	<ul style="list-style-type: none"> • Nursing homes
Luzern city	–	<ul style="list-style-type: none"> • Retirement and nursing homes
Altdorf	–	–
Schwyz	–	<ul style="list-style-type: none"> • Retirement and nursing home
Sarnen	–	<ul style="list-style-type: none"> • Water supply
Stans	–	<ul style="list-style-type: none"> • Mettweg residential building
Glarus	–	–
Baar	–	–
Zug	–	–
Fribourg	–	–
Bulle	–	<ul style="list-style-type: none"> • Foyers communaux
Solothurn	–	–
Riehen	–	–
Liestal	–	<ul style="list-style-type: none"> • Water supply
Schaffhausen	–	<ul style="list-style-type: none"> • Retirement homes • Spitex
Herisau	–	<ul style="list-style-type: none"> • Wastewater treatment plant
Appenzell	<ul style="list-style-type: none"> • Waste management • Fire protection services • Bauverwaltung Inneres Land 	–
Rapperswil-Jona	–	<ul style="list-style-type: none"> • Wastewater treatment plant
St. Gallen	–	<ul style="list-style-type: none"> • Wastewater treatment plant • Landfill • Residential home for the elderly
Wil	–	<ul style="list-style-type: none"> • Wastewater treatment plant
Chur	–	<ul style="list-style-type: none"> • Wastewater treatment plant
Aarau	<ul style="list-style-type: none"> • Vocational training school 	<ul style="list-style-type: none"> • Retirement homes
Wettingen	–	–
Frauenfeld	<ul style="list-style-type: none"> • Therapeutic education center (HPZ) • Primary school • Secondary school 	–
Kreuzlingen	<ul style="list-style-type: none"> • Primary school • Secondary school 	–
Bellinzona	–	<ul style="list-style-type: none"> • Nursing home
Lugano	–	<ul style="list-style-type: none"> • Nursing home

Government unit	Added administrative units	Eliminated administrative units
Cities and cantonal capitals		
Lausanne	–	<ul style="list-style-type: none"> • Antenna installation • Electricity • Petroleum and natural gas • Churches • Non-electrical energy • Medical services group • Water supply
Montreux	–	<ul style="list-style-type: none"> • Churches
Yverdon-les-Bains	–	<ul style="list-style-type: none"> • Wastewater treatment plant • Electricity • Petroleum and natural gas • Churches • Water supply
Renens	–	<ul style="list-style-type: none"> • Churches
Sion	–	<ul style="list-style-type: none"> • Outpatient services
La Chaux-de-Fonds	–	<ul style="list-style-type: none"> • Retirement home • Outpatient services
Neuchâtel	–	<ul style="list-style-type: none"> • Outpatient services
Carouge (GE)	–	–
Geneva	–	–
Lancy	–	–
Meyrin	–	–
Vernier	–	–
Delémont	–	<ul style="list-style-type: none"> • Electricity supply • Natural gas supply • Water supply
Social security funds		
<ul style="list-style-type: none"> • Old-age and survivors' insurance (AHV) • Disability insurance (IV) • Compensation for loss of earnings (EO) • Agriculture family allowances (FL) • Unemployment insurance (ALV) • Geneva maternity insurance 		

The federal financial statistics seek to present the finances of the government units on a comparable basis. This is done at national level with the FS Model, which is based on the Harmonized Accounting Model for the Cantons and Municipalities (HAM2). The 2014 results at national level are presented below.

21 General government

The financial situation of the government units is strained. The general government's financing statement once again ended the year in negative territory in 2014 after eight years of surpluses. The restructuring measures for public-sector pension funds continued to put a burden on the financial statements of the cantons and municipalities. Only the social security funds managed to post a substantial surplus of CHF 2.2 billion.

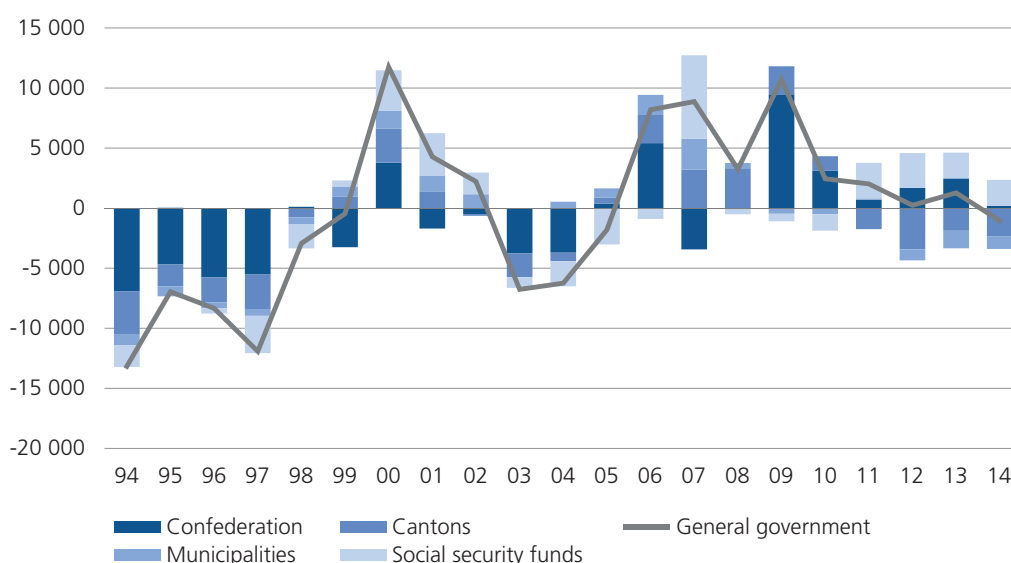
The general government sector's consolidated *statement of financial performance* for 2014 closed with an ordinary surplus of CHF 4.4 billion thanks to considerable surpluses in both the Confederation and social security funds sub-sectors. The surplus was diminished by extraordinary contributions to restructure cantonal and municipal pension funds. The extraordinary revenue of around CHF 1 billion was generated by the Confederation's sale of Swisscom shares and the disgorgement of bank profits, as well as revenue associated with cantonal banks (TKB IPO and additional BCU dividends) in the cantons sub-sector. Overall, the 2014 statement of financial performance showed a negative *extraordinary result* of approximately CHF 1.7 billion, meaning that the general government sector ultimately showed a surplus of CHF 2.6 billion.

Not all government units at the cantonal and municipal level have yet made the distinction between the ordinary and extraordinary result as defined in the HAM2. To ensure that the ordinary result is not distorted, the Financial Statistics Section seeks to post extraordinary transactions as such insofar as possible.

The *operating result* in the general government sector's statement of financial performance was negative like the previous year (2014: -1.9 bn), but it nonetheless improved by around CHF 1.2 billion. While *operating revenue* rose by 1.1%, primarily in the case of tax revenue, *operating expenses* increased by 0.5%.

Coming in at CHF 174.4 billion in 2014, tax revenue, the largest revenue component, accounted for 88.2% of operating revenue. It grew by 1.5% relative to 2013, primarily in the areas of direct taxes, natural persons (+1.1 bn) and other duties (+0.8 bn). The composition of tax revenue did not change significantly in 2014. The largest components were direct taxes, natural persons (34.8%), other duties (25.5%), consumption taxes (18.7%) and direct taxes, legal entities (11.4%). Other direct taxes, which accounted for 6.4% in 2014, increased mainly because of withholding tax revenue, which rose by CHF 350 million to CHF 5.5 billion. Under other duties, contributions by employers and insured persons were up by CHF 682 million, or 1.6%. Revenue from exchange transactions accounted for 9.4% of operating revenue in 2014 and was up by 2.7%. In contrast, revenue from royalties and concessions and withdrawals from funds and special financing fell. Revenue from royalties and concessions plunged by 37.5% relative to 2013, as the profit distribution reserve of the Swiss National Bank (SNB) was negative at the end of 2013 (-6.8 bn) and the Confederation and cantons thus received no profit distribution. The agreement regarding the SNB profit distribution concluded between the SNB and the Federal Department of Finance (FDF) makes provision for an annual amount of CHF 1 billion to be paid out to the Confederation (1/3) and the cantons (2/3) in the event of a positive profit distribution reserve. The reduction in withdrawals from funds and special financing (-6% relative to 2013) occurred at the cantonal level.

Figure 1: Trend of the overall fiscal balance with the FS Model in CHF mn



The general government posted deficits throughout the 1990s. Following a cyclical interim high from 2000 and a subsequent deterioration of the financial situation, a period of surpluses set in from 2006 to 2013. The deficit in 2014 was CHF 1.1 billion.

Receipts (+0.3%) increased less than *expenditure* (+1.4%) in the general government sector's *financing statement*, which lowered the *overall fiscal balance* by CHF 2.3 billion year on year. The outcome was a loss of CHF 1.1 billion.

The breakdown of *expenditure* by task area shows that 39.6% went to "Social security" in 2014. In this area, the changes in expenditure resulted essentially from the increase in the number of pensions and the pension adjustments of individual social security funds. Relative to 2013, the government units substantially increased their funds for old-age and survivors' insurance benefits and social welfare and asylum affairs, and these functional groups accounted for approximately 90% of the additional expenditure for "Social security". "Education" was the second-largest area of expenditure. Of the CHF 36 billion spent in 2014, 44.0% was used for "Obligatory schooling", 22.4% for "Tertiary-level institutions" and 9.8% for "Basic vocational training". Because of the considerable drop of 7.1%, which was due primarily to the absence of the federal credit for the EU Research Framework Program, "Research" once again received a smaller share of total education expenditure than

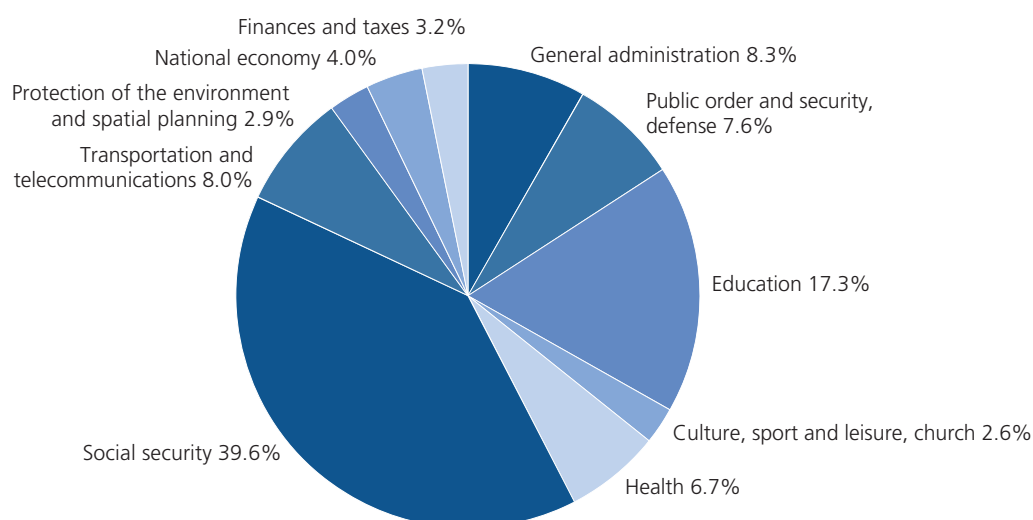
"Basic vocational training" in 2014. In contrast, the funds for "Tertiary-level institutions" rose by 7.5% to around CHF 8.1 billion.

The general government disbursed the third-largest expenditure sum for "General administration" in 2014. Expenditure in this area, which posted the biggest year-on-year increase in percentage terms (+6.8%), amounted to CHF 17.1 billion. The biggest reduction in percentage terms was recorded under "Finances and taxes" (-4.0%). Expenditure on funding was down considerably because of the extremely low interest rate environment and the higher premiums associated with this, which have the effect of reducing expenditure.

In terms of volume, the most significant reduction (-316 mn) occurred in the Confederation's "Public order and security, defense" area. The decline can be explained partly by a one-time payment in 2013 of pension contributions amounting to just over CHF 150 million. Moreover, defense equipment expenditure fell by CHF 142 million in connection with the rejected procurement of new fighter jets.

Figure 2: Expenditure by function – general government, 2014

Total expenditure: CHF 207 598 885 564



The expenditure for individual insurers in the "Social security" task area depends on demographic developments and the associated number of pensions.

The Financial Statistics Section publishes data for the *statements of financial position* of the municipalities and the general government sector only from 2008 onward, as the municipalities' data prior to this was incomplete or not compiled at all. Total assets amounted to CHF 361.3 billion at the end of 2014, which equates to an increase of 6.0% on the previous year. As seen in the previous two years, the 2014 increase was again partly attributable to the cantons and municipalities converting to the new accounting model HAM2. This leads to revaluations of items in the statement of financial position. Aside from changes in the value of administrative assets (usually increases in value), non-administrative assets can also be revalued. These adjustments to the statement of financial position thus result in higher net assets/equity.

For example, canton of *Aargau* municipalities contributed to the increase in tangible fixed assets under administrative assets through restatements. The general government sector's tangible fixed assets grew by a total of CHF 12.6 billion in 2014. The increase amounted to CHF 6.0 billion in canton of *Aargau* municipalities alone, and most of this came under land. While

the general government's *administrative assets* rose by 7.0%, *non-administrative assets* rose by 4.9%. In the case of non-administrative assets, primarily long-term financial investments (+5.9 bn), prepaid expenses and accrued income (+5.3 bn) and tangible fixed assets (+1.7 bn) were up. Although inventories and work in progress grew by 5.3%, the sum in question was insignificant. Overall, the increase in non-administrative assets amounted to around CHF 8.0 billion.

The general government sector had *liabilities* of CHF 286.3 billion at the end of 2014, 78.0% of which was gross debt. Gross debt posted a year-on-year increase of 2.7%. Long-term financial liabilities rose by a substantial CHF 4.7 billion. In the canton of *Zurich* alone, there was an increase of approximately CHF 1.1 billion in bonds. The canton issued the additional government bonds to secure liquidity. The changes in the other components of the general government sector's liabilities were as follows: short-term provisions rose by a total of CHF 1.1 billion, while long-term provisions and restricted funds in liabilities fell by CHF 0.9 billion and CHF 2.9 billion, respectively.

Financial statements – general government

CHF mn	2010	2011	2012	2013	2014
Statement of financial performance					
Revenue	196 263	202 563	203 827	206 816	209 635
Expenses	191 554	198 856	199 255	205 256	206 997
Surplus/deficit	4 709	3 707	4 572	1 561	2 637
Financing statement					
Receipts	193 862	200 467	200 771	205 921	206 549
Expenditure	191 418	198 450	200 537	204 652	207 599
Overall fiscal balance	2 444	2 017	234	1 270	- 1 050
Statement of financial position					
Non-administrative assets	143 082	146 332	157 906	163 542	171 537
Administrative assets	160 379	161 935	171 336	177 252	189 742
Liabilities	264 293	265 249	277 405	280 307	286 297
Net assets/equity	39 167	43 017	51 838	60 486	74 982
Total assets	303 460	308 266	329 243	340 793	361 279

Statement of financial performance – general government

CHF 1 000	2010	2011	2012	2013	2014
Operating expenses	184 081 778	187 818 827	190 969 680	198 503 089	199 518 810
Personnel expenses	45 257 269	46 481 161	47 626 394	48 791 965	49 420 129
General, administrative and operating expenses	22 906 671	23 089 934	23 659 888	25 162 151	24 774 771
Defense expenses	1 001 078	1 162 959	996 710	969 695	799 321
Depreciation, administrative assets	10 916 889	10 877 664	10 235 878	10 335 248	10 236 002
Net expense for funds and special financing	2 489 141	2 626 852	1 984 217	2 443 010	1 797 279
Transfer expenses	101 510 730	103 580 256	106 466 594	110 801 019	112 491 309
Operating revenue	184 686 335	191 943 376	191 177 280	195 445 111	197 658 725
Tax revenue	161 129 048	167 891 704	167 902 169	171 794 069	174 392 379
Royalties and concessions	3 913 003	3 983 506	2 749 221	2 564 928	1 602 970
Revenue from exchange transactions	16 636 493	17 139 622	17 352 229	18 045 489	18 532 630
Miscellaneous revenue	491 018	705 403	638 742	605 406	815 448
Withdrawals from funds and special financing	1 909 573	1 663 678	1 886 257	1 711 055	1 608 245
Transfer revenue	607 200	559 462	648 663	724 162	707 053
Operating result	604 557	4 124 549	207 600	-3 057 978	-1 860 085
Financial expense	6 622 355	6 336 480	5 709 871	5 011 311	4 784 579
Financial revenue	11 195 353	10 027 614	11 380 652	9 757 235	11 010 310
Financial result	4 572 997	3 691 134	5 670 781	4 745 924	6 225 731
Ordinary result	5 177 554	7 815 683	5 878 381	1 687 946	4 365 647
Extraordinary expenses	849 606	4 700 246	2 575 014	1 741 157	2 694 057
Extraordinary revenue	381 361	591 767	1 268 783	1 613 952	965 637
Extraordinary result	- 468 246	-4 108 479	-1 306 231	- 127 206	-1 728 421
Surplus/deficit	4 709 309	3 707 204	4 572 151	1 560 740	2 637 226

Financing statement – general government

CHF 1 000	2010	2011	2012	2013	2014
Operating expenditure	165 347 333	168 711 361	173 649 561	178 829 156	181 578 975
Personnel expenditure	45 327 033	46 502 831	47 636 476	48 774 288	49 381 699
General, administrative and operating expenditure	22 371 211	22 783 329	23 496 898	24 347 884	24 343 707
Defense expenditure	1 001 078	1 162 959	996 710	967 613	800 895
Transfer expenditure	96 648 011	98 262 241	101 519 477	104 739 371	107 052 675
Operating receipts	182 999 763	188 914 389	189 566 485	194 135 952	195 881 894
Tax receipts	161 529 048	166 791 704	168 402 169	172 294 069	174 401 211
Royalties and concessions	3 921 102	3 989 907	2 692 511	2 642 288	1 668 877
Receipts from exchange transactions	16 649 604	17 147 783	17 349 070	18 051 843	18 529 790
Miscellaneous receipts	415 946	510 001	557 355	508 848	664 233
Transfer receipts	484 064	474 994	565 380	638 905	617 784
Operating result	17 652 429	20 203 028	15 916 924	15 306 795	14 302 919
Financial expenditure	6 043 827	5 578 954	4 702 228	4 713 762	4 356 708
Financial receipts	8 796 215	8 694 127	8 236 965	8 281 930	7 986 248
Financial result	2 752 389	3 115 173	3 534 738	3 568 168	3 629 540
Investment expenditure	19 390 157	20 069 576	19 737 979	19 738 469	19 597 996
Tangible fixed assets	12 335 572	12 277 391	12 172 069	12 180 544	12 309 866
Investments on behalf of third parties	3 365	4 045	8 516	18 882	9 337
Investments, intangible fixed assets	175 786	256 242	274 078	266 387	352 664
Loans and financial interests n.e.c.	263 976	312 103	537 654	240 255	85 998
Loans	1 250 057	1 894 433	1 642 694	1 832 056	1 760 111
Financial interests and share capital	76 968	227 511	568 672	339 949	281 436
Investment contributions	5 284 433	5 097 852	4 534 296	4 860 396	4 798 584
Investment receipts	2 065 843	2 548 236	2 227 932	2 188 969	2 265 677
Transfer of tangible fixed assets to non-administrative assets	383 172	322 655	323 378	489 294	178 257
Reimbursements	245 499	277 195	372 697	163 220	180 446
Disposal of intangible fixed assets	219		581	181	510
Repayment of loans and financial interests n.e.c.	177 413	189 592	168 003	121 013	84 324
Loan repayment	319 205	429 963	387 521	510 408	867 305
Transfer of financial interests	20 525	374 327	5 224	5 432	5 655
Repayment of own investment contributions	26 084	39 259	28 256	17 239	15 185
Investment contributions	893 725	915 245	942 272	882 180	933 995
Net investments	-17 324 315	-17 521 340	-17 510 047	-17 549 500	-17 332 319
Ordinary result	3 080 503	5 796 861	1 941 615	1 325 464	600 140
Extraordinary expenditure	637 026	4 090 178	2 447 483	1 370 140	2 065 206
Extraordinary expenditure	637 026	4 090 178	2 447 483	1 370 086	2 065 178
Extraordinary investment expenditure				54	28
Extraordinary receipts	82	310 683	739 928	1 314 344	414 964
Extraordinary receipts	82	20 444	739 899	67 098	344 784
Extraordinary investment receipts		290 240	29	1 247 246	70 180
Extraordinary result	- 636 944	-3 779 494	-1 707 555	- 55 795	-1 650 242
Overall fiscal balance	2 443 559	2 017 367	234 060	1 269 668	-1 050 102

Statement of financial position – general government

CHF 1 000	2010	2011	2012	2013	2014
Assets	303 460 242	308 266 185	329 242 637	340 793 377	361 279 114
Non-administrative assets	143 081 637	146 331 553	157 906 354	163 541 745	171 536 793
Cash and cash equivalents	21 153 075	27 064 494	32 241 929	31 196 235	29 246 429
Receivables	41 259 663	41 358 705	44 330 223	44 359 086	43 212 004
Short-term financial investments	11 110 974	6 270 906	5 427 404	6 723 634	6 438 558
Prepaid expenses and accrued income	8 552 037	8 685 398	8 361 662	11 017 727	16 360 821
Inventories and work in progress	292 748	307 804	320 161	330 211	347 594
Financial investments	37 973 102	39 583 900	44 527 875	46 249 883	52 103 743
Tangible fixed assets, NAA	19 407 635	19 720 398	20 183 290	21 173 133	22 871 203
Receivables from special financing and funds in liabilities	3 332 403	3 339 948	2 513 810	2 491 838	956 441
Administrative assets	160 378 605	161 934 632	171 336 283	177 251 632	189 742 321
Tangible fixed assets, AA	112 683 181	115 544 920	121 520 541	126 022 561	138 582 142
Inventories, AA	376 996	376 161	385 913	397 678	308 284
Intangible fixed assets	346 933	475 139	533 079	539 907	810 704
Loans and financial interests n.e.c.	13 616 325	13 680 057	13 394 805	10 665 473	4 805 256
Loans	5 078 895	5 511 983	7 186 469	8 333 394	9 501 666
Financial interests, share capital	21 849 932	22 036 214	24 987 713	28 215 132	31 667 972
Investment contributions	7 118 013	7 186 261	6 971 223	7 344 885	8 402 931
Assets due from government units			0		
Accumulated additional depreciation and amortization	- 691 669	-2 876 102	-3 643 459	-4 267 398	-4 336 634
Liabilities and equity	303 460 242	308 266 185	329 242 637	340 793 377	361 279 114
Liabilities	264 293 293	265 248 861	277 404 674	280 307 054	286 296 678
Current liabilities	38 577 423	38 019 852	39 289 721	41 084 068	43 254 522
Short-term financial liabilities	18 988 268	21 489 764	27 056 549	26 126 850	26 560 272
Accrued expenses and deferred income	15 260 128	14 290 418	15 926 728	16 421 061	17 779 834
Short-term provisions	1 532 801	1 444 513	4 564 664	1 618 777	2 707 213
Long-term financial liabilities	149 774 730	147 206 276	148 781 275	151 807 127	156 528 156
Liabilities toward government units					
Long-term provisions	21 146 104	22 635 669	21 709 527	22 681 490	21 823 442
Restricted funds	19 013 840	20 162 369	20 076 210	20 567 681	17 643 239
Net assets/equity	39 166 949	43 017 325	51 837 963	60 486 323	74 982 436
Liabilities or advances toward special financing and funds in net assets/equity	37 330 217	38 670 650	43 276 191	46 107 127	51 056 043
Global budget area reserves	150 780	258 823	373 889	353 709	383 897
Advance financing	2 465 713	2 830 778	3 081 795	3 069 878	3 861 121
Restatement reserve	53 543	69 126	2 930 079	5 456 915	12 315 353
Revaluation reserve, non-administrative assets	426 441	542 905	1 203 105	2 486 033	3 369 944
Other net assets/equity	3 799 058	1 980 841	844 348	266 681	901 557
Accumulated surplus/deficit	-5 058 802	-1 377 572	- 608 421	854 227	1 200 104

Expenditure by function – general government

CHF 1 000	2010	2011	2012	2013	2014
Total	191 418 343	198 450 069	200 537 250	204 651 527	207 598 886
General administration	13 893 317	18 113 357	16 499 957	16 057 745	17 143 008
Public order and security, defense	14 533 318	15 235 717	15 229 698	16 065 134	15 749 157
Education	32 674 228	33 724 283	34 562 594	35 220 816	35 986 650
Culture, sport and leisure, church	4 982 006	5 116 290	5 117 399	5 193 629	5 325 332
Health	11 347 506	12 118 454	13 701 988	13 746 420	13 839 753
Social security	75 248 664	75 995 453	77 845 378	80 521 650	82 172 920
Transportation and telecommunications	16 582 024	16 723 577	16 810 915	16 884 657	16 619 936
Protection of the environment and spatial planning	5 877 733	5 868 767	5 989 862	6 082 449	5 937 838
National economy	7 613 688	7 723 869	7 860 555	8 004 235	8 223 453
Finances and taxes	8 665 860	7 830 302	6 918 903	6 874 791	6 600 839

22 Confederation

The Confederation's financial situation deteriorated significantly relative to recent years. The consolidated federal budget ended 2014 with an ordinary fiscal balance slightly in the red for the first time since 2005. The loss of CHF 19 million was due to considerably lower receipts. Combining this with extraordinary receipts, which were generated primarily by the sale of Swisscom shares and the Swiss Financial Market Supervisory Authority (FINMA) ordering profits to be disgorged, the financing statement ended the year with a small surplus of CHF 194 million. The Confederation nevertheless reduced its gross debt once again, and lowered it by CHF 2.8 billion to CHF 107.7 billion in the year under review.

The Confederation's consolidated *statement of financial performance* showed a surplus of CHF 1.1 billion in 2014. The revenue surplus was around CHF 94 million higher than the previous year. This was due to the fact that the CHF 1 billion drop in *expenses* (-1.5%) was greater than the CHF 0.9 billion reduction in revenue (-1.4%). *Revenue* amounted to CHF 66.1 billion in 2014, and CHF 196 million of this was extraordinary. The Confederation posted an unrealized gain of CHF 54 billion in connection with the sale of Swisscom shares. The sales program launched at the start of 2011 for Swisscom shares has thus been completed. Following the sale, the Confederation's stake in Swisscom AG is 50.95%. Additional extraordinary revenue resulted from FINMA ordering various banks (Lombard Bank in Geneva, UBS and Incore Bank in Zurich) to disgorge profits due to serious violations of Swiss financial market laws. Compared with the statement of financial performance, the financing statement ended the year CHF 0.9 billion worse off. The difference was due to components that are not recognized in the financing statement (e.g. provisions, deferrals, depreciation and revaluations of administrative assets) and items in the statement of investments.

The *statement of investments*, which is part of the financing statement, showed ordinary *investment expenditure* of CHF 7.8 billion for 2014. With a growth rate of 1.4%, ordinary investment expenditure rose at the same pace as nominal GDP and considerably outstripped *total expenditure* growth (+0.3%). The additional investments of CHF 109 million were made primarily in the task areas of "Education" (+75 mn) and "Protection of the environment and spatial planning" (+56 mn). In the case of education, there were mainly higher investment contributions from the Confederation to the cantons and concordats for tertiary-level institutions and basic vocational training. With regard to protection of the environment and spatial planning, there were additional investment contributions from the Confederation to public corporations for air pollution control and climate protection. Coming in at CHF 283 million in 2014, ordinary *investment receipts* were approximately CHF 14 million lower than the previous year. Despite additional receipts in the area of social security (subsidized housing +38.2 mn), ordinary investment receipts declined overall because the Federal Office for Buildings and Logistics sold fewer buildings in Switzerland and abroad than in 2013. The Confederation thus invested some CHF 7.6 billion net in 2014.

While the *financial result* in the statement of financial performance was positive at CHF 175 million, it was negative at CHF 737 million in the financing statement. This was due partly to the fact that financial revenue (2.4 bn) was around CHF 1.1 billion higher than financial receipts because of significant revaluations of administrative assets and partly to the fact that financial expense (2.2 bn) was higher than financial expenditure (2.0 bn) mainly in the case of capital procurement and administration. Relative to the 2013 financial statements, financial expense fell by 4%, whereas financial revenue rose by 3.3%.

A significant difference caused by components that are not recognized in the financing statement was seen also in the *operating result*. The operating result in the financing statement was CHF 7.5 billion higher than in the statement of financial performance. This was due to the fact that operating expenses (62.7 bn) were significantly higher than *operating expenditure* (54.9 bn) because of depreciation and value adjustments.

The difference between *operating receipts* (63.2 bn) and *operating revenue* (63.5 bn) was relatively small (-285 mn). Despite the absence of a profit distribution from the SNB, recognized under royalties and concessions, *operating revenue* remained more or less at the previous year's level (-0.2%), as tax revenue, which is the main component of operating revenue, was virtually unchanged. The tax revenue of around CHF 60.6 billion was comprised of direct taxes, consumption taxes, other taxes and customs revenue. While the direct taxes of natural persons and legal entities (-1.7% and -2.4%) and transportation taxes (-1.3%) were down, the other tax revenue components were up. In the case of other direct taxes (+6%), withholding tax revenue grew by CHF 350 million. It is worth mentioning that the withholding tax revenue figures shown in the financial statistics are not the same as those for the Confederation as parent entity. This is because, effective since 2013, the Confederation recognizes interest and fines associated with value added tax and stamp duty (both sub-sections of consumption taxes) under the respective underlying tax revenue. The Financial Statistics Section makes corrections for this change of practice with the help of additional information from the Federal Tax Administration. Both value added tax revenue (+0.3%) and stamp duty revenue (+0.5%) were up only marginally on the previous year.

A significant proportion of the decline in *operating expenses* in 2014 was attributable to general, administrative and operating expenses, and defense expenses. The plunge in general, administrative and operating expenses (-618 mn, or -11.3%) can be explained by one-time expenses recognized the previous year (final storage of radioactive waste, dismantling of ETH Domain nuclear facilities, as well as considerable withholding tax write-offs). Miscellaneous operating expenses and value adjustments on receivables (losses on taxes assessed but unlikely to be collected) thus dropped by CHF 476 million and CHF 247 million, respectively. In the latter case, this was due to the fact that the Confederation has applied a new accounting practice for eliminations of disputed receivables since 2014. Now, the receivables are not recognized in the statement of financial position or in the statement of financial performance (in terms of revenue and simultaneously as a loss on receivables) if the likelihood of a fund inflow is lower than 50%. Defense expenses fell by CHF 170 million (-17.6%) relative to 2013. The reduction in expenses was found particularly in the case of defense equipment because the planned procurement of Gripen fighter jets was rejected in the referendum of May 18, 2014.

In 2014, the depreciation on administrative assets, the fourth-largest component of operating expenses, amounted to CHF 2.5 billion and accounted for 32.5% of the difference between operating expenses and operating expenditure. The depreciation and amortization of tangible and intangible fixed assets occur primarily in the administrative units with major investments (FEDRO, FOBL and armasuisse Immobilien). The significant reduction in the net expense for funds and special financing (-47.0%) was largely attributable to the CO₂ tax surplus.

Approximately three quarters of the Confederation's operating expenses came from transfer expenses, which were down by CHF 94 million on the previous year and around CHF 4.7 billion higher than *transfer expenditure*. The latter difference, stemming from components that are not recognized in the financing statement (particularly depreciation on investment contributions), explains approximately 60% of the difference between operating expenses and operating expenditure. The Confederation's main transfer recipients are the social security funds and the cantons.

The ordinary and extraordinary *transfer expenditure of the Confederation for the social security funds* was allocated to the "Social security" task area. Receipt shares accounted for 23.5% of the Confederation's transfers, and current contributions accounted for 76.5%. The growth was driven primarily by the Confederation's payments to old-age and survivors' insurance (+126 mn, +1.2%), due to the fact that the Confederation bears 19.5% of the annual AHV expenditure and this rose by 2.7% to CHF 42.1 billion. While the Confederation previously paid a contribution of 37.7% of disability insurance expenditure, the federal contribution has depended on value added tax revenue

since 2014. Because of the system change concerning the first package of measures under the sixth revision of disability insurance, the provision created earlier for individual disability insurance measures was completely reversed as of the end of 2013. The absence of this transaction not recognized in the financing statement caused an increase in ordinary receipts in 2014. The Confederation's disability insurance contributions with a financing effect amounted to CHF 4.9 billion, representing a year-on-year increase of 1.3%.

The *Confederation's transfer expenditure for the cantons* came in at CHF 20.2 billion in 2014, representing a year-on-year increase of 1.5%, or CHF 297 million. The largest transfer item, i.e. current contributions, accounted for a share of 47.2% in 2014. These are general and ecological direct payments for agriculture, individual premium reductions, AHV and IV supplementary benefits and promotion contributions in the area of education. Relative to 2013, the Confederation's ordinary contributions to the cantons grew by CHF 237 million. They thus had the strongest growth rate in nominal terms.

The *Confederation's direct transfer expenditure for the municipalities* is generally low. Like the previous year, it rose by 1.5% to reach around CHF 1 billion in 2014. This concerns the Confederation's cultural contribution to the city of Bern, which the city uses for cultural institutions and projects. The details regarding the utilization of the contribution are set out in a service level agreement with the city of Bern.

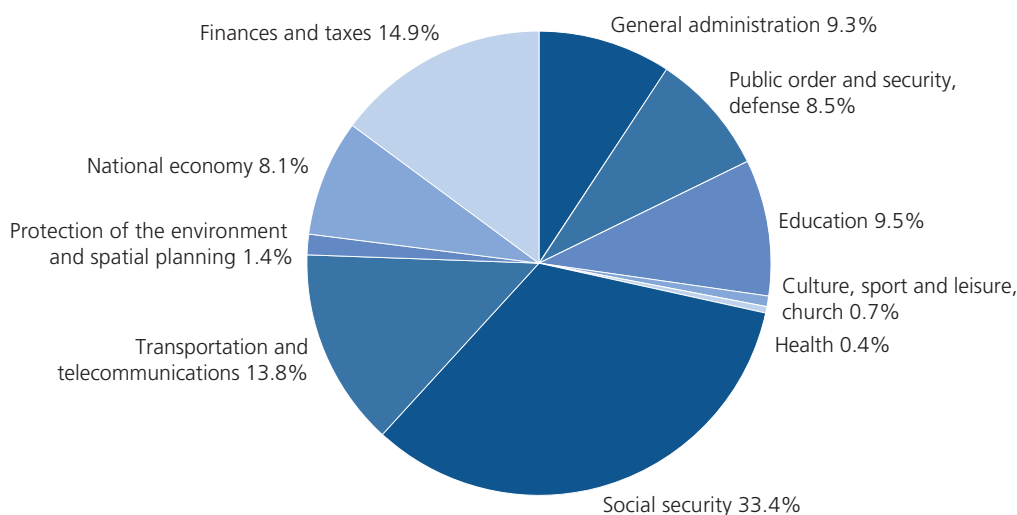
In 2014, the Confederation's *expenditure* increased by 0.3% to CHF 64.7 billion. Calculating the individual task areas' proportions of total expenditure and comparing these with the figures for the previous year shows that the priorities of the 2014 expenditure policy did not deviate significantly from the previous year's policy. Only the "General administration" and "Public order and security, defense" task areas switched places, with "General administration" rising from sixth to fifth place. The largest sum, a third of federal expenditure, was spent by the Confederation for "Social security", followed by "Finances and taxes" and "Transportation and telecommunications". The Confederation increased expenditure by 1.4% to CHF 21.6 billion in the area of "Social security", with most of the rise going to the "Old age and survivors", "Disability" and "Sickness and accident" functional groups. The Confederation spent CHF 9.6 billion on the "Finances and taxes" task area in 2014, i.e. 1.8%, or CHF 177 million, less than the previous year. Despite significantly higher CO₂ tax redistributions, the decline was driven by lower funding expenditure because of the extremely low interest rate environment and the higher premiums associated with this, which have the effect of reducing expenditure. In contrast, federal expenditure in the area of "Transportation and telecommunications" posted a marginal year-on-year decline of 0.3% due to reduced spending on "Public transportation infrastructure". In percentage terms, "National economy" (+6.4%) and "General

administration" (+3.1%) grew the most in 2014. An additional CHF 318 million went to "National economy", and CHF 154 million of that went to the "Fuel and energy" functional group. Primarily produced energy remuneration of the Foundation for

Feed-in Remuneration at Cost (CRF) was concerned. Most of the increase in "General administration" can be explained by support in the area of international relations (particularly development cooperation).

Figure 3: Expenditure by function – Confederation, 2014

Total expenditure: CHF 64 726 027 337



The "National economy" task area had the most robust year-on-year expenditure growth (+318 mn; +6.4%). The Confederation (including its separate accounts) incurred around half of this additional 2014 expenditure in the areas of fuel and energy, and research and development.

The Confederation's *total assets* came to CHF 113 billion at the end of 2014, which was virtually unchanged on the previous year (+0.2%). *Non-administrative assets* were down by CHF 480 million, driven largely by cash and cash equivalents (-1.7 bn) and short- and long-term "financial investments" (+1.2 bn). The Federal Treasury's liquidity was increased in 2013 in order to redeem a bond maturing in January 2014. The increase in 2013 was made primarily through the inflow of funds from the ordinary financing surplus and extraordinary receipts. The rise in financial investments concerned additional fixed-term deposits with cities (+0.4 bn) and a short-term unemployment insurance loan (+0.5 bn). Unlike non-administrative assets, *administrative assets* increased (+752 mn). While the two main sections of tangible fixed assets and financial interests and share capital each had carrying amounts that were CHF 0.9 billion higher, assets due from government units fell by CHF 0.9 billion. Assets due from social security funds fell to CHF 3.3 billion because of an unemployment insurance loan repayment to the Federal Treasury. The rise in tangible fixed assets was triggered by a surge in property, plant and equipment (+428 mn) and assets under construction (+539 mn). In the case of uncompleted assets, fewer motorway projects were completed than the previous year. The

carrying amount of financial interests and share capital rose to CHF 21.1 billion, due essentially to the equity valuation of significant interests. The change in the equity value of significant interests was marked by the Confederation's share in the positive result of the four largest financial interests (Swiss Post, SBB, Swisscom and RUAG).

Gross debt fell by CHF 2.8 billion to CHF 107.7 billion year on year due to short-term and long-term financial liabilities. Short-term financial liabilities dropped by CHF 2 billion to CHF 13.6 billion on the back of declines in money market debt register claims. The CHF 1.1 billion reduction in long-term financial liabilities was caused mainly by a decline of CHF 0.7 billion in bonds and a drop of CHF 0.5 billion in Swiss Export Risk Insurance (SERV) fixed-term deposits. The opposite movement in non-debt-related components, e.g. accrued expenses and deferred income (+1.3 bn), caused liabilities to edge down to a somewhat smaller extent (-1.0 bn).

The Confederation's net assets/equity situation has improved every year since 2005. In 2014, the Confederation's negative *net assets/equity* declined once again thanks to the good result.

Financial statements – Confederation

CHF mn	2010	2011	2012	2013	2014
Statement of financial performance					
Revenue	64 531	66 597	65 525	66 971	66 052
Expenses	60 558	64 573	63 111	65 955	64 942
Surplus/deficit	3 974	2 025	2 414	1 016	1 109
Financing statement					
Receipts	63 465	65 201	64 416	67 011	64 920
Expenditure	60 335	64 497	62 731	64 540	64 726
Overall fiscal balance	3 129	704	1 685	2 470	194
Statement of financial position					
Non-administrative assets	24 248	25 156	29 413	32 246	31 766
Administrative assets	82 653	80 062	80 874	80 496	81 248
Liabilities	132 994	131 004	133 486	134 996	133 959
Net assets/equity	- 26 093	- 25 786	- 23 199	- 22 254	- 20 945
Total assets	106 902	105 218	110 287	112 742	113 014

Statement of financial performance – Confederation

CHF 1 000	2010	2011	2012	2013	2014
Operating expenses	57 314 008	60 398 402	60 420 228	63 662 374	62 740 824
Personnel expenses	6 731 990	6 914 350	7 117 993	7 630 073	7 632 411
General, administrative and operating expenses	4 538 969	4 483 311	4 617 536	5 456 760	4 838 910
Defense expenses	1 001 078	1 162 959	996 710	969 695	799 321
Depreciation, administrative assets	2 408 168	2 430 116	2 494 047	2 393 044	2 544 612
Net expense for funds and special financing	197 199	199 741	138 418	410 716	217 819
Transfer expenses	42 436 603	45 207 926	45 055 525	46 802 086	46 707 750
Operating revenue	62 119 221	64 233 561	61 933 016	63 588 578	63 478 396
Tax revenue	58 309 626	60 642 399	58 838 780	60 508 372	60 609 077
Royalties and concessions	1 139 941	1 133 772	727 584	603 227	288 637
Revenue from exchange transactions	1 661 558	1 640 673	1 683 444	1 773 254	1 777 991
Miscellaneous revenue	272 652	450 919	340 946	282 085	340 797
Withdrawals from funds and special financing	569 917	179 293	117 181	180 953	205 552
Transfer revenue	165 526	186 505	225 080	240 688	256 342
Operating result	4 805 213	3 835 158	1 512 788	- 73 795	737 572
Financial expense	3 242 173	3 024 482	2 690 370	2 292 675	2 201 313
Financial revenue	2 412 032	2 134 407	2 853 584	2 301 382	2 376 807
Financial result	- 830 141	- 890 076	163 215	8 707	175 494
Ordinary result	3 975 072	2 945 082	1 676 003	- 65 089	913 067
Extraordinary expenses	1 577	1 149 657	434	203	144
Extraordinary revenue	136	229 301	738 115	1 080 948	196 316
Extraordinary result	- 1 442	- 920 355	737 681	1 080 745	196 172
Surplus/deficit	3 973 630	2 024 727	2 413 684	1 015 656	1 109 239

Financing statement – Confederation

CHF 1 000	2010	2011	2012	2013	2014
Operating expenditure	49 716 215	52 549 524	53 192 432	54 617 711	54 908 783
Personnel expenditure	6 801 754	6 936 020	7 128 076	7 612 396	7 593 981
General, administrative and operating expenditure	4 059 444	4 182 362	4 461 650	4 656 562	4 482 064
Defense expenditure	1 001 078	1 162 959	996 710	967 613	800 895
Transfer expenditure	37 853 938	40 268 182	40 605 996	41 381 140	42 031 843
Operating receipts	61 895 441	62 773 428	62 174 579	63 894 780	63 193 528
Tax receipts	58 709 626	59 542 399	59 338 780	61 008 372	60 617 909
Royalties and concessions	1 148 040	1 140 173	670 874	680 586	354 544
Receipts from exchange transactions	1 674 669	1 648 834	1 680 285	1 779 607	1 775 150
Miscellaneous receipts	197 580	255 518	259 559	185 527	189 582
Transfer receipts	165 526	186 505	225 080	240 688	256 342
Operating result	12 179 226	10 223 905	8 982 148	9 277 069	8 284 745
Financial expenditure	2 993 752	2 621 918	1 920 401	2 182 146	1 968 288
Financial receipts	1 160 209	1 534 238	1 275 715	1 511 806	1 230 881
Financial result	-1 833 543	-1 087 680	- 644 686	- 670 340	- 737 407
Investment expenditure	7 623 845	8 175 604	7 617 999	7 740 060	7 848 813
Tangible fixed assets	2 244 852	2 298 538	2 219 188	2 285 112	2 404 199
Investments on behalf of third parties					
Investments, intangible fixed assets	46 170	51 958	47 708	39 999	44 828
Loans and financial interests n.e.c.					
Loans	1 072 852	1 677 304	1 439 041	1 532 771	1 443 749
Financial interests and share capital	30 500	109 682	19 710	22 667	20 841
Investment contributions	4 229 471	4 038 122	3 892 353	3 859 510	3 935 196
Investment receipts	408 892	602 643	227 663	297 325	282 852
Transfer of tangible fixed assets to non-administrative assets	154 439	54 539	54 803	142 053	81 246
Reimbursements					
Disposal of intangible fixed assets					
Repayment of loans and financial interests n.e.c.					
Loan repayment	236 893	186 476	172 351	154 645	199 091
Transfer of financial interests	17 560	361 629	191		2 022
Repayment of own investment contributions					
Investment contributions			317	626	493
Net investments	-7 214 953	-7 572 961	-7 390 336	-7 442 735	-7 565 961
Ordinary result	3 130 731	1 563 264	947 126	1 163 994	- 18 623
Extraordinary expenditure	1 577	1 149 657	434	203	144
Extraordinary expenditure	1 577	1 149 657	434	203	144
Extraordinary investment expenditure					
Extraordinary receipts	136	290 398	738 115	1 306 697	213 120
Extraordinary receipts	136	158	738 115	60 255	144 883
Extraordinary investment receipts		290 240		1 246 442	68 238
Extraordinary result	- 1 442	- 859 259	737 681	1 306 494	212 977
Overall fiscal balance	3 129 289	704 005	1 684 807	2 470 488	194 354

Statement of financial position – Confederation

CHF 1 000	2010	2011	2012	2013	2014
Assets	106 901 547	105 217 733	110 287 406	112 742 110	113 013 970
Non-administrative assets	24 248 358	25 155 877	29 413 355	32 246 462	31 766 005
Cash and cash equivalents	1 508 840	5 516 741	9 261 120	10 989 868	9 321 280
Receivables	6 932 604	6 329 029	6 666 062	7 105 164	7 385 778
Short-term financial investments	5 462 155	2 683 914	2 525 837	2 731 192	2 799 147
Prepaid expenses and accrued income	1 725 725	1 340 921	1 194 569	1 027 103	741 078
Inventories and work in progress	404	309	349	391	424
Financial investments	8 341 084	8 862 107	9 343 159	10 150 103	11 287 065
Tangible fixed assets, NAA	245 112	253 298	252 501	242 642	231 232
Receivables from special financing and funds in liabilities	32 434	169 559	169 759		
Administrative assets	82 653 188	80 061 856	80 874 050	80 495 648	81 247 966
Tangible fixed assets, AA	52 542 033	53 397 477	54 359 451	55 130 496	56 061 963
Inventories, AA	307 707	311 137	312 849	335 096	291 482
Intangible fixed assets	150 104	207 643	213 603	205 288	216 285
Loans and financial interests n.e.c.					
Loans	3 795 799	4 039 111	4 169 755	4 352 963	4 284 958
Financial interests, share capital	18 867 173	18 715 009	20 133 813	20 207 263	21 114 234
Investment contributions					
Assets due from government units	7 410 551	6 022 246	5 010 817	4 215 006	3 302 202
Accumulated additional depreciation and amortization	- 420 178	- 2 630 766	- 3 326 237	- 3 950 465	- 4 023 158
Liabilities and equity	106 901 547	105 217 733	110 287 406	112 742 110	113 013 970
Liabilities	132 994 491	131 003 770	133 486 105	134 996 197	133 959 273
Current liabilities	11 770 839	11 641 503	12 705 994	13 612 240	13 970 077
Short-term financial liabilities	13 103 170	14 370 103	16 478 980	15 574 727	13 582 295
Accrued expenses and deferred income	6 480 408	5 348 203	5 513 420	5 822 725	7 104 076
Short-term provisions	374 853	362 863	364 550	375 027	854 009
Long-term financial liabilities	83 432 677	82 080 968	80 773 873	79 998 294	78 901 689
Liabilities toward government units	1 393 557	1 622 794	1 483 214	1 489 076	1 408 353
Long-term provisions	13 735 228	12 649 470	13 011 547	14 757 033	14 783 117
Restricted funds	2 703 757	2 927 867	3 154 526	3 367 075	3 355 656
Net assets/equity	-26 092 944	-25 786 037	-23 198 699	-22 254 087	-20 945 302
Liabilities or advances toward special financing and funds in net assets/equity	5 381 201	5 109 459	5 700 301	6 152 029	6 564 564
Global budget area reserves	114 071	176 480	224 567	221 397	187 416
Advance financing					
Restatement reserve					
Revaluation reserve, non-administrative assets	379				
Other net assets/equity	1 885 409	- 25 097	- 26 155	- 72 100	11 778
Accumulated surplus/deficit	-33 474 004	-31 046 879	-29 097 413	-28 555 415	-27 709 060

Expenditure by function – Confederation

CHF 1 000	2010	2011	2012	2013	2014
Total	60 335 389	64 496 703	62 731 265	64 540 120	64 726 027
General administration	5 020 571	6 790 936	5 398 443	5 817 091	5 998 023
Public order and security, defense	5 395 861	5 585 134	5 495 171	5 963 834	5 505 408
Education	5 385 602	5 820 375	5 923 440	5 997 228	6 140 621
Culture, sport and leisure, church	402 196	418 362	440 428	489 622	477 592
Health	370 512	353 912	353 586	372 292	286 410
Social security	18 639 098	20 735 359	20 850 886	21 280 619	21 587 243
Transportation and telecommunications	8 910 122	9 038 415	9 082 222	8 943 484	8 916 006
Protection of the environment and spatial planning	856 241	865 023	954 012	940 091	938 026
National economy	4 691 397	4 853 025	4 848 488	4 932 528	5 250 221
Finances and taxes	10 663 789	10 036 160	9 384 590	9 803 331	9 626 477

Tax revenue – Confederation

CHF 1 000	2010	2011	2012	2013	2014
Tax revenue	58 309 626	60 642 399	58 838 780	60 508 372	60 609 077
Direct taxes, natural persons	9 879 656	9 573 830	9 753 678	9 654 955	9 487 450
Income tax, natural persons	9 879 656	9 573 830	9 753 678	9 654 955	9 487 450
Wealth tax, natural persons					
Withholding taxes, natural persons					
Personal taxes					
Other direct taxes, natural persons					
Direct taxes, legal entities	8 006 358	8 317 312	8 588 346	8 697 764	8 487 634
Profit taxes, legal entities	8 006 358	8 317 312	8 588 346	8 697 764	8 487 634
Taxes on capital, legal entities					
Withholding taxes, legal entities					
Other direct taxes, legal entities					
Other direct taxes	4 704 512	6 336 609	4 164 110	5 426 787	5 754 306
Withholding tax (Confederation only)	4 323 415	5 960 555	3 834 755	5 119 075	5 468 979
Property tax					
Capital gains tax					
Capital transfer tax					
Inheritance and gift tax					
Casino and slot machine tax	381 096	376 054	329 355	307 712	285 327
Property and expenditure taxes					
Motor vehicle taxes					
Boat tax					
Entertainment tax					
Dog license					
Other property and expenditure taxes					
Consumption taxes (Confederation only)	31 681 766	32 385 600	32 279 024	32 611 486	32 680 542
Value added tax	20 671 716	21 641 744	22 049 585	22 514 816	22 577 466
Stamp duty	2 854 987	2 856 896	2 135 987	2 134 416	2 144 426
Mineral oil tax on fuel	3 062 890	2 994 965	3 005 347	2 988 349	2 971 317
Mineral oil surtax on motor fuel	2 050 428	2 005 556	2 007 320	1 994 433	1 982 947
Mineral oil tax on combustibles and other mineral oil products	20 455	19 061	19 877	22 667	17 269
Tobacco duty	2 356 171	2 208 357	2 396 800	2 294 957	2 257 050
Beer tax	112 015	112 648	113 426	113 228	113 037
Taxation of distilled spirits (SAB)	294 352	291 507	294 978	290 508	283 152
Consumption taxes n.e.c.	258 751	254 867	255 705	258 113	333 879
Transportation taxes	2 210 026	2 323 089	2 293 421	2 241 802	2 211 591
Automobile duty	372 906	408 372	412 019	368 688	353 816
Motorway tax	347 466	359 758	352 059	355 989	364 487
Heavy vehicle charge	1 489 654	1 554 959	1 529 343	1 517 125	1 493 288
Combined traffic taxes					
Transportation taxes n.e.c.					
Customs duties (Confederation only)	1 079 416	1 046 326	1 043 845	1 059 339	1 068 411
Import duties	1 079 416	1 046 326	1 043 845	1 059 339	1 068 411
Other duties	747 893	659 632	716 357	816 238	919 143
Environmental incentive fees	747 550	659 632	716 357	816 238	916 206
Agricultural duties	343				2 938
Social security contributions by employers and insured persons					
Other tax revenue					

Debt – Confederation

CHF 1 000	2010	2011	2012	2013	2014
Gross debt	108 923 647	109 147 483	111 043 024	110 449 463	107 696 157
Current liabilities	11 770 839	11 641 503	12 705 994	13 612 240	13 970 077
Short-term financial liabilities	13 103 170	14 370 103	16 478 980	15 574 727	13 582 295
<i>without: derivative financial instruments</i>	776 596	567 885	399 037	224 874	166 257
Long-term financial liabilities	83 432 677	82 080 968	80 773 873	79 998 294	78 901 689
<i>without: investment contributions posted as liabilities</i>					
Liabilities toward government units	1 393 557	1 622 794	1 483 214	1 489 076	1 408 353

Transfers by nature – Confederation to social security funds

CHF 1 000	2010	2011	2012	2013	2014
Total	13 846 113	15 733 165	15 529 190	15 869 620	16 038 530
Revenue shares for social security funds	2 693 632	3 518 722	3 733 606	3 811 063	3 772 052
Compensation for social security funds					
Contributions to social security funds	11 151 030	12 212 805	11 795 349	12 058 554	12 266 478
Extraordinary transfer expenditure; social security funds	1 452	1 638	235	3	
Investment contributions, social security funds					
Extraordinary investment contributions, social security funds					

Transfers by function – Confederation to social security funds

CHF 1 000	2010	2011	2012	2013	2014
Total	13 846 113	15 733 165	15 529 190	15 869 620	16 038 530
Social security	13 846 113	15 733 165	15 529 190	15 869 620	16 038 530
Sickness and accident					
Disability	3 480 176	4 625 668	4 771 242	4 820 911	4 867 365
Old age and survivors	9 855 746	10 100 254	10 239 868	10 515 198	10 640 687
Family and young people	95 600	88 376	84 400	77 475	71 521
Unemployment	414 592	918 867	433 680	456 036	458 957
Subsidized housing					
Social welfare and asylum affairs					
R&D social welfare					
Social welfare n.e.c.					

Transfers by nature – Confederation to cantons

CHF 1 000	2010	2011	2012	2013	2014
Total	18 735 524	19 333 522	19 788 301	19 935 905	20 233 197
Revenue shares for cantons and concordats	4 476 052	4 504 149	4 516 326	4 621 749	4 558 842
Share in direct federal tax revenue	3 071 546	3 070 395	3 143 907	3 145 636	3 081 320
Share in withholding tax revenue	465 208	480 777	426 375	531 804	543 890
Share in military service exemption tax revenue	31 398	31 811	32 392	32 586	34 716
Share in Swiss Alcohol Board revenue	27 008	27 165	26 887	26 866	26 268
Share in revenue from federal fines and duties					
Share in federal mineral oil tax revenue	382 664	377 041	376 005	374 278	372 939
Share in federal stamp duty revenue					
Share in EU savings tax revenue	13 370	10 801	12 663	15 387	12 755
Share in mileage-related heavy vehicle charge revenue	484 186	505 319	497 322	493 285	484 988
Share in revenue from other federal receipts	672	840	775	1 907	1 966
Compensation for cantons and concordats	1 066 005	1 086 394	1 179 439	1 134 922	1 228 596
Fiscal equalization and cost compensation for cantons	2 900 570	3 049 020	3 101 559	3 177 655	3 185 168
Resource equalization	1 961 872	2 100 592	2 120 217	2 208 116	2 220 010
Socio-demographic cost compensation	347 490	352 355	368 812	365 124	362 933
Geographical/topographic cost compensation	347 490	352 355	368 812	365 124	362 933
Cohesion fund	243 718	243 718	243 718	239 292	239 292
Contributions to cantons and concordats	8 579 031	8 938 303	9 198 338	9 319 730	9 556 735
Extraordinary transfer expenditure; cantons and concordats					
Investment contributions, cantons and concordats	1 713 866	1 755 656	1 792 639	1 681 849	1 703 857
Extraordinary investment contributions, cantons and concordats					

Transfers by function – Confederation to cantons

CHF 1 000	2010	2011	2012	2013	2014
Total	18 735 524	19 333 522	19 788 301	19 935 905	20 233 197
General administration	12 437	12 875	12 829	3 660	3 783
Public order and security, defense	147 415	153 710	149 271	162 951	184 715
Education	2 231 926	2 357 222	2 511 227	2 544 546	2 725 488
Culture, sport and leisure, church	27 408	29 035	39 474	40 457	41 981
Health	27 008	27 165	26 887	26 866	26 268
Social security	3 887 743	4 108 141	4 385 733	4 398 346	4 552 161
Transportation and telecommunications	2 546 903	2 462 050	2 383 188	2 295 707	2 260 005
Protection of the environment and spatial planning	307 456	405 469	480 965	484 095	475 945
National economy	3 064 464	3 134 210	3 081 055	3 074 301	3 103 035
Finances and taxes	6 482 764	6 643 645	6 717 672	6 904 974	6 859 815

Transfers by nature – Confederation to municipalities

CHF 1 000	2010	2011	2012	2013	2014
Total	982	972	987	1 002	1 017
Revenue shares for municipalities and special purpose entities					
Compensation for municipalities and special purpose entities					
Fiscal equalization and cost compensation for municipalities					
Contributions to municipalities and special purpose entities	982	972	987	1 002	1 017
Extraordinary transfer expenditure; municipalities and special purpose entities					
Investment contributions, municipalities and special purpose entities					
Extraordinary investment contributions, municipalities and special purpose entities					

Transfers by function – Confederation to municipalities

CHF 1 000	2010	2011	2012	2013	2014
Total	982	972	987	1 002	1 017
General administration					
Public order and security, defense					
Education					
Culture, sport and leisure, church	982	972	987	1 002	1 017
Health					
Social security					
Transportation and telecommunications					
Protection of the environment and spatial planning					
National economy					
Finances and taxes					

23 Cantonal distribution of federal funds

The table “Cantons’ receipts from federal sources” shows payment flows from the Confederation to the cantonal budgets, broken down by canton and task area. The table contains the following categories:

- 4600: share in federal receipts
- 4610: compensation from the Confederation
- 4620: fiscal equalization and cost compensation, Confederation
- 4630: contributions from the Confederation
- 4860: extraordinary transfer receipts from the Confederation
- 670: investment contributions, Confederation
- 6870: extraordinary investment contributions, Confederation

The classification of federal funds by category (economic classification) and task area (functional classification) is based on the Harmonized Accounting Model for the Cantons and Municipalities (HAM2).

Furthermore, the consolidated total for all of the cantons is disclosed, which also includes the concordats. It must be borne in mind that for the consolidated total, the payer (Confederation) details often do not match the payee (cantons) details exactly. It is imperative for these disparities to be corrected when consolidating public finances. In such cases, the Financial Statistics Section generally adjusts the consolidated total to the payer details. For this reason, and also because of payments to the concordats, the sum for all of the cantons does not necessarily match the consolidated total.

In 2014, the cantons’ receipts from federal sources amounted to CHF 20.2 billion, which corresponds to 24.4% of the cantons’ total receipts. Most of the Confederation’s payments to the cantons were in the form of unrestricted revenue shares (3.7 bn) and within the scope of vertical fiscal equalization and cost compensation (3.2 bn net).

“Fiscal equalization and cost compensation” was comprised of resource equalization (69.7%), socio-demographic and geographical/topographic cost compensation (11.4% each) and the cohesion fund (7.5%). The Confederation’s contribution to vertical resource equalization amounted to CHF 2.2 billion, which was CHF 8 million (+0.2%) more than in 2013. The Confederation’s contribution to cost compensation amounted to CHF 726 million. In 2014, federal funds were paid out to ten cantons under socio-demographic cost compensation and to 17 cantons under geographical/topographic cost compensation. Moreover, the cantons of *Bern*, *Luzern*, *Obwalden*, *Glarus*, *Fribourg*, *Neuchâtel* and *Jura* recorded cohesion fund receipts. Because the resource potential of the canton of *Vaud* was above the Swiss average in 2008 and that of the canton of *Schaffhausen* was

above it in 2013, both cantons lost their entitlement to the cohesion fund and the total amount was reduced accordingly relative to the starting amount set out in the federal decree of June 22, 2007 (reduction of around 430 mn to 359 mn). The Confederation finances two thirds of the cohesion fund, and one third comes from the cantons. The canton of *Bern* received the highest amount of federal funds paid out as fiscal equalization and cost compensation (24.1%) in 2014. Based on the permanent resident population, the cantons of *Uri* (CHF 1,578), *Jura* (CHF 1,418) and *Glarus* (CHF 1,192) topped the list, while the canton of *Bern* (CHF 762) was in 9th position like the previous year.

The three functional groups under “Social security” accounted for 22.5% of all receipts from federal sources, with 11.1% of these receipts allocated to “Sickness and accident” alone. This was in the form of individual health insurance premium reductions for people in economically modest situations. These funds are divided up among the cantons based on their proportion of the resident population (including cross-border commuters). For this reason, the per-capita receipts (permanent resident population) only fluctuate slightly. With CHF 281 per inhabitant, the canton of *Basel Stadt* received the highest contributions, while *Fribourg* received the lowest with CHF 265. “Disability, old age and survivors” accounted for 7.1% of federal funds. This was in the form of supplementary benefits relating to AHV and IV, as well as a share in the related administrative costs. With CHF 390 per inhabitant, the canton of *Basel Stadt* received the highest federal contributions, while the canton of *Zug* received the lowest with CHF 95. “Other social security” is comprised of the functions “Family and young people”, “Unemployment”, “Subsidized housing” and “Social welfare and asylum affairs”. In 2014, the Confederation transferred a total of CHF 877 million to the cantons for this functional group. The largest shares of this went to the cantons of *Zurich* (18.2%), *Bern* (14.2%) and *Vaud* (9.7%). When the receipts under this heading are shown on a per-capita basis, the cantons of *Glarus* (CHF 145), *Obwalden* and *Schaffhausen* (CHF 135 each) top the list.

The cantons received further federal funds of approximately CHF 2.9 billion and CHF 2 billion, respectively, for the functional groups “Agriculture” and “Road transportation” in 2014. “Agriculture” receipts are general and ecological direct payments from the Confederation. Direct payments are based on the Federal Act of April 29, 1998 on Agriculture and the binding Direct Payments Ordinance of October 23, 2013. The final beneficiaries of direct payments are farmers. However, the federal contributions are paid out via the cantons. The enforcement costs are borne largely by the cantons and the municipalities. In 2014, the canton of *Bern* received 19.0% of total agriculture contributions. In terms of volume, it topped the list by a significant margin. When federal funds earmarked for “Agriculture” are broken down on a per-capita basis, the canton of *Appenzell Innerrhoden* is the leader with CHF 1,494, followed by the cantons of *Jura* (CHF 1,482) and *Graubünden* (CHF 1,200).

The “Road transportation” funds are distributed to the cantons largely based on the requirements of the Infrastructure Fund Act and from restricted revenue shares in federal receipts. The Confederation charges funds it allocates to the completion of the planned motorway network and the elimination of bottlenecks in the existing motorway network to special financing for “Road transportation”. It also uses funds for investments in urban transportation and makes contributions to main roads in mountainous areas and outlying regions. With CHF 1,788, the canton of *Jura* received the highest amount of federal funds per capita in 2014, followed by the cantons of *Uri* (CHF 1,625) and

Graubünden (CHF 1,220). The CHF 239 million received by the canton of *Graubünden*, for instance, benefited the construction, transportation and forestry department for the extension of motorways, main roads and regional roads. The cantons’ expense compensation for the collection of the heavy vehicle charge is paid out on a flat-rate basis. The flat rate is determined according to the number of vehicles to be managed vis-à-vis the mileage-related heavy vehicle charge (LSVA) that are registered in each canton. The cantons receive CHF 130 per vehicle for the first thousand heavy vehicles and CHF 65 for every vehicle thereafter.

Cantonal receipts from federal sources, 2014

Types: 4600, 4610, 4620, 4630, 4860, 670, 6870

	Public security, defense	Vocational education	Tertiary-level institutions, research	Sickness and accident	Disability, old age and survivors	Other social security	Road transportation
CHF 1 000							
Zurich	14 003	113 592	442 387	392 163	220 366	159 299	144 491
Bern	25 815	104 558	351 508	276 362	195 253	124 647	357 407
Luzern	8 675	39 171	17 665	107 333	69 663	49 062	57 649
Uri	6 525	3 709	95	9 932	3 799	4 240	58 519
Schwyz	1 502	10 590	403	41 607	16 766	16 544	27 144
Obwalden	172	3 530	97	10 065	4 402	4 955	9 330
Nidwalden	4 932	3 368	112	11 584	4 180	4 779	6 329
Glarus	504	4 024	106	10 987	6 482	5 754	10 745
Zug	559	11 688	365	32 405	11 405	12 220	19 606
Fribourg	5 783	31 168	78 933	80 500	49 561	28 825	50 778
Solothurn	3 375	20 444	6 069	72 186	43 888	34 845	33 474
Basel Stadt	6 695	31 359	143 925	53 598	74 257	19 553	15 279
Basel Landschaft	4 942	21 021	742	77 745	43 777	35 609	37 200
Schaffhausen	2 793	8 285	209	22 233	12 006	10 700	12 096
Appenzell Ausserrhoden	494	4 288	143	14 925	8 284	6 591	19 554
Appenzell Innerrhoden	32	1 471	42	4 399	1 560	1 979	5 604
St. Gallen	2 436	54 276	42 511	135 695	83 987	48 018	75 373
Graubünden	7 182	19 413	9 408	54 126	24 381	19 765	239 011
Aargau	8 501	50 191	1 615	175 154	74 499	46 862	65 050
Thurgau	3 313	23 444	687	71 493	35 126	18 361	30 275
Ticino	9 005	41 484	62 986	94 942	110 538	29 713	72 079
Vaud	9 755	67 662	153 416	204 148	149 756	84 963	91 946
Valais	7 320	36 132	3 187	89 249	36 597	28 954	316 025
Neuchâtel	712	20 418	39 233	48 607	37 983	22 955	45 326
Geneva	28 232	37 133	230 392	130 474	100 563	43 958	29 442
Jura	237	8 501	190	19 772	13 406	521	129 482
Total, consolidated	126 133	768 721	1 955 684	2 241 674	1 433 451	877 035	1 960 012

The consolidated total also contains the concordats' receipts. Moreover, the total is adjusted in line with federal expenditure, which is why it does not necessarily correspond to the sum of the receipts from federal sources of all cantons.

Cantonal receipts from federal sources, 2014

Continued

CHF 1 000	Protection of environment (excl. spatial planning)	Agriculture	Fiscal equalization & cost compensation	Revenue shares in federal receipts, unrestricted	Other	Total receipts from federal sources	Total cantonal receipts
Zurich	37 457	153 130	72 257	718 643	28 083	2 495 872	12 593 724
Bern	42 134	551 820	768 753	306 268	42 411	3 146 938	11 120 831
Luzern	16 878	227 456	215 346	155 646	17 446	981 991	3 138 350
Uri	12 123	31 681	56 824	9 355	4 281	201 083	394 784
Schwyz	9 968	84 970	6 541	116 233	5 431	337 699	1 087 120
Obwalden	12 771	33 126	23 129	17 954	999	120 531	275 801
Nidwalden	5 116	23 405	1 297	32 600	4 909	102 610	336 836
Glarus	1 609	27 338	47 432	10 829	6 274	132 082	361 413
Zug	4 461	31 164		233 712	8 741	366 327	1 222 603
Fribourg	9 818	200 154	279 892	113 888	15 659	944 959	3 256 237
Solothurn	11 532	79 076	126 405	76 615	8 410	516 318	1 940 386
Basel Stadt	195		54 499	161 280	5 231	565 870	4 789 155
Basel Landschaft	15 298	54 506		104 419	12 918	408 176	2 400 954
Schaffhausen	2 766	35 631	2 165	48 230	2 502	159 616	641 654
Appenzell Ausserrhoden	3 009	36 985	35 538	18 632	2 446	150 888	429 360
Appenzell Innerrhoden	611	23 686	13 767	5 472	591	59 213	143 324
St. Gallen	22 136	201 834	238 853	152 343	14 267	1 071 730	4 201 579
Graubünden	41 281	235 115	203 508	57 603	278 410	1 189 204	2 518 036
Aargau	44 902	139 616	114 707	205 694	20 951	947 743	4 645 511
Thurgau	9 895	110 551	138 838	75 250	12 210	529 443	1 920 251
Ticino	14 055	43 316	35 082	134 553	31 655	679 406	3 363 283
Vaud	24 374	282 140	63 273	376 011	29 298	1 536 743	9 648 991
Valais	28 286	128 897	338 429	81 239	47 419	1 141 735	3 304 027
Neuchâtel	8 738	78 577	138 797	86 086	9 255	536 687	2 122 836
Geneva	10 399	20 171	107 159	355 694	45 064	1 138 681	8 893 036
Jura	9 850	107 340	102 676	20 397	15 350	427 722	979 320
Total, consolidated	475 945	2 909 078	3 185 168	3 674 648	625 647	20 233 197	82 848 212

The consolidated total also contains the concordats' receipts. Moreover, the total is adjusted in line with federal expenditure, which is why it does not necessarily correspond to the sum of the receipts from federal sources of all cantons.

Cantonal receipts from federal sources, 2014, per capita

Types: 4600, 4610, 4620, 4630, 4860, 670, 6870

	Public security, defense	Vocational education	Tertiary-level institutions, research	Sickness and accident	Disability, old age and survivors	Other social security	Road transportation
CHF							
Zurich	10	79	306	271	152	110	100
Bern	26	104	348	274	193	123	354
Luzern	22	99	45	272	177	124	146
Uri	181	103	3	276	106	118	1 625
Schwyz	10	69	3	272	110	108	178
Obwalden	5	96	3	273	120	135	253
Nidwalden	117	80	3	275	99	114	150
Glarus	13	101	3	276	163	145	270
Zug	5	97	3	270	95	102	163
Fribourg	19	103	260	265	163	95	167
Solothurn	13	78	23	274	166	132	127
Basel Stadt	35	165	755	281	390	103	80
Basel Landschaft	18	75	3	276	156	127	132
Schaffhausen	35	104	3	280	151	135	152
Appenzell Ausserrhoden	9	79	3	276	153	122	362
Appenzell Innerrhoden	2	93	3	277	98	125	353
St. Gallen	5	109	86	274	169	97	152
Graubünden	37	99	48	276	124	101	1 220
Aargau	13	78	3	271	115	73	101
Thurgau	13	89	3	271	133	70	115
Ticino	26	118	180	271	315	85	206
Vaud	13	89	201	268	197	112	121
Valais	22	109	10	269	110	87	953
Neuchâtel	4	115	221	274	214	129	256
Geneva	59	78	483	273	211	92	62
Jura	3	117	3	273	185	7	1 788
Total, consolidated	15	93	237	272	174	106	238

Cantonal receipts from federal sources, 2014, per capita

Continued

CHF	Protection of environment (excl. spatial planning)	Agriculture	Fiscal equalization & cost compensation	Revenue shares in federal receipts, unrestricted	Other	Total receipts from federal sources	Total cantonal receipts	in % of the total cantonal receipts
Zurich	26	106	50	497	19	1 726	8 707	19.8%
Bern	42	547	762	303	42	3 118	11 017	28.3%
Luzern	43	576	546	394	44	2 489	7 953	31.3%
Uri	337	880	1 578	260	119	5 584	10 964	50.9%
Schwyz	65	556	43	761	36	2 211	7 117	31.1%
Obwalden	347	899	628	487	27	3 272	7 488	43.7%
Nidwalden	122	556	31	775	117	2 438	8 005	30.5%
Glarus	40	687	1 192	272	158	3 319	9 082	36.5%
Zug	37	260	0	1 946	73	3 050	10 181	30.0%
Fribourg	32	660	923	375	52	3 115	10 733	29.0%
Solothurn	44	300	479	291	32	1 958	7 358	26.6%
Basel Stadt	1	0	286	846	27	2 969	25 129	11.8%
Basel Landschaft	54	194	0	371	46	1 451	8 535	17.0%
Schaffhausen	35	449	27	607	32	2 010	8 080	24.9%
Appenzell Ausserrhoden	56	684	657	345	45	2 791	7 942	35.1%
Appenzell Innerrhoden	39	1 494	868	345	37	3 735	9 040	41.3%
St. Gallen	45	407	482	307	29	2 162	8 474	25.5%
Graubünden	211	1 200	1 039	294	1 421	6 071	12 855	47.2%
Aargau	70	216	178	319	32	1 469	7 199	20.4%
Thurgau	38	419	526	285	46	2 007	7 281	27.6%
Ticino	40	124	100	384	90	1 939	9 599	20.2%
Vaud	32	371	83	494	38	2 018	12 672	15.9%
Valais	85	389	1 020	245	143	3 441	9 959	34.6%
Neuchâtel	49	443	783	485	52	3 027	11 971	25.3%
Geneva	22	42	224	745	94	2 385	18 629	12.8%
Jura	136	1 482	1 418	282	212	5 907	13 525	43.7%
Total, consolidated	58	353	387	446	76	2 456	10 057	24.4%

24 Cantons

The cantons recorded a loss in the ordinary fiscal balance for the third year in succession in 2014. The ordinary financing deficit of CHF 603 million was lower than the previous year because less was invested. Due to changes in the federal law requirements with respect to occupational old-age, survivors' and invalidity pension provision (OPA), the cantons' accounts for 2014 were again noticeably affected by high restructuring contributions to cantonal pension funds.

In the consolidated *statement of financial performance* for 2014, *operating expenses* grew by 1.9% and *operating revenue* by 1.3%. The CHF 1.5 billion rise in operating expenses to CHF 80.1 billion was driven primarily by increases in ordinary *transfer expenses* (+3.3%). The *extraordinary result* in the statement of financial performance showed a deficit of CHF 1.8 billion. In contrast to the government accounts of the cantons, the financial statistics recognize pension fund restructuring amounts as extraordinary personnel expenses. This ensures that the restructuring of pension funds is treated in the same way in all cantons. In fiscal 2014, 13 cantons were affected by such restructuring measures. Total *extraordinary expenses* amounted to CHF 2.3 billion. The *extraordinary revenue* of CHF 515 million consisted primarily of extraordinary financial revenue and withdrawals from net assets/equity. For example, CHF 127 million flowed into the public coffers in the canton of *Thurgau* in connection with the IPO of Thurgauer Kantonalbank in the spring of 2014. Switzerland's solid economic growth is reflected in tax revenue, which rose by 2.6% to CHF 43.5 billion in 2014. The biggest increases occurred in the cantons of *Geneva* and *Bern*. Tax revenue rose by CHF 275 million, or 4.5%, to CHF 6.4 billion in the canton of *Geneva*. Tax revenue in the canton of *Bern* grew by approximately CHF 169 million, or 3.4%, in 2014.

The cantons' direct taxes of natural persons rose by 2.4%. Approximately 22% of the increase was due to withholding taxes of natural persons, which reached a new high of CHF 2.3 billion as a result of the sharp rise in the number of foreign citizens working in Switzerland. The development of withholding tax and its breakdown by canton are also reflected in the 2014 statistics for cross-border commuters, with around four fifths of all cross-border commuters working in the *Lake Geneva* region, *North-Western Switzerland* or *Ticino*. Around a third work in the *Lake Geneva* region (34.8%), a quarter in *North-Western Switzerland* (23.4%) and a fifth in *Ticino* (21.5%). At 25.8%, the canton of *Geneva* accounted for the largest portion of total withholding tax shown in the financial statistics, while the canton of *Vaud* accounted for 16.3% and the canton of *Ticino* 7.8% of total withholding tax. However, deviating from the cross-border commuter statistics, high withholding tax receipts were also posted in the cantons of *Zurich* (11.6%) and *St. Gallen* (7.6%). This was primarily the result of withholding tax levied on persons having their tax domicile or place of residence in Switzerland.

The consolidated *financing statement* for 2014 showed *expenditure* of CHF 85.2 billion, of which 2.3% was extraordinary in nature. The cantons' highest expenditure items in 2014 were "Education" (28.1%) and "Social security" (20.2%). Since 1990, the cantons have consistently increased their education expenditure, with the exception of 2009, when it fell slightly. It amounted to CHF 23.9 billion in 2014, with 32.1% spent on obligatory schooling and 29.3% on tertiary-level institutions. Expenditure was up by 3.3% in the area of "Social security". The cantons spent most of the additional funds of CHF 557 million on the "Social welfare and asylum affairs" (+389 mn) and "Disability" (+165 mn) functional groups. Aside from the rising number of cases in receipt of social welfare and the number of people to be assisted, there is also the fact that the cantons have more authority to shape social welfare in *French-speaking Switzerland*. In the canton of *Geneva*, for example, the entire social welfare bill is borne by the canton; in the canton of *Vaud*, the canton and the municipalities share 50% of the bill each. In the rest of *French-speaking Switzerland* – as well as in certain *German-speaking* cantons – a distribution key is used to divide the sums between the cantons and municipalities.

In percentage terms, the biggest increase in total expenditure was recorded by "General administration" (16.0%) in 2014. Excluding extraordinary expenditure (primarily funding of pension funds), "General administration" had a growth rate of 2.5%. There was zero growth in total "Finances and taxes" expenditure. Only "Transportation and telecommunications" (-3.2%) and "Protection of the environment and spatial planning" (-2.6%) posted a year-on-year reduction in expenditure. The decline in the area of "Transportation and telecommunications" was due mainly to the cantons of *Bern*, *Basel Landschaft* and *Basel Stadt*. Expenditure on motorways was involved in the canton of *Bern*, main roads under federal law in *Basel Landschaft*, and regional and urban transportation in *Basel Stadt*.

Transfer expenditure between the cantons occurs primarily in the areas of "Education" and "Finances and taxes". Relative to 2013, transfer expenditure was up by approximately CHF 85 million, or 1.9%. In the area of education (+2.9%), this was largely due to the high contributions to the concordats, i.e. transfers to universities and universities of applied sciences. For instance, transfers to "Tertiary-level institutions" rose by 3.6% to CHF 2.3 billion. In contrast, transfers for basic vocational training were down by

6.1%. “Finances and taxes” accounted for 35.7% of intercantonal transfers (previous year: 36.2%). Fiscal equalization payments, among other things, are recognized in this task area. These amounted to around CHF 1.6 billion in 2014. Of this, the financially strong cantons transferred CHF 1.5 billion to the financially weak cantons via horizontal resource equalization. The cantons of *Geneva* and *Schwyz* (around +11 mn each), *Basel Landschaft* (+8 mn) and *Zug* (+4 mn) paid more in terms of resource equalization than in 2013. In contrast, the cantons of *Zurich*, *Basel Stadt* and *Vaud* fared better in 2014. *Zurich* paid CHF 419 million, which was around CHF 13 million less than in 2013. By way of comparison, *Basel Stadt* spent approximately CHF 10 million less on intercantonal resource equalization.

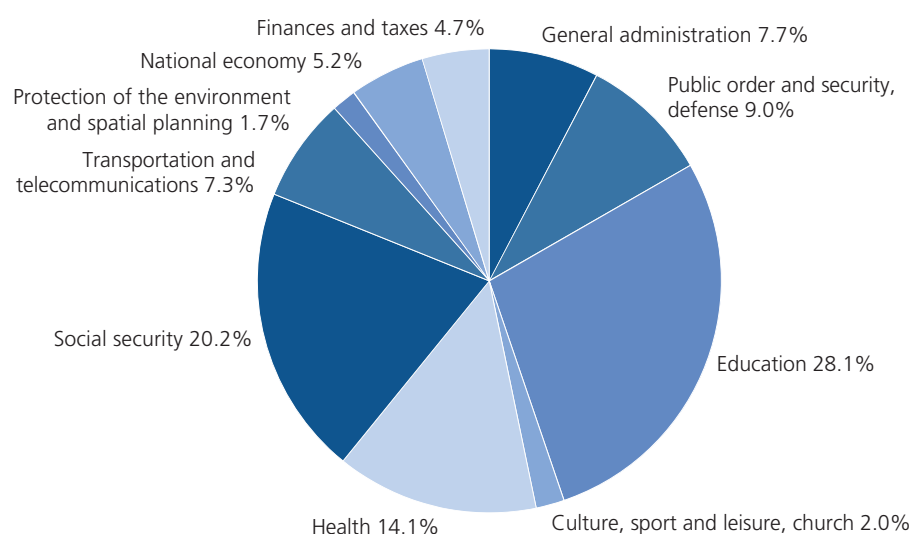
The table “Fiscal equalization and cost compensation, cantons” gives a summary of the cantons’ equalization amounts spent and received. Once again, a noticeably smaller amount was posted for “Fiscal equalization n.e.c.” in 2014 than in the previous years. The reason for this is that further cantons changed over to the HAM2 and the recipient (or at least the sub-sector) of the financial equalization payments is now clearly visible from the cantonal accounts. The cantons’ transfer receipts under fiscal equalization and cost compensation amounted to around CHF 3.6 billion in 2014 (+0.6%). Of this, the Confederation paid out some CHF 3.2 billion as vertical resource equalization, socio-demographic and geographical/topographic cost compensation and cohesion fund resources. The receipts under fiscal equalization and cost compensation from the municipalities to the cantons are minor in comparison. They increased by CHF 101 million to around CHF 388 million. The details of the *transfers from the cantons to the municipalities* are shown in two further tables. The cantons spent approximately CHF 5.6 billion in 2014, primarily on “Finances and taxes” (40.8%) and “Social security” (28.0%). The 1.7% drop in “Social security” was due primarily to lower family and young people expenditure. In the case of “Finances and taxes”, in contrast, transfers (to fiscal equalization and cost compensation payments and other revenue shares without appropriation) posted a year-on-year increase of 3.6%.

In the 2014 *statement of investments*, *investment expenditure* was down by 5.5% and the corresponding receipts were up by 3.5%. The rise in cantonal *investment receipts* was driven primarily by higher loan repayments (+284 mn) combined with lower receipts from the transfer of tangible fixed assets to non-administrative assets (-196 mn). The higher investment receipts from loan repayments occurred mainly in the canton of *Zurich*. The canton liquidated its subrogation/recovery receivable of around CHF 300 million vis-à-vis Flughafen Zürich AG which it had carried as a loan. Flughafen Zürich AG thus now has the opportunity to bear all noise compensation itself thanks to the establishment of a noise fund. Given that investment expenditure also rose in 2014 in the canton of *Zurich* (+119 mn), net investments fell by CHF 162 million to CHF -440 million. The reduction in receipts from the transfer of tangible fixed assets to non-administrative assets occurred mainly in the cantons of *Geneva* and *Basel Stadt*. The significantly lower investment expenditure (-376 mn) came about as a result of reduced investments in tangible fixed assets (-234 mn) and loans and financial interests (-115 mn). Particularly the cantons of *Aargau*, *Basel Landschaft* and *Bern* had lower investments in tangible fixed assets and the cantons of *Basel Stadt*, *Ticino* and *Vaud* had lower loans and financial interests.

The overall results of the other cantons are presented in the table “Statement of financial performance and financing statement, cantons, 2014”. Overall, 17 cantons had a negative overall fiscal balance and one had a neutral one. Only the cantons of *Bern*, *Luzern*, *Uri*, *Nidwalden*, *Glarus*, *Basel Stadt*, *Graubünden*, *Vaud* and *Jura* managed to post a positive result in their financing statement for 2014. On the basis of the ordinary budget alone, the cantons of *Neuchâtel* and *St. Gallen* also showed a surplus. The canton of *Vaud* posted the highest gain in the financing statement.

Figure 4: Expenditure by function – cantons, 2014

Total expenditure: CHF 85 220 440 559



In the area of education, the cantons spent significantly more (+9.5%) on "Post-secondary vocational education" than the previous year.

Compared with 2013, the cantons' *statement of financial position* expanded by CHF 6.3 billion to CHF 114.4 billion, continuing its long-term growth trend. Among the reasons behind the changes in 2014 were reclassifications and restatements made in relation to conversions to the Harmonized Accounting Model (HAM2). For the 2014 financial statements, several cantons switched their accounting standards and also adopted the more detailed chart of accounts. The cantons concerned were *Appenzell Ausser rhoden*, *St. Gallen*, *Aargau*, *Ticino* and *Vaud*. In the canton of *Aargau*, the changeover to the HAM2 led to an increase in the value of administrative assets (+565 mn) and a restatement of non-administrative assets (-60 mn) and a corresponding increase in net assets/equity. The canton of *Appenzell Ausser rhoden* likewise increased the value of its administrative assets (+108 mn) and restated its non-administrative assets (+6.1 mn) as of January 1, 2014. Following withdrawals, the restatement reserves amounted to CHF 96.8 million as of December 31, 2014. With the switch to the new Financial Budget Act, the canton of *Appenzell Ausser rhoden* also changed its depreciation method. Consequently, tangible fixed assets and investment contributions are depreciated on a straight-line basis over the useful life of the asset and no longer on a declining basis. The depreciation volume is generally lower under the HAM2 than under the HAM1, as maintenance can no longer be capitalized. Moreover, the investment volume was lower in 2014 than in earlier years. No restatements of administrative and non-administrative assets were necessary in the canton of *St. Gallen's* statement of financial position within the framework of the changeover to the HAM2. Instead, there were certain reclassifications of individual items in the statement of financial position.

The *net assets/equity* of the cantons amounted to CHF 28.9 billion at the end of 2014, representing a year-on-year decline of 2.0%. 21 cantons had positive net assets/equity at the end of 2014.

The cantons' *liabilities* rose by CHF 6.9 billion due to debt-related components. Gross debt surged to CHF 66 billion (+12 % year on year) at the end of 2014. The biggest rise concerned long-term financial liabilities, which accounted for around two thirds of the increase.

The cantons of *Geneva*, *Zurich*, *Basel Stadt*, *Bern* and *Ticino* together accounted for 65.6% of total debt. The gross debt per capita of all of the cantons came to CHF 8,016, which was CHF 771, or 10.6%, higher than the previous year's level. Like last year, the canton of *Basel Stadt* had the highest gross debt per capita of CHF 36,854, followed by the cantons of *Geneva* (CHF 33,933) and *Ticino* (CHF 15,132). However, it has to be taken into account that the debt of the canton of *Basel Stadt* also includes that of the city of *Basel*. While the canton of *Basel Stadt* raised its debt by CHF 288 million, the debt increase in the canton of *Geneva* actually amounted to CHF 1.1 billion. The cantons of *Appenzell Inner rhoden* (CHF 1,750), *Fribourg* (CHF 1,907) and *Obwalden* (CHF 1,962) were at the lower end of the scale for debt per capita. Despite a debt increase of 7.1%, the canton of *Fribourg* moved up a place in 2014 thanks to its strongest population growth rate in Switzerland (+1.9%). Meanwhile, the canton of *Glarus* posted the largest per capita debt reduction in percentage terms (-15.5%) with its low population growth rate of 0.5%. Overall, gross debt declined by CHF 24.3 million in the canton of *Glarus*. The decline in debt

was attributable to two opposing movements. First, the canton of *Glarus* made repayments of CHF 40 million under short-term financial liabilities after having increased them the previous year because of the greater need for liquidity. Second, it increased its long-term financial liabilities by approximately CHF 20 million in order to benefit from low interest rates in the longer term. The two borrowings contracted have maturities of five and ten years.¹

¹ The gross debt per capita can be found online at www.efv.admin.ch > Topics > Financial statistics > Reporting > FS Model: Cantons > Cantons in comparison

Financial statements – cantons

CHF mn	2010	2011	2012	2013	2014
Statement of financial performance					
Revenue	76 805	78 340	78 817	80 243	81 475
Expenses	74 392	79 290	80 293	81 202	83 534
Surplus/deficit	2 413	- 950	- 1 476	- 958	- 2 059
Financing statement					
Receipts	77 277	79 321	79 786	81 363	82 848
Expenditure	76 086	81 073	83 219	83 248	85 220
Overall fiscal balance	1 192	- 1 752	- 3 433	- 1 885	- 2 372
Statement of financial position					
Non-administrative assets	44 979	45 311	47 852	49 161	53 900
Administrative assets	48 187	49 900	55 851	58 952	60 487
Liabilities	69 450	71 508	78 415	78 659	85 514
Net assets/equity	23 715	23 703	25 289	29 454	28 873
Total assets	93 166	95 211	103 703	108 113	114 387

Statement of financial performance – cantons

CHF 1 000	2010	2011	2012	2013	2014
Operating expenses	72 366 190	74 619 061	76 933 568	78 620 544	80 131 860
Personnel expenses	24 640 516	25 338 825	26 302 253	26 739 891	27 103 386
General, administrative and operating expenses	8 460 433	8 439 596	8 595 370	9 006 433	9 284 182
Defense expenses					
Depreciation, administrative assets	3 668 369	3 437 669	3 189 499	3 152 904	2 994 756
Net expense for funds and special financing	1 279 429	1 296 497	726 735	808 476	565 702
Transfer expenses	34 317 442	36 106 474	38 119 711	38 912 840	40 183 834
Operating revenue	72 646 194	74 667 978	75 287 216	76 791 935	77 817 881
Tax revenue	39 921 334	41 052 077	41 669 086	42 348 983	43 470 133
Royalties and concessions	2 483 411	2 527 310	1 695 293	1 615 373	959 955
Revenue from exchange transactions	6 470 735	6 680 721	6 640 763	7 015 390	7 144 000
Miscellaneous revenue	133 117	153 418	218 261	248 171	379 711
Withdrawals from funds and special financing	718 932	819 209	911 167	827 581	673 910
Transfer revenue	22 918 665	23 435 243	24 152 646	24 736 436	25 190 173
Operating result	280 005	48 917	-1 646 352	-1 828 609	-2 313 979
Financial expense	1 306 988	1 238 533	1 233 756	1 162 153	1 116 509
Financial revenue	3 824 253	3 347 881	3 055 314	2 994 513	3 141 370
Financial result	2 517 265	2 109 348	1 821 558	1 832 361	2 024 861
Ordinary result	2 797 270	2 158 266	175 206	3 752	- 289 117
Extraordinary expenses	718 858	3 432 624	2 125 445	1 419 053	2 285 259
Extraordinary revenue	334 170	324 555	474 379	457 031	515 306
Extraordinary result	- 384 688	-3 108 070	-1 651 066	- 962 022	-1 769 953
Surplus/deficit	2 412 582	- 949 804	-1 475 861	- 958 270	-2 059 071

Financing statement – cantons

CHF 1 000	2010	2011	2012	2013	2014
Operating expenditure	67 083 200	69 499 846	72 547 311	74 168 639	75 789 380
Personnel expenditure	24 640 516	25 338 825	26 302 253	26 739 891	27 103 386
General, administrative and operating expenditure	8 409 081	8 432 668	8 598 575	8 997 572	9 219 066
Defense expenditure					
Transfer expenditure	34 033 603	35 728 353	37 646 483	38 431 177	39 466 928
Operating receipts	71 798 176	73 764 501	74 314 482	75 888 194	77 058 234
Tax receipts	39 921 334	41 052 077	41 669 086	42 348 983	43 470 133
Royalties and concessions	2 483 411	2 527 310	1 695 293	1 615 373	959 955
Receipts from exchange transactions	6 470 735	6 680 721	6 640 763	7 015 390	7 144 000
Miscellaneous receipts	133 117	153 418	218 261	248 171	379 711
Transfer receipts	22 789 578	23 350 974	24 091 079	24 660 277	25 104 436
Operating result	4 714 975	4 264 655	1 767 171	1 719 555	1 268 854
Financial expenditure	1 190 638	1 132 530	1 075 790	1 051 863	982 436
Financial receipts	2 957 054	2 902 957	2 693 683	2 783 495	2 839 482
Financial result	1 766 415	1 770 427	1 617 892	1 731 632	1 857 045
Investment expenditure	7 193 399	7 544 448	7 550 969	6 890 748	6 514 845
Tangible fixed assets	4 720 602	4 890 576	4 794 045	4 392 511	4 158 212
Investments on behalf of third parties	929	3 682	6 408	17 900	8 198
Investments, intangible fixed assets	89 253	96 568	99 027	96 904	128 061
Loans and financial interests n.e.c.	194 190	193 807	259 325	139 604	53 175
Loans	158 409	184 231	150 102	246 039	244 511
Financial interests and share capital	20 604	84 620	442 994	155 178	128 123
Investment contributions	2 009 411	2 090 964	1 799 069	1 842 612	1 794 564
Investment receipts	2 522 145	2 637 765	2 778 210	2 690 735	2 785 918
Transfer of tangible fixed assets to non-administrative assets	117 600	83 460	66 018	228 946	32 842
Reimbursements	125 791	134 744	262 839	63 579	81 849
Disposal of intangible fixed assets			484	181	243
Repayment of loans and financial interests n.e.c.	158 556	140 478	102 345	92 741	73 491
Loan repayment	70 085	121 669	197 658	321 968	606 063
Transfer of financial interests	230	3 055	4 511	2 073	1 816
Repayment of own investment contributions	22 252	35 650	21 987	14 630	12 874
Investment contributions	2 027 631	2 118 708	2 122 369	1 966 617	1 976 739
Net investments	-4 671 254	-4 906 683	-4 772 759	-4 200 013	-3 728 927
Ordinary result	1 810 137	1 128 399	-1 387 695	- 748 826	- 603 027
Extraordinary expenditure	618 384	2 895 993	2 044 839	1 136 745	1 933 779
Extraordinary expenditure	618 384	2 895 993	2 044 839	1 136 745	1 933 779
Extraordinary investment expenditure					
Extraordinary receipts	- 54	15 768	24	817	164 578
Extraordinary receipts	- 54	15 768	24	13	164 311
Extraordinary investment receipts				804	267
Extraordinary result	- 618 438	-2 880 225	-2 044 815	-1 135 928	-1 769 202
Overall fiscal balance	1 191 699	-1 751 825	-3 432 510	-1 884 754	-2 372 229

Statement of financial position – cantons

CHF 1 000	2010	2011	2012	2013	2014
Assets	93 165 816	95 210 843	103 703 208	108 112 815	114 386 879
Non-administrative assets	44 979 240	45 310 711	47 852 278	49 161 102	53 900 337
Cash and cash equivalents	8 547 382	7 929 741	9 301 299	7 288 839	8 477 981
Receivables	19 110 708	19 840 274	21 676 261	21 148 495	19 777 649
Short-term financial investments	3 862 293	2 820 730	2 063 612	2 618 151	2 389 287
Prepaid expenses and accrued income	3 683 803	4 103 091	3 873 583	6 555 798	12 222 579
Inventories and work in progress	129 900	141 203	144 208	146 739	175 316
Financial investments	3 593 744	4 553 755	5 151 590	5 298 282	5 693 149
Tangible fixed assets, NAA	3 935 003	4 039 086	4 331 026	4 643 296	4 700 438
Receivables from special financing and funds in liabilities	2 116 408	1 882 831	1 310 699	1 461 502	463 939
Administrative assets	48 186 576	49 900 132	55 850 930	58 951 714	60 486 542
Tangible fixed assets, AA	28 628 087	29 644 782	33 119 281	34 993 538	38 231 800
Inventories, AA	38 528	40 822	38 150	38 910	885
Intangible fixed assets	61 484	62 954	103 729	126 942	361 756
Loans and financial interests n.e.c.	9 647 150	9 867 854	9 513 556	7 148 749	1 905 496
Loans	1 222 445	1 354 033	2 854 280	3 718 933	4 834 061
Financial interests, share capital	2 950 921	3 202 007	4 622 922	7 028 810	9 017 143
Investment contributions	5 864 734	5 927 435	5 805 462	6 110 922	6 345 203
Assets due from government units					
Accumulated additional depreciation and amortization	- 226 773	- 199 754	- 206 449	- 215 091	- 209 803
Liabilities and equity	93 165 816	95 210 843	103 703 208	108 112 815	114 386 879
Liabilities	69 450 414	71 507 649	78 414 643	78 658 995	85 513 600
Current liabilities	16 614 221	15 965 289	16 149 131	16 959 571	18 848 826
Short-term financial liabilities	4 190 053	5 224 924	7 289 322	7 988 995	9 244 795
Accrued expenses and deferred income	6 635 874	7 057 672	8 284 631	8 524 395	8 510 731
Short-term provisions	837 307	811 493	3 886 503	922 925	1 479 304
Long-term financial liabilities	32 403 314	30 879 555	32 975 577	35 228 839	39 859 080
Liabilities toward government units					
Long-term provisions	4 580 385	7 199 124	5 656 989	5 002 601	4 139 691
Restricted funds	4 189 260	4 369 591	4 172 491	4 031 669	3 431 172
Net assets/equity	23 715 403	23 703 194	25 288 565	29 453 820	28 873 279
Liabilities or advances toward special financing and funds in net assets/equity	2 178 482	2 660 139	3 791 063	4 316 093	4 435 778
Global budget area reserves	36 581	81 238	149 275	131 781	176 144
Advance financing	599 963	888 630	989 241	987 637	1 179 243
Restatement reserve	53 543	53 876	2 589 878	4 483 940	5 189 410
Revaluation reserve, non-administrative assets	6 967	72 479	642 016	1 851 350	1 759 601
Other net assets/equity	1 850 743	1 864 484	817 160	244 618	825 841
Accumulated surplus/deficit	18 989 124	18 040 577	15 682 093	15 652 334	13 526 082

Expenditure by function – cantons

CHF 1 000	2010	2011	2012	2013	2014
Total	76 085 622	81 072 816	83 218 910	83 247 995	85 220 441
General administration	4 691 095	7 106 176	6 497 367	5 632 272	6 534 036
Public order and security, defense	6 792 670	7 261 423	7 292 006	7 603 679	7 702 816
Education	21 879 723	22 547 298	23 148 961	23 487 377	23 921 269
Culture, sport and leisure, church	1 573 074	1 534 061	1 604 148	1 582 629	1 682 717
Health	9 734 083	10 337 470	11 795 864	11 896 944	12 017 287
Social security	14 953 176	15 803 876	16 462 037	16 693 414	17 250 345
Transportation and telecommunications	6 442 486	6 412 728	6 317 931	6 403 969	6 198 567
Protection of the environment and spatial planning	1 370 544	1 436 218	1 492 236	1 493 719	1 454 930
National economy	4 501 657	4 529 462	4 496 520	4 470 149	4 473 515
Finances and taxes	4 147 112	4 104 105	4 111 840	3 983 843	3 984 959

Tax revenue – cantons

CHF 1 000	2010	2011	2012	2013	2014
Tax revenue	39 921 334	41 052 077	41 669 086	42 348 983	43 470 133
Direct taxes, natural persons	28 291 653	28 872 921	29 529 576	29 861 418	30 583 097
Income tax, natural persons	23 388 550	23 594 597	23 997 486	24 114 636	24 313 605
Wealth tax, natural persons	3 324 105	3 359 800	3 396 832	3 531 962	3 852 153
Withholding taxes, natural persons	1 572 511	1 911 937	2 097 733	2 158 286	2 315 552
Personal taxes	6 487	6 587	12 024	12 370	12 336
Other direct taxes, natural persons			25 501	44 164	89 451
Direct taxes, legal entities	6 413 203	6 868 069	6 707 230	7 028 161	7 248 992
Profit taxes, legal entities	5 444 653	5 895 625	5 747 164	5 985 524	6 266 533
Taxes on capital, legal entities	968 550	972 445	957 122	1 032 245	942 521
Withholding taxes, legal entities					
Other direct taxes, legal entities			2 944	10 392	39 939
Other direct taxes	3 074 149	3 121 664	3 193 476	3 303 207	3 430 680
Withholding tax (Confederation only)					
Property tax	285 681	265 852	315 125	303 255	264 079
Capital gains tax	925 507	1 039 476	1 110 590	1 167 788	1 177 986
Capital transfer tax	909 426	981 838	933 003	924 188	865 885
Inheritance and gift tax	886 207	774 771	782 990	854 314	1 073 970
Casino and slot machine tax	67 328	59 726	51 769	53 662	48 760
Property and expenditure taxes	2 142 329	2 189 423	2 238 804	2 156 198	2 207 364
Motor vehicle taxes	2 071 229	2 117 084	2 158 934	2 088 460	2 130 523
Boat tax	12 033	12 333	17 733	18 069	27 288
Entertainment tax	33 644	33 408	35 341	19 561	19 707
Dog license	7 980	9 289	9 356	9 697	9 116
Other property and expenditure taxes	17 444	17 308	17 441	20 411	20 730

Debt – cantons

CHF 1 000	2010	2011	2012	2013	2014
Gross debt	52 460 556	51 311 252	55 167 091	58 967 030	66 031 291
Current liabilities	16 614 221	15 965 289	16 149 131	16 959 571	18 848 826
Short-term financial liabilities	4 190 053	5 224 924	7 289 322	7 988 995	9 244 795
<i>without: derivative financial instruments</i>		19 929	31 932	12 861	38 222
Long-term financial liabilities	32 403 314	30 879 555	32 975 577	35 228 839	39 859 080
<i>without: investment contributions posted as liabilities</i>	<i>747 032</i>	<i>738 588</i>	<i>1 215 006</i>	<i>1 197 513</i>	<i>1 883 188</i>
Liabilities toward government units					

Transfers by nature – between cantons

CHF 1 000	2010	2011	2012	2013	2014
Total	4 212 376	4 405 470	4 367 778	4 474 394	4 558 948
Revenue shares for cantons and concordats					
Compensation for cantons and concordats	219 006	216 519	209 784	282 872	278 480
Fiscal equalization and cost compensation for cantons	1 527 989	1 654 502	1 574 778	1 619 865	1 627 598
Resource equalization	1 406 130	1 532 643	1 452 919	1 500 219	1 507 952
Socio-demographic cost compensation					
Geographical/topographic cost compensation					
Cohesion fund	121 859	121 859	121 859	119 646	119 646
Intra-cantonal vertical fiscal equalization					
Intra-cantonal vertical cost compensation					
Forwarding of resource equalization and cohesion fund from donor cantons					
Contributions to cantons and concordats	2 465 370	2 523 368	2 578 370	2 565 778	2 645 270
Extraordinary transfer expenditure; cantons and concordats					
Investment contributions, cantons and concordats	11	11 080	4 847	5 880	7 600
Extraordinary investment contributions, cantons and concordats					

Transfers by function – between cantons

CHF 1 000	2010	2011	2012	2013	2014
Total	4 212 376	4 405 470	4 367 778	4 474 394	4 558 948
General administration	3 534	2 867	2 151	2 398	2 414
Public order and security, defense	33 393	33 458	32 469	30 720	33 452
Education	2 477 999	2 543 522	2 582 351	2 653 740	2 730 105
Culture, sport and leisure, church	16 091	19 204	19 083	19 323	18 713
Health	14 436	13 522	16 352	16 416	15 714
Social security	124 904	111 631	122 375	114 295	111 226
Transportation and telecommunications	6 597	11 548	10 052	7 748	10 287
Protection of the environment and spatial planning	2 809	10 005	3 047	3 591	3 645
National economy	4 625	5 211	5 120	6 299	5 793
Finances and taxes	1 527 989	1 654 502	1 574 778	1 619 865	1 627 598

Fiscal equalization and cost compensation – cantons

CHF 1 000	2010	2011	2012	2013	2014
Transfer expenditure	1 439 925	1 471 507	1 565 022	1 494 931	1 542 366
Fiscal equalization and cost compensation for cantons					
Fiscal equalization and cost compensation for municipalities	535 802	548 214	1 344 391	1 306 833	1 446 126
Fiscal equalization n.e.c.	904 123	923 293	220 631	188 098	96 239
Transfer receipts	3 630 493	3 732 059	3 453 724	3 597 776	3 618 096
Fiscal equalization and cost compensation, Confederation	2 900 570	3 049 020	3 101 559	3 177 655	3 185 168
Fiscal equalization and cost compensation from cantons					
Fiscal equalization and cost compensation from municipalities	107 977	103 317	208 469	287 526	388 249
Fiscal equalization n.e.c.	621 945	579 722	143 695	132 595	44 679

Transfers by nature – cantons to municipalities

CHF 1 000	2010	2011	2012	2013	2014
Total	5 488 708	5 709 460	5 598 706	5 461 943	5 593 749
Revenue shares for municipalities and special purpose entities	668 091	675 444	703 821	706 424	737 151
Municipalities' share in cantonal taxes	645 957	659 598	686 995	688 969	713 911
Municipalities' share in royalties and concessions	3 428	2 080	1 836	1 974	1 849
Municipalities' share in cantonal fees	3 679	3 803	4 866	5 573	3 861
Municipalities' share in other cantonal receipts	15 028	9 964	10 124	9 908	17 529
Compensation for municipalities and special purpose entities	675 852	683 405	715 476	733 972	742 704
Fiscal equalization and cost compensation for municipalities	535 802	548 214	1 344 391	1 306 833	1 446 126
Forwarding of a share in resource equalization to municipalities	110 952	101 790	182 805	182 365	189 830
Forwarding of a share in socio-demographic equalization to municipalities	56 720	57 510	68 331	70 048	92 650
Forwarding of a share in geographical/topographic equalization to municipalities	58 372	58 690	83 488	80 016	79 251
Forwarding of a share in cohesion fund to municipalities					
Intra-cantonal vertical fiscal equalization	214 000	222 448	367 969	325 682	443 655
Intra-cantonal vertical cost compensation	95 757	107 776	641 798	648 722	640 740
Intra-cantonal horizontal fiscal equalization					
Intra-cantonal horizontal cost compensation					
Fiscal equalization n.e.c.	904 123	923 293	220 631	188 098	96 239
Contributions to municipalities and special purpose entities	2 331 570	2 555 334	2 276 588	2 213 169	2 225 884
Extraordinary transfer expenditure; municipalities and special purpose entities					
Investment contributions, municipalities and special purpose entities	373 270	323 769	337 800	313 447	345 645
Extraordinary investment contributions, municipalities and special purpose entities					

Transfers by function – cantons to municipalities

CHF 1 000	2010	2011	2012	2013	2014
Total	5 488 708	5 709 460	5 598 706	5 461 943	5 593 749
General administration	150 612	201 672	196 968	211 897	202 153
Public order and security, defense	65 215	79 394	80 055	84 156	78 189
Education	1 126 124	1 111 014	928 139	884 167	924 480
Culture, sport and leisure, church	21 587	16 925	16 629	15 387	18 539
Health	7 771	79 984	22 350	9 542	12 068
Social security	1 408 534	1 500 777	1 592 410	1 595 872	1 568 577
Transportation and telecommunications	242 029	254 492	199 316	174 223	179 656
Protection of the environment and spatial planning	248 743	229 074	196 420	190 445	210 753
National economy	110 076	89 176	97 579	94 899	119 816
Finances and taxes	2 108 016	2 146 951	2 268 843	2 201 354	2 279 516

Statement of financial performance and financing statement, cantons – 2014

CHF mn	Revenue	Expenses	Balance	Receipts	Expenditure	Balance
Total	81 475	83 534	- 2 059	82 848	85 220	- 2 372
Zurich	12 092	12 454	- 363	12 594	12 738	- 144
Bern	10 829	10 531	298	11 121	10 939	182
Luzern	3 118	3 099	19	3 138	3 096	42
Uri	367	362	4	395	392	3
Schwyz	1 066	1 276	- 210	1 087	1 305	- 218
Obwalden	267	272	- 5	276	298	- 23
Nidwalden	324	325	- 1	337	332	5
Glarus	367	353	14	361	350	11
Zug	1 201	1 341	- 140	1 223	1 372	- 149
Fribourg	3 258	3 262	- 5	3 256	3 276	- 19
Solothurn	1 898	2 034	- 136	1 940	2 040	- 100
Basel Stadt	4 844	4 693	150	4 789	4 708	81
Basel Landschaft	2 401	3 559	- 1 159	2 401	3 705	- 1 304
Schaffhausen	651	670	- 19	642	677	- 36
Appenzell Ausserrhoden	423	440	- 17	429	453	- 24
Appenzell Innerrhoden	154	154	0	143	151	- 8
St. Gallen	4 264	4 522	- 258	4 202	4 491	- 290
Graubünden	2 364	2 314	50	2 518	2 473	45
Aargau	4 730	4 650	80	4 646	4 794	- 149
Thurgau	2 050	2 046	3	1 920	1 952	- 32
Ticino	3 292	3 437	- 145	3 363	3 565	- 201
Vaud	9 622	9 570	52	9 649	9 448	200
Valais	3 006	3 075	- 69	3 304	3 372	- 68
Neuchâtel	2 219	2 214	5	2 123	2 185	- 63
Geneva	8 844	8 907	- 62	8 893	9 018	- 125
Jura	867	868	- 2	979	968	11
Concordats	1 730	1 737	- 8	1 662	1 664	- 2

The total has been adjusted for transfers between government units.

Statement of financial position, cantons – 2014

CHF mn	Non- administrative assets	Administrative assets	Liabilities	Net assets/equity	Total assets	Gross debt
Total	53 900	60 487	85 514	28 873	114 387	66 031
Zurich	8 876	13 569	12 903	9 542	22 445	8 651
Bern	3 690	3 172	8 305	- 1 442	6 862	6 109
Luzern	1 531	4 697	2 423	3 805	6 228	1 527
Uri	165	204	148	221	369	113
Schwyz	489	212	629	72	701	424
Obwalden	174	135	133	176	309	72
Nidwalden	239	153	293	99	392	265
Glarus	381	195	165	411	577	137
Zug	1 220	461	669	1 011	1 681	578
Fribourg	1 835	853	1 139	1 548	2 688	578
Solothurn	1 106	1 542	1 960	688	2 648	1 102
Basel Stadt	5 688	6 055	7 820	3 923	11 743	7 024
Basel Landschaft	2 047	2 114	4 564	- 402	4 162	3 547
Schaffhausen	207	265	339	133	472	265
Appenzell Ausserrhoden	187	252	258	181	439	219
Appenzell Innerrhoden	113	30	90	52	143	28
St. Gallen	2 268	1 076	2 323	1 022	3 345	1 616
Graubünden	2 823	1 023	1 101	2 745	3 846	642
Aargau	1 344	2 028	2 958	415	3 372	2 218
Thurgau	655	1 000	1 146	509	1 655	776
Ticino	4 716	1 436	6 484	- 332	6 152	5 302
Vaud	5 742	2 024	5 963	1 802	7 766	4 524
Valais	1 685	1 225	2 973	- 63	2 910	1 986
Neuchâtel	649	656	1 837	- 533	1 305	1 429
Geneva	5 368	15 476	17 806	3 038	20 844	16 199
Jura	242	473	539	176	716	494
Concordats	462	158	544	75	620	207

25 Municipalities

The municipalities' financial situation improved a little relative to 2013, but it remained very strained. The 2014 statement of financial performance thus ended with an operating deficit running into the billions for the seventh time in succession. Relative to the 2013 closing balance, gross debt rose by CHF 1.2 billion, primarily in the *municipalities* in the cantons of *Zurich* and *Basel Landschaft*.

The "municipalities" sub-sector recorded an almost balanced result in the 2014 statement of financial performance. While *expenses* rose marginally by 0.4%, *revenue* progressed by 1.9% to CHF 45.1 billion. The revenue growth was driven mainly by *tax revenue* and *extraordinary revenue*. Tax revenue accounted for 59.4% of revenue in 2014 and was up by 2.7% to CHF 26.8 billion. The CHF 694 million increase occurred largely in the *municipalities* in the cantons of *Bern*, *Ticino* and *Zurich*. With an increase of CHF 138 million, or 2.1%, the municipalities in the canton of *Zurich* had the strongest tax revenue growth in absolute terms, followed by the *municipalities* in the cantons of *Bern* (+135 mn; +5.4%) and *Ticino* (+104 mn; +9.9%). In contrast, the biggest losses in 2014 were suffered by canton of *Zug* municipalities (-62 mn).

In the 2014 statement of financial performance, the municipalities' *operating result* amounted to a total of CHF -1.8 billion. Compared with the previous year, *operating revenue* rose by 2.3%, but *operating expenses*, which edged up by only 0.3%, predominated. Personnel expenses, which in 2014 accounted for almost a third of operating expenses, grew by 1.8%. Transfer expenses, the second-largest expense item since 1991, likewise recorded a year-on-year increase (+2.3%). Transfer expenses were considerably higher particularly in the *municipalities* in the cantons of *Zurich* and *Aargau*. General, administrative and operating expenses (-1.2%), depreciation on administrative assets (-2.0%) and net expense for funds and special financing (-17.2%) posted negative rates of change relative to the previous year. The sharp drop in net expense for funds and special financing occurred essentially in canton of *Bern* municipalities. In the city of *Biel* alone, net expense for special financing plunged by CHF 171 million in connection with Energie Service Biel becoming independent.

The *extraordinary result* in the 2014 *statement of financial performance* showed a deficit of CHF -155 million, comprised of *extraordinary revenue* of CHF 254 million and *extraordinary expenses* of CHF 409 million. In the case of *Solothurn* and *Neuchâtel municipalities*, high extraordinary expenses were incurred within the scope of pension fund restructuring. Revenue was driven primarily by the *municipalities* in the cantons of *Aargau* and *Uri*, which posted extraordinary transactions. In the consolidated statement of financial performance of canton of *Aargau* municipalities, there were withdrawals from the restatement reserve, and in that of *Uri* municipalities there was extraordinary transfer revenue from public corporations. In the municipality of *Bürglen (UR)*, for example, extraordinary revenue was generated in connection with the transfer of sewage system assets.

The consolidated *financing statement* for 2014 showed a deficit for the third time in succession. The deficit shrunk by CHF 434 million year on year to CHF 1 billion. While the municipalities' ordinary *investment receipts* rose by 3.3%, ordinary *investment expenditure* grew by 2.4%. Additional investments were made in tangible fixed assets particularly by the *municipalities* in the cantons of *Aargau*, *Fribourg* and *Vaud*. In the case of *Fribourg* municipalities, investment expenditure in the form of financial interests and share capital also increased. Meanwhile, higher investment receipts were generated mainly in *municipalities* in the cantons of *Ticino*, *Zurich* and *Vaud*. In net terms, the municipalities invested approximately CHF 6 billion in 2014, which corresponds to an increase of 2.2% relative to 2013.

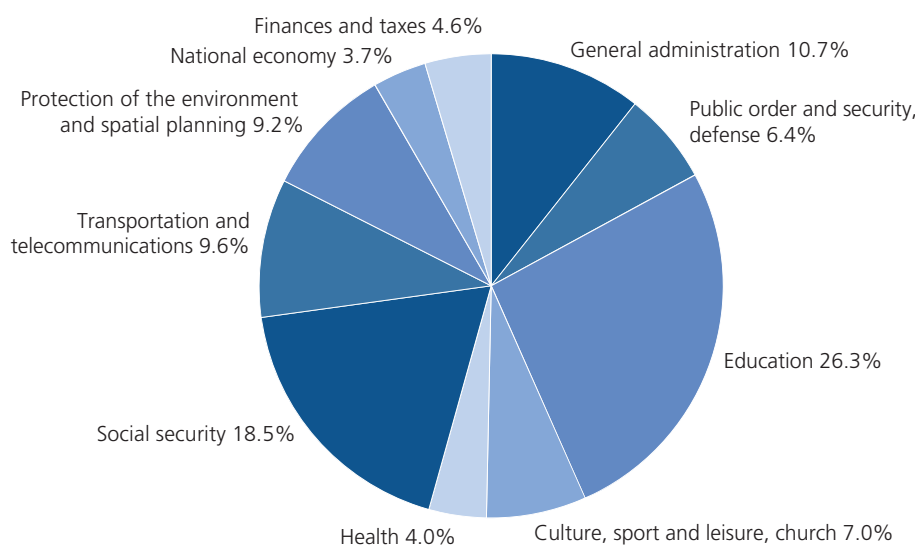
The municipalities' *expenditure* amounted to CHF 46.4 billion in 2014. Approximately a quarter of this expenditure was attributable to "Education", which saw a rise of 4.8% to CHF 12.2 billion. The increase was due predominantly to additional expenditure for obligatory schooling in canton of *Aargau*, *Zurich* and *Vaud municipalities*. The "Social security" task area accounted for some 18.5% of total municipal expenditure and posted a year-on-year increase of 1.0% to CHF 8.6 billion. The increase of CHF 86 million was due primarily to additional expenditure for the functional groups "Social welfare and asylum affairs" (+120 mn) and "Family and young people" (+73 mn), and reduced expenditure for "Subsidized housing" (-83 mn). The additional expenditure for "Social welfare and asylum affairs" was driven particularly by the cities of *Zurich* and *Lugano*, and that for "Family and young people" was driven by the *municipalities* in the cantons of *Geneva*, *Vaud* and *Zurich*. The reduction in "Subsidized housing" expenditure occurred primarily in the city of *Zurich*. Overall, the municipalities spent less than the previous year mainly in the area of health. The decline was 5.0%, or CHF 98 million, and

was attributable to the *municipalities* in the cantons of *Aargau* and *Vaud*. The "National economy" task area posted a year-on-year decline of 2.8% in 2014. This concerned primarily fuel and energy.

The table "Statement of financial performance and financing statement, cities and cantonal capitals, 2014" shows that 29 of the 54 cities and cantonal capitals posted a deficit in their financing statement. Ten cities and cantonal capitals posted a more or less balanced financial result (+/- 2 mn), while 15 posted a surplus. An item particularly worthy of mention at municipal level is that the city of *Basel* has no budget of its own, which is why its accounts are disclosed as part of the canton's accounts. All of the *municipalities* in the cantons of *Aargau* and *Basel Landschaft* completed the introduction of the new Harmonized Accounting Model (HAM2) in fiscal 2014. Likewise, the city of *Bern* applied the new accounting standards as one of ten test municipalities in the canton of *Bern*.

Figure 5: Expenditure by function, municipalities, 2014

Total expenditure: CHF 46 403 529 258



The municipalities' education expenditure was 17.4% higher than in 2008. "Obligatory schooling" accounted for around 90% of education expenditure in 2014.

The municipalities' *total assets* stood at CHF 97.5 billion at the end of 2014, which represents a year-on-year increase of CHF 9.4 billion. The rise concerned primarily administrative assets, which rose by 22.2% to CHF 51.2 billion. Around two thirds of the increase was caused by revaluations within the framework of HAM2 conversions. The restatements simultaneously lead to an improvement in net assets/equity. In *Aargau* municipalities alone, net assets/equity rose by approximately CHF 8 billion in 2014, and CHF 6.1 billion of that was the result of increases in restatement reserves. Another CHF 354 million concerned reserves for the restatement of non-administrative assets. The municipalities' *net assets/equity* rose by a total of 48.6% to CHF 31.3 billion in 2014. The cities and cantonal capitals alone, whose net assets/equity surged by 43.5%, accounted for 19.2%. The city of *Bern*, for example, not only restated its non-administrative assets, but also reviewed its special financing under the HAM1 and allocated the special financing of an equity nature to net assets/equity. In the process, only the fund for financing public air-raid shelters under liabilities was not reclassified as net assets/equity. In the city of *Aarau*, the massive increase in net assets/equity was likewise associated with the HAM2 changeover, but this time it predominantly concerned revaluations under administrative assets.

In contrast, the *municipalities' liabilities* dropped by 1.3% because of non-debt-related components. *Gross debt*, which accounted for 75% of liabilities in 2014, increased by 2.5% (+1.2 bn). This rise concerned primarily long-term financial liabilities in the municipalities in the cantons of *Zurich*, *Aargau* and *Basel Landschaft*.

The debt of the cities and cantonal capitals grew by a total of CHF 596 million to CHF 25.9 billion in 2014. 66.4% of the debt was attributable to the cities of *Zurich* (8.6 bn), *Lausanne* (2.7 bn), *Bern* (2.6 bn), *Geneva* (1.7 bn) and *Winterthur* (1.6 bn). With respect to the number of inhabitants, the picture for the cities and cantonal capitals was as follows: the highest level of gross debt per capita was posted in the city of *Zurich* (CHF 21,860) and the lowest was in *Appenzell* (CHF 71). The second-highest gross debt per capita was recorded in the city of *Lausanne* (CHF 20,421), followed by the cities of *Bern* (CHF 20,235), *Lugano* (CHF 17,319) and *Winterthur* (CHF 15,308). In 2014, the gross debt per capita for all municipalities was CHF 6,089. This represents a year-on-year increase of 1.3%, or CHF 77.²

² The gross debt per capita can be found online at www.efv.admin.ch > Topics > Financial statistics > Reporting > FS Model: Municipalities

Financial statements – municipalities

CHF mn	2010	2011	2012	2013	2014
Statement of financial performance					
Revenue	42 035	43 500	43 656	44 205	45 052
Expenses	42 368	43 637	44 001	44 887	45 052
Surplus/deficit	- 333	- 137	- 346	- 682	0
Financing statement					
Receipts	42 670	44 058	44 168	44 498	45 375
Expenditure	43 175	43 947	45 083	45 960	46 404
Overall fiscal balance	- 506	111	- 915	- 1 462	- 1 028
Statement of financial position					
Non-administrative assets	44 088	45 016	45 429	46 220	46 296
Administrative assets	36 847	37 895	39 524	41 939	51 236
Liabilities	62 765	63 898	65 222	67 114	66 255
Net assets/equity	18 169	19 013	19 730	21 046	31 277
Total assets	80 935	82 911	84 953	88 159	97 532

Statement of financial performance – municipalities

CHF 1 000	2010	2011	2012	2013	2014
Operating expenses	40 774 764	42 092 415	42 211 766	43 322 859	43 466 395
Personnel expenses	13 512 247	13 858 499	13 826 836	14 023 899	14 278 866
General, administrative and operating expenses	9 192 251	9 365 084	9 621 592	9 686 929	9 566 282
Defense expenses					
Depreciation, administrative assets	4 828 167	5 001 168	4 541 936	4 780 069	4 686 048
Net expense for funds and special financing	1 012 513	1 130 614	1 119 064	1 223 819	1 013 758
Transfer expenses	12 229 588	12 737 049	13 102 338	13 608 142	13 921 441
Operating revenue	38 744 334	39 958 297	40 279 517	40 704 385	41 656 209
Tax revenue	24 530 699	25 220 068	25 436 531	26 073 692	26 768 179
Royalties and concessions	289 651	322 424	326 344	346 328	354 378
Revenue from exchange transactions	7 975 663	8 146 493	8 200 611	8 226 492	8 355 500
Miscellaneous revenue	82 043	97 886	76 018	69 685	91 813
Withdrawals from funds and special financing	620 724	665 177	857 908	702 521	728 783
Transfer revenue	5 245 554	5 506 250	5 382 105	5 285 667	5 357 556
Operating result	-2 030 431	-2 134 118	-1 932 250	-2 618 474	-1 810 185
Financial expense	1 463 037	1 424 691	1 340 347	1 242 158	1 177 085
Financial revenue	3 243 794	3 503 851	3 319 704	3 424 625	3 141 501
Financial result	1 780 756	2 079 160	1 979 357	2 182 467	1 964 416
Ordinary result	- 249 674	- 54 958	47 107	- 436 006	154 231
Extraordinary expenses	130 588	119 560	449 240	321 797	408 655
Extraordinary revenue	47 055	37 911	56 289	75 972	254 015
Extraordinary result	- 83 533	- 81 649	- 392 951	- 245 825	- 154 640
Surplus/deficit	- 333 207	- 136 607	- 345 844	- 681 831	- 409

Financing statement – municipalities

CHF 1 000	2010	2011	2012	2013	2014
Operating expenditure	34 930 404	35 960 391	36 547 455	37 302 151	37 716 170
Personnel expenditure	13 512 247	13 858 499	13 826 836	14 023 899	14 278 866
General, administrative and operating expenditure	9 188 735	9 366 793	9 622 842	9 682 495	9 561 438
Defense expenditure					
Transfer expenditure	12 229 422	12 735 098	13 097 777	13 595 757	13 875 866
Operating receipts	38 123 610	39 293 120	39 420 692	40 000 565	40 924 140
Tax receipts	24 530 699	25 220 068	25 436 531	26 073 692	26 768 179
Royalties and concessions	289 651	322 424	326 344	346 328	354 378
Receipts from exchange transactions	7 975 663	8 146 493	8 200 611	8 226 492	8 355 500
Miscellaneous receipts	82 043	97 886	76 018	69 685	91 813
Transfer receipts	5 245 554	5 506 250	5 381 188	5 284 369	5 354 270
Operating result	3 193 206	3 332 729	2 873 237	2 698 415	3 207 970
Financial expenditure	1 408 561	1 353 970	1 260 639	1 165 427	1 122 300
Financial receipts	3 166 069	3 215 519	3 220 011	3 137 970	3 017 298
Financial result	1 757 508	1 861 548	1 959 372	1 972 543	1 894 998
Investment expenditure	6 817 972	6 586 902	6 872 299	7 258 934	7 433 776
Tangible fixed assets	5 370 118	5 088 278	5 158 836	5 502 922	5 747 455
Investments on behalf of third parties	2 436	363	2 108	982	1 139
Investments, intangible fixed assets	40 363	107 716	127 343	129 483	179 775
Loans and financial interests n.e.c.	69 786	118 295	278 329	100 651	32 824
Loans	18 796	32 898	53 552	53 245	71 851
Financial interests and share capital	25 863	33 209	105 968	162 104	132 471
Investment contributions	1 290 609	1 206 143	1 146 163	1 309 547	1 268 261
Investment receipts	1 379 864	1 545 206	1 525 347	1 352 182	1 396 344
Transfer of tangible fixed assets to non-administrative assets	111 133	184 656	202 557	118 295	64 168
Reimbursements	119 708	142 451	109 858	99 641	98 596
Disposal of intangible fixed assets	219		98		267
Repayment of loans and financial interests n.e.c.	18 857	49 114	65 658	28 272	10 833
Loan repayment	12 227	121 819	17 511	33 796	62 151
Transfer of financial interests	2 735	9 643	522	3 359	1 817
Repayment of own investment contributions	3 832	3 609	6 269	2 609	2 311
Investment contributions	1 111 152	1 033 914	1 122 874	1 066 209	1 156 201
Net investments	-5 438 107	-5 041 696	-5 346 952	-5 906 752	-6 037 432
Ordinary result	- 487 393	152 582	- 514 343	-1 235 795	- 934 463
Extraordinary expenditure	18 516	46 166	402 445	233 195	131 283
Extraordinary expenditure	18 516	46 166	402 445	233 142	131 255
Extraordinary investment expenditure				54	28
Extraordinary receipts		4 517	1 788	6 831	37 266
Extraordinary receipts		4 517	1 759	6 831	35 590
Extraordinary investment receipts			29		1 676
Extraordinary result	- 18 516	- 41 649	- 400 656	- 226 365	- 94 017
Overall fiscal balance	- 505 910	110 933	- 914 999	-1 462 159	-1 028 480

Statement of financial position – municipalities

CHF 1 000	2010	2011	2012	2013	2014
Assets	80 934 625	82 910 821	84 952 585	88 159 401	97 531 836
Non-administrative assets	44 087 879	45 015 760	45 428 524	46 220 111	46 295 952
Cash and cash equivalents	9 033 111	9 830 062	9 426 637	8 863 616	8 934 459
Receivables	11 517 877	11 241 991	11 734 354	11 887 486	11 413 187
Short-term financial investments	1 066 260	643 617	547 778	1 056 514	988 554
Prepaid expenses and accrued income	2 164 708	2 317 625	2 349 204	2 378 246	2 387 681
Inventories and work in progress	162 444	166 292	175 604	183 080	171 854
Financial investments	3 732 399	4 100 602	4 561 832	4 598 238	4 040 182
Tangible fixed assets, NAA	15 227 520	15 428 014	15 599 763	16 222 595	17 867 533
Receivables from special financing and funds in liabilities	1 183 561	1 287 558	1 033 351	1 030 336	492 502
Administrative assets	36 846 746	37 895 061	39 524 061	41 939 290	51 235 884
Tangible fixed assets, AA	31 411 845	32 404 007	33 945 813	35 820 268	44 217 548
Inventories, AA	30 761	24 202	34 914	23 672	15 916
Intangible fixed assets	134 292	203 623	213 934	206 182	229 557
Loans and financial interests n.e.c.	3 969 176	3 812 203	3 881 249	3 516 724	2 899 759
Loans	60 274	118 584	162 184	261 263	382 453
Financial interests, share capital	31 838	119 199	230 979	979 059	1 536 595
Investment contributions	1 253 279	1 258 826	1 165 761	1 233 963	2 057 727
Assets due from government units					
Accumulated additional depreciation and amortization	- 44 718	- 45 582	- 110 773	- 101 841	- 103 673
Liabilities and equity	80 934 625	82 910 821	84 952 585	88 159 401	97 531 836
Liabilities	62 765 167	63 897 720	65 222 198	67 113 788	66 255 073
Current liabilities	10 201 102	10 374 591	10 385 205	10 307 255	9 949 661
Short-term financial liabilities	1 645 534	1 767 163	1 902 844	2 071 140	2 582 821
Accrued expenses and deferred income	2 028 337	1 856 881	2 100 879	2 041 576	2 139 198
Short-term provisions	328	1 677	11 719	23 603	59 531
Long-term financial liabilities	33 938 579	34 245 549	35 031 494	36 579 555	37 766 948
Liabilities toward government units					
Long-term provisions	2 830 490	2 787 076	3 040 991	2 921 856	2 900 634
Restricted funds	12 120 796	12 864 783	12 749 066	13 168 803	10 856 280
Net assets/equity	18 169 458	19 013 101	19 730 387	21 045 613	31 276 763
Liabilities or advances toward special financing and funds in net assets/equity	144 139	191 965	306 759	526 060	2 143 399
Global budget area reserves	127	1 105	47	531	20 337
Advance financing	1 865 750	1 942 148	2 092 554	2 082 241	2 681 878
Restatement reserve		15 250	340 201	972 975	7 125 943
Revaluation reserve, non-administrative assets	419 096	470 427	561 089	634 683	1 610 343
Other net assets/equity	62 906	141 454	53 343	94 163	63 938
Accumulated surplus/deficit	15 677 440	16 250 751	16 267 256	16 629 275	17 517 688

Expenditure by function – municipalities

CHF 1 000	2010	2011	2012	2013	2014
Total	43 175 453	43 947 430	45 082 838	45 959 707	46 403 529
General administration	4 445 037	4 524 641	4 915 605	4 948 563	4 944 617
Public order and security, defense	2 676 252	2 738 786	2 845 597	2 914 121	2 977 718
Education	10 769 874	10 817 073	11 319 377	11 634 218	12 197 515
Culture, sport and leisure, church	3 066 612	3 222 815	3 139 603	3 187 566	3 237 320
Health	1 481 734	1 823 537	1 940 971	1 947 207	1 849 744
Social security	7 773 126	7 952 711	8 246 217	8 499 261	8 585 299
Transportation and telecommunications	4 510 545	4 484 271	4 538 130	4 532 277	4 477 653
Protection of the environment and spatial planning	4 223 624	4 233 791	4 245 117	4 346 804	4 262 921
National economy	1 608 469	1 578 207	1 708 747	1 784 421	1 734 910
Finances and taxes	2 620 180	2 571 598	2 183 475	2 165 269	2 135 831

Tax revenue – municipalities

CHF 1 000	2010	2011	2012	2013	2014
Tax revenue	24 530 699	25 220 068	25 436 531	26 073 692	26 768 179
Direct taxes, natural persons	19 199 332	19 418 294	19 659 899	20 082 146	20 627 931
Income tax, natural persons	15 959 702	16 173 227	16 359 361	16 555 223	16 850 982
Wealth tax, natural persons	2 247 698	2 138 292	2 143 485	2 253 468	2 482 568
Withholding taxes, natural persons	868 759	994 983	1 043 615	1 156 672	1 173 472
Personal taxes	44 862	42 247	42 341	42 411	39 946
Other direct taxes, natural persons	78 311	69 544	71 098	74 372	80 964
Direct taxes, legal entities	3 668 744	4 016 786	3 835 648	3 924 537	4 092 677
Profit taxes, legal entities	2 915 347	3 266 095	3 130 308	3 131 744	3 368 484
Taxes on capital, legal entities	559 177	540 112	506 109	584 931	516 878
Withholding taxes, legal entities					
Other direct taxes, legal entities	194 220	210 580	199 231	207 862	207 315
Other direct taxes	1 595 305	1 713 638	1 870 175	1 980 941	1 959 220
Withholding tax (Confederation only)					
Property tax	682 336	701 029	711 935	748 401	779 531
Capital gains tax	575 857	677 058	799 359	862 062	820 810
Capital transfer tax	248 787	247 349	243 033	258 560	255 749
Inheritance and gift tax	87 908	87 785	115 406	111 530	102 748
Casino and slot machine tax	416	418	442	389	383
Property and expenditure taxes	67 318	71 350	70 808	86 068	88 351
Motor vehicle taxes					
Boat tax					
Entertainment tax	16 671	15 325	14 464	14 638	15 249
Dog license	30 217	30 972	31 266	32 705	34 381
Other property and expenditure taxes	20 430	25 053	25 078	38 725	38 721

Debt – municipalities

CHF 1 000	2010	2011	2012	2013	2014
Gross debt	45 785 215	46 387 303	47 311 712	48 935 858	50 155 525
Current liabilities	10 201 102	10 374 591	10 385 205	10 307 255	9 949 661
Short-term financial liabilities <i>without: derivative financial instruments</i>	1 645 534	1 767 163	1 902 844	2 071 140	2 582 821
Long-term financial liabilities <i>without: investment contributions posted as liabilities</i>	33 938 579	34 245 549	35 031 494 7 831	36 579 555 22 092	37 766 948 143 905
Liabilities toward government units					

Statement of financial performance and financing statement, cities and cantonal capitals – 2014

CHF mn	Revenue	Expenses	Balance	Receipts	Expenditure	Balance
Total	17 051	17 642	- 591	17 024	17 925	- 901
Wetzikon	157	163	- 6	158	172	- 13
Horgen	135	150	- 15	136	150	- 14
Wädenswil	123	131	- 8	122	140	- 18
Dübendorf	159	157	2	159	156	4
Uster	198	202	- 4	199	205	- 6
Winterthur	922	1 000	- 78	936	1 036	- 100
Dietikon	200	203	- 2	202	198	4
Zürich	4 793	5 239	- 445	4 793	5 229	- 436
Bern	1 080	1 080	0	1 058	1 076	- 18
Köniz	202	208	- 5	200	212	- 11
Biel	437	446	- 9	398	438	- 40
Thun	247	249	- 2	236	231	5
Emmen	141	140	1	146	147	- 1
Kriens	150	151	- 1	146	140	6
Luzern	560	567	- 8	554	557	- 3
Altdorf	45	42	3	45	36	9
Schwyz	50	55	- 5	51	53	- 2
Sarnen	46	46	0	49	47	2
Stans	34	38	- 4	36	36	0
Glarus	50	47	2	50	44	6
Baar	130	122	7	126	126	0
Zug	267	268	- 2	270	265	5
Bulle	93	96	- 3	97	96	1
Fribourg	210	208	1	210	263	- 53
Solothurn	119	118	1	114	109	5
Riehen	122	120	2	120	122	- 1
Allschwil	88	88	0	90	99	- 10
Liestal	60	61	- 1	61	59	3
Schaffhausen	208	202	6	208	189	19
Herisau	83	85	- 2	83	86	- 3
Appenzell	6	6	0	6	5	2
St. Gallen	550	549	1	575	599	- 23
Rapperswil-Jona	142	141	1	141	144	- 3
Wil	124	128	- 3	126	122	3
Chur	208	205	3	212	212	0
Aarau	166	151	15	159	175	- 15
Wettingen	87	92	- 6	86	115	- 29
Frauenfeld	139	141	- 3	141	147	- 6
Kreuzlingen	117	106	11	112	100	12
Bellinzona	75	78	- 3	77	78	- 2
Lugano	416	422	- 6	430	468	- 39
Lausanne	1 169	1 215	- 46	1 174	1 206	- 32
Renens	98	98	0	95	108	- 14
Montreux	151	151	1	137	157	- 21
Yverdon-les-Bains	147	154	- 8	146	150	- 3
Sion	194	193	1	196	199	- 3
La Chaux-de-Fonds	239	250	- 12	217	255	- 38
Neuchâtel	292	291	1	272	279	- 7
Carouge	101	100	1	104	96	8
Geneva	1 132	1 117	15	1 149	1 174	- 24
Lancy	115	108	7	119	127	- 8
Meyrin	92	90	2	101	117	- 16
Vernier	111	103	8	121	104	17
Delémont	72	70	2	72	69	4

The city of Basel is disclosed as part of the canton's accounts

Statement of financial position, cities and cantonal capitals – 2014

CHF mn	Non- administrative assets	Administrative assets	Liabilities	Net assets/equity	Total assets	Gross debt
Total	18 938	20 582	33 528	5 993	39 520	25 940
Wetzikon	109	160	177	92	269	123
Horgen	149	75	134	90	224	107
Wädenswil	123	69	132	60	192	106
Dübendorf	137	41	86	93	179	72
Uster	171	113	122	162	284	77
Winterthur	751	1 828	2 490	89	2 578	1 635
Dietikon	134	105	167	72	239	138
Zurich	5 688	7 690	12 694	684	13 378	8 555
Bern	2 747	1 093	2 870	970	3 840	2 631
Köniz	187	103	276	14	290	225
Biel	628	483	1 100	10	1 111	756
Thun	268	75	332	11	343	160
Emmen	77	153	238	- 9	229	201
Kriens	84	168	239	13	252	169
Luzern	404	297	661	41	702	565
Altdorf	25	14	25	14	39	25
Schwyz	40	55	79	16	95	75
Sarnen	11	43	41	14	54	39
Stans	16	35	33	18	51	32
Glarus	50	33	28	54	83	26
Baar	154	38	28	164	192	10
Zug	234	305	190	348	539	127
Bulle	66	89	138	17	155	131
Fribourg	158	161	288	31	319	251
Solothurn	93	33	97	30	127	46
Riehen	169	342	84	427	512	73
Allschwil	53	58	71	40	111	69
Liestal	48	27	42	33	75	39
Schaffhausen	182	149	293	38	330	250
Herisau	33	85	87	31	119	81
Appenzell	3	2	3	2	5	0
St. Gallen	689	535	1 051	173	1 224	948
Rapperswil-Jona	119	92	154	57	211	126
Wil	102	130	186	47	233	180
Chur	156	193	268	81	349	253
Aarau	242	409	89	562	651	74
Wettingen	31	258	81	208	289	75
Frauenfeld	127	92	121	98	219	96
Kreuzlingen	117	72	83	106	189	73
Bellinzona	66	71	124	13	137	118
Lugano	532	681	1 122	92	1 214	1 103
Lausanne	796	1 176	3 141	- 1 169	1 972	2 734
Renens	48	85	92	42	134	79
Montreux	80	44	75	49	124	36
Yverdon-les-Bains	90	158	234	14	248	191
Sion	203	231	237	197	434	200
La Chaux-de-Fonds	243	246	472	17	489	416
Neuchâtel	265	231	439	57	496	337
Carouge	67	168	80	156	235	47
Geneva	1 519	1 199	1 744	975	2 718	1 662
Lancy	211	216	169	257	426	120
Meyrin	83	174	55	202	257	25
Vernier	94	121	128	87	215	122
Delémont	66	77	140	2	143	129

The city of Basel is disclosed as part of the canton's accounts.

26 Social security funds

Further progress was made on securing the finances of Swiss social security institutions and nursing them back to health. The “social security funds” sub-sector has posted a reduction in debt and surpluses in the consolidated financing statement since 2011. It had a surplus of CHF 2.2 billion in 2014.

The social security funds recorded a surplus of CHF 3.6 billion in their consolidated *statement of financial performance* for 2014. This was comprised of the operating activity result (1.5 bn) and the financial result (2.1 bn). There were no extraordinary transactions. Relative to the previous year, both *operating revenue* (+2.1%) and *operating expenses* (+2.0%) exceeded nominal GDP growth (+1.4%). The significant year-on-year improvement in the financial result (+1.3 bn) can be explained by the fact that stock markets performed well and produced substantial fair value adjustments on securities for financial revenue.

The consolidated *financing statement* for 2014 showed *receipts* of CHF 62 billion and expenditure of CHF 59.8 billion, meaning that both items were CHF 1.1 billion higher than the previous year (+1.9% each). Expenditure was divided between “Social security” and “Finances and taxes”. Expenditure in the latter area was attributable solely to the “Taxes” and “Asset and debt management” functional groups. Like the previous year, approximately 70% of total expenditure went to the “Old age and survivors” functional group, where expenditure grew by 2.8% to CHF 41.7 billion because of the continual rise in the number of pension recipients. According to AHV statistics, the holdings of old-age pensions rose by 2.5% in 2014 and those of survivors’ pensions by 2.3%. Moreover, with a stable average rate of unemployment of 3.2%, expenditure to combat unemployment increased by 0.9%. In contrast, expenditure for “Family and young people” declined for the fifth year in succession, and ended 2014 down by 7.3%. This area consists of *agriculture family allowances* (FL) and *maternity insurance* expenditure in Geneva.

Agriculture family allowances (FL) are aimed at farmers and agricultural workers. Education allowances have also been paid out since the Family Allowances Act (FAA; SR 836.2) came into force on January 1, 2009. The allowance rates correspond to the minimum amounts set out in the FAA. Agriculture family allowances are publicly financed, with the Confederation paying two thirds and the cantons a third. Agricultural employers have to pay an employer contribution of 2% of the wage bill for the partial financing of the allowances for agricultural workers. The remainder is also borne by the Confederation and the cantons. A look at the individual social security funds shows that the total expenditure for *agriculture family allowances* declined by 6.8% to around CHF 117 million in 2014.

Maternity insurance has been regulated at federal level since July 1, 2005; it is part of compensation for loss of earnings (EO). Aside from the federal maternity compensation, the cantons of *Geneva* (since July 1, 2001) and *Fribourg* (since July 1, 2011) have introduced supplementary rules. While *maternity insurance* in Fribourg does not comply with the ESA 2010 sectoring guidelines for financial statistics, that of *Geneva* does, which is why it is included in the social security funds sub-sector. Following four years of surpluses, maternity insurance in the canton of *Geneva* posted a slight deficit (-0.2 mn) in its 2014 financing statement. Although expenditure dropped by 1.0% to around CHF 25 million, the reduction in receipts outweighed that. Receipts declined by 5.2% because of a small contribution reduction. Following the introduction of federal maternity insurance, the contribution rate for cantonal *maternity insurance* in *Geneva* was lowered from 0.26% to 0.04% of AHV-related salaries and income. This caused the cantonal maternity compensation fund to record a deficit from 2006 to 2009. The contribution rate was thus raised again in 2010 (to 0.09%), resulting in additional receipts of CHF 13.2 million. The rate applicable in 2014 was 0.082%, i.e. 0.002 percentage points lower than the previous year.

The two most important components of *old-age and survivors’ insurance* (AHV), contributions by insured persons and social benefits, grew at different paces in 2014. While payments to households rose by 2.8%, contributions by employers and insured persons grew by 1.4%. Coming in at CHF 30 billion, contributions by employers and insured persons account for the largest proportion of receipts and cover 71.8% of operating expenditure (2013: 72.8%). The Confederation is the second most important source of financing. The federal contribution rose by 2.2% to around CHF 8 billion. The Confederation finances part of this contribution with the “old-age, survivors’ and disability insurance” restricted fund, which is financed by tobacco and alcohol duty revenue as well as the federal share of the percentage of VAT for AHV.

AHV receipts rose by 2.0% to CHF 42.5 billion in 2014. Like the previous year, financial receipts accounted for 2.4% of total receipts. The financial result was up thanks to lower interest payable expenditure and a better year for stock markets. The financial result was significantly higher in the statement of financial performance because substantial fair value adjustments on securities were additionally recognized on the revenue side.

Both the *disability insurance* (IV) and AHV systems are based on the pay-as-you-go approach. This means that all of a given year's expenditure generally has to be covered by the receipts of the same year. *Disability insurance* has produced a surplus in the financing statement since 2012. With receipts of CHF 10.4 billion and expenditure of CHF 9.6 billion, it recorded an overall fiscal balance of CHF 0.8 billion in 2014 thanks to the fixed-term supplementary financing (2011 to 2017). Excluding the some CHF 1.3 billion in supplementary financing (special federal contribution to cover interest on IV debt vis-à-vis the AHV fund and VAT supplement), it would have posted a loss of CHF 0.4 billion. The operating result has improved continually since 2005, due to the generally increased awareness of all players in the IV area and the new tools associated with the most recent revisions of disability insurance. An operating gain has been generated since 2011 thanks to the declining holdings of existing and newly awarded pensions, as well as the supplementary financing. The operating surplus amounted to CHF 970 million in 2014. On the receipts side, the contributions by employers and insured persons rose by 1.4% to around CHF 5 billion and thereby covered 54.2% of operating expenditure. Amounting to CHF 3.7 billion, federal contributions were the second-largest receipt component. Within the scope of the supplementary financing, CHF 172 million from the Confederation is earmarked for IV interest payments. For the duration of the IV supplementary financing period, the IV debt toward the AHV compensation fund is assumed in full by the Confederation. In 2014, the fixed-term VAT supplement amounted to CHF 1.1 billion (+0.2% relative to 2013). This is comprised of the corresponding share of total VAT receipts less the proportional amount of losses on receivables. Benefits for households were largely comprised of cash benefits in the form of pensions (5.5 mn), allowances for the helpless (0.4 bn), daily benefits (0.6 bn), individual reintegration measures (1.6 bn) and collective benefits (0.1 bn). Benefits for private non-profit organizations fell by 2.8% year on year

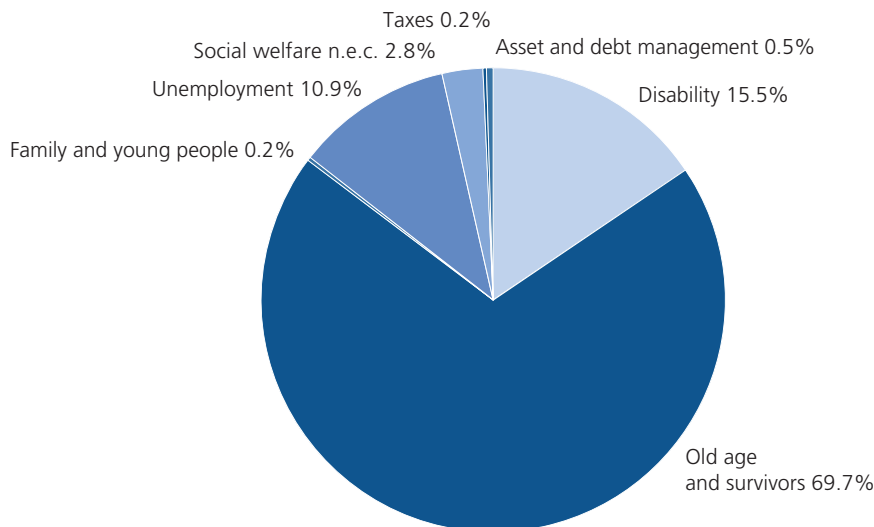
to CHF 147 million. These are contributions to private disability assistance charitable organizations for advising people with disabilities and their relatives, for providing courses, for benefits to support and promote the integration of people with disabilities, as well as for providing assisted living solutions.

Compensation for loss of earnings (EO) ended 2014 with a receipt surplus in its financing statement for the fourth year in succession. Thanks to the contribution increase from 0.3% to 0.5% of income, contributions by employers and insured persons jumped by CHF 722 million to CHF 1.7 billion in 2011, and they have covered operating expenditure ever since. Receipts from contributions by employers and insured persons amounted to CHF 1.8 billion in 2014, and grew in step with the economy (+1.4% in nominal terms) relative to 2013.

Unemployment insurance (ALV) posted a surplus of almost CHF 743 million in its financing statement. This was CHF 149 million higher than in 2013. Receipts were up by 2.9% and expenditure grew by 0.8%. Contributions to households are the largest expenditure item for *unemployment insurance*, and in 2014 the payments made to households and private corporations totaled CHF 5.6 billion. They can be broken down into payments in the event of unemployment (4.9 bn), short-time working (48 mn), bad weather stoppages (approximately 25 mn) and the employer's inability to pay (32 mn). In addition, CHF 580 million was spent on labor market measures. Contributions by employers and insured persons are the main source of receipts for unemployment insurance. They are generally paid on a 50/50 basis, and, like the previous year, accounted for 91.1% of total ALV receipts in 2014. Public-sector contributions (from the Confederation and the cantons) are the second-largest receipt item. They depend on the amount of the contributory wage bill as well as the contribution rate. ALV transfer receipts came in at CHF 638 million in 2014.

Figure 6: Expenditure by function – social security funds, 2014

Total expenditure: CHF 59 802 096 314



Compared with 2008, old-age and survivors' expenditure was up by 22.4% in 2014, while the number of AHV recipients was 16.2% higher.

At the end of 2014, the consolidated *total assets* of the social security funds amounted to CHF 41.1 billion (+9.5%). Relative to the previous year, the proportion of liabilities declined from 14.0% to 12.9%. Buoyed by the favorable course of business, the *unemployment insurance* fund was once again able to reduce federal loans by CHF 0.9 billion in 2014. Those outstanding loans fell to a total of CHF 3.3 billion at the end of 2014. However, the repayment had no effect on the general government sector's gross debt. Because of debt consolidation, the social security funds' liabilities are offset against the Confederation's receivables. The consolidation rule also applies for receivables and liabilities between the social security funds. At the end of 2014, the *gross debt* of the social security funds amounted to CHF 4.2 billion in total. Compared with the previous year, it additionally declined by around CHF 565 million because of lower other short-term financial liabilities of AHV toward third parties. The bulk of the CHF 39.6 billion in consolidated *non-administrative assets* consisted of the AHV compensation fund's financial investments. Financial investment holdings of shares and investment funds rose by CHF 3.2 billion year on year to CHF 11.5 billion, and those of bonds rose by CHF 1.9 billion to CHF 16.5 billion. With the exception of unemployment

insurance, all social security funds were processed via the AHV compensation fund until 2010. With the entry into force of the federal law to restructure disability insurance on January 1, 2011, AHV, IV and EO each disclose their own statements of financial position. The joint asset management is split between these social security funds by the Financial Statistics Section.

Compared with the opening statement of financial position, AHV total assets advanced by CHF 2.3 billion to CHF 46.8 billion. Non-administrative assets rose by 11.1%, while AHV administrative assets fell by 6.6% because of lower assets due from other social security funds. Moreover, it is particularly noteworthy that *unemployment insurance* assets are almost exclusively non-administrative in nature (99.4%).

The social security funds' *net assets/equity* is comprised of the accumulated surplus/deficit as well as liabilities or advances toward special financing and funds in net assets/equity. The social security funds held a total of CHF 35.8 billion in net assets/equity at the end of 2014. This was an increase of CHF 3.5 billion compared with the previous year.

Financial statements – social security funds

CHF mn	2010	2011	2012	2013	2014
Statement of financial performance					
Revenue	54 649	58 621	60 668	60 863	63 410
Expenses	55 993	55 852	56 688	58 678	59 823
Surplus/deficit	- 1 344	2 769	3 980	2 185	3 587
Financing statement					
Receipts	54 449	58 619	59 563	60 814	61 958
Expenditure	55 821	55 664	56 666	58 668	59 802
Overall fiscal balance	- 1 372	2 954	2 897	2 146	2 156
Statement of financial position					
Non-administrative assets	29 766	30 849	35 212	35 914	39 574
Administrative assets	1 496	1 723	1 581	1 569	1 482
Liabilities	7 887	6 485	6 776	5 242	5 279
Net assets/equity	23 375	26 087	30 018	32 241	35 778
Total assets	31 262	32 572	36 793	37 483	41 057

Statement of financial performance – social security funds

CHF 1 000	2010	2011	2012	2013	2014
Operating expenses	55 382 931	55 203 067	56 242 558	58 363 724	59 533 255
Personnel expenses	372 516	369 487	379 311	398 102	405 466
General, administrative and operating expenses	715 018	801 943	825 390	1 012 028	1 085 396
Defense expenses					
Depreciation, administrative assets	12 185	8 711	10 395	9 232	10 586
Net expense for funds and special financing					
Transfer expenses	54 283 212	54 022 926	55 027 461	56 944 361	58 031 808
Operating revenue	52 932 700	57 577 658	58 515 971	59 826 624	61 059 763
Tax revenue	38 367 388	40 977 159	41 957 772	42 863 022	43 544 989
Royalties and concessions					
Revenue from exchange transactions	528 537	671 735	827 411	1 030 354	1 255 140
Miscellaneous revenue	3 206	3 180	3 516	5 465	3 127
Withdrawals from funds and special financing					
Transfer revenue	14 033 569	15 925 584	15 727 273	15 927 782	16 256 507
Operating result	-2 450 231	2 374 591	2 273 414	1 462 900	1 526 507
Financial expense	610 157	648 774	445 398	314 326	289 672
Financial revenue	1 715 274	1 041 476	2 152 050	1 036 715	2 350 631
Financial result	1 105 117	392 702	1 706 652	722 389	2 060 960
Ordinary result	-1 345 113	2 767 293	3 980 066	2 185 289	3 587 467
Extraordinary expenses	35	43	129	107	
Extraordinary revenue	1 452	1 638	235	3	
Extraordinary result	1 417	1 595	106	- 104	
Surplus/deficit	-1 343 697	2 768 888	3 980 172	2 185 185	3 587 467

Financing statement – social security funds

CHF 1 000	2010	2011	2012	2013	2014
Operating expenditure	55 369 679	55 193 919	56 220 603	58 353 720	59 518 413
Personnel expenditure	372 516	369 487	379 311	398 102	405 466
General, administrative and operating expenditure	713 951	801 506	813 831	1 011 257	1 081 139
Defense expenditure					
Transfer expenditure	54 283 212	54 022 926	55 027 461	56 944 361	58 031 808
Operating receipts	52 934 700	57 575 658	58 514 971	59 965 477	61 059 763
Tax receipts	38 367 388	40 977 159	41 957 772	42 863 022	43 544 989
Royalties and concessions					
Receipts from exchange transactions	528 537	671 735	827 411	1 030 354	1 255 140
Miscellaneous receipts	3 206	3 180	3 516	5 465	3 127
Transfer receipts	14 035 569	15 923 584	15 726 273	16 066 635	16 256 507
Operating result	-2 434 979	2 381 739	2 294 368	1 611 757	1 541 350
Financial expenditure	450 876	470 535	445 398	314 326	283 684
Financial receipts	1 512 883	1 041 413	1 047 557	848 660	898 587
Financial result	1 062 008	570 877	602 159	534 334	614 903
Investment expenditure					
Investment receipts					
Net investments					
Ordinary result	-1 372 971	2 952 616	2 896 527	2 146 091	2 156 253
Extraordinary expenditure					
Extraordinary expenditure					
Extraordinary investment expenditure					
Extraordinary receipts	1 452	1 638	235	3	
Extraordinary receipts	1 452	1 638	235	3	
Extraordinary investment receipts					
Extraordinary result	1 452	1 638	235	3	
Overall fiscal balance	-1 371 519	2 954 254	2 896 762	2 146 094	2 156 253

Statement of financial position – social security funds

CHF 1 000	2010	2011	2012	2013	2014
Assets	31 262 362	32 571 828	36 793 469	37 483 134	41 056 983
Non-administrative assets	29 766 159	30 849 205	35 212 196	35 914 070	39 574 499
Cash and cash equivalents	2 063 742	3 787 951	4 252 873	4 053 911	2 512 709
Receivables	3 698 475	3 947 412	4 253 546	4 217 942	4 635 391
Short-term financial investments	720 266	122 645	290 176	317 776	261 570
Prepaid expenses and accrued income	977 801	923 761	944 307	1 056 580	1 009 483
Inventories and work in progress					
Financial investments	22 305 876	22 067 437	25 471 294	26 203 261	31 083 346
Tangible fixed assets, NAA				64 600	72 000
Receivables from special financing and funds in liabilities					
Administrative assets	1 496 203	1 722 622	1 581 273	1 569 063	1 482 484
Tangible fixed assets, AA	101 215	98 654	95 995	78 258	70 831
Inventories, AA					
Intangible fixed assets	1 054	919	1 813	1 494	3 106
Loans and financial interests n.e.c.					
Loans	377	255	250	235	195
Financial interests, share capital					
Investment contributions					
Assets due from government units	1 393 557	1 622 794	1 483 214	1 489 076	1 408 353
Accumulated additional depreciation and amortization					
Liabilities and equity	31 262 362	32 571 828	36 793 469	37 483 134	41 056 983
Liabilities	7 887 330	6 484 761	6 775 760	5 242 156	5 279 288
Current liabilities	- 8 740	38 468	49 390	205 002	485 958
Short-term financial liabilities	49 511	127 575	1 385 404	491 989	1 150 361
Accrued expenses and deferred income	115 509	27 662	27 798	32 365	25 829
Short-term provisions	320 312	268 480	301 891	297 222	314 368
Long-term financial liabilities	160	203	332	439	439
Liabilities toward government units	7 410 551	6 022 246	5 010 817	4 215 006	3 302 202
Long-term provisions					
Restricted funds	26	128	127	133	131
Net assets/equity	23 375 032	26 087 067	30 017 710	32 240 978	35 777 695
Liabilities or advances toward special financing and funds in net assets/equity	29 626 394	30 709 088	33 478 068	35 112 945	37 912 302
Global budget area reserves					
Advance financing					
Restatement reserve					
Revaluation reserve, non-administrative assets					
Other net assets/equity					
Accumulated surplus/deficit	-6 251 362	-4 622 022	-3 460 358	-2 871 967	-2 134 606

Expenditure by function – social security funds

CHF 1 000	2010	2011	2012	2013	2014
Total	55 820 555	55 664 454	56 666 001	58 668 046	59 802 096
Social security	55 261 723	55 069 169	56 085 491	58 217 292	59 374 530
Sickness and accident					
Disability	9 227 548	9 365 493	9 242 806	9 333 561	9 290 012
Old age and survivors	36 813 797	38 338 011	39 267 246	40 585 799	41 709 861
Family and young people	174 876	169 110	164 532	158 004	146 545
Unemployment	7 426 153	5 569 721	5 787 251	6 481 173	6 538 345
Subsidized housing					
Social welfare and asylum affairs					
R&D social welfare					
Social welfare n.e.c.	1 619 350	1 626 834	1 623 656	1 658 755	1 689 767
Finances and taxes	558 832	595 285	580 510	450 754	427 567
Taxes	107 956	124 750	135 112	136 428	143 883
Tax agreements					
Fiscal equalization and cost compensation					
Revenue shares in federal receipts without appropriation					
Other revenue shares without appropriation					
Asset and debt management	450 876	470 535	445 398	314 326	283 684
Redistribution					
Undivided items					

Statement of financial performance and financing statement, social security funds – 2014

CHF mn	Revenue	Expenses	Balance	Receipts	Expenditure	Balance
Total	63 410	59 823	3 587	61 958	59 802	2 156
Old-age and survivors' insurance (AHV)	43 779	42 068	1 710	42 531	42 057	474
Disability insurance (IV)	10 536	9 617	919	10 366	9 613	753
Compensation for loss of earnings (EO)	1 873	1 703	170	1 839	1 703	137
Agriculture family allowances (FL)	122	122	0	122	122	0
Unemployment insurance (ALV)	7 301	6 563	737	7 301	6 558	743
Maternity insurance, Geneva	25	25	0	25	25	0

The total has been adjusted for transfers between government units.

Statement of financial position, social security funds – 2014

CHF mn	Non-administrative assets	Administrative assets	Liabilities	Net assets/equity	Total assets	Gross debt
Total	39 574	1 482	5 279	35 778	41 057	4 192
Old-age and survivors' insurance (AHV)	32 828	14 016	2 057	44 788	46 844	1 147
Disability insurance (IV)	4 943	299	13 085	- 7 843	5 242	12 972
Compensation for loss of earnings (EO)	1 002	1	35	968	1 003	11
Agriculture family allowances (FL)						
Unemployment insurance (ALV)	1 740	10	3 899	- 2 149	1 750	3 686
Maternity insurance, Geneva	16		1	15	16	1

27 Financial indicators and ratios

This section explains the financial ratios in accordance with the Harmonized Accounting Model for the Cantons and Municipalities (HAM2) as well as the indicators used for the sub-sectors. They serve as benchmarks for the individual cantons.

The Financial Statistics Section seeks to calculate and comment on the financial ratios in accordance with the HAM2 Handbook for the general government sector and its sub-sectors. The main financial ratios used are the *net indebtedness ratio*, the *self-financing ratio* and the *interest burden ratio*. The definitions and benchmark values for the financial ratios can be found in the chapter “Methodological foundations” (see “The FS Model” section).

The Confederation’s *net indebtedness ratio* has been trending downward in recent years: while it amounted to 225.0% in 2007, it had fallen to 168.6% by 2014. The year-on-year decline relative to 2013 was 1.2 percentage points. The ratio fell at municipal level too, but the decline of 6.0 percentage points was much greater. In contrast, the cantons recorded an increase of 1.6 percentage points. The social security funds have a negative net indebtedness ratio. The figures for this ratio correspond to the difference between liabilities and non-administrative assets. In the case of the social security funds, the level of debt is so low that this difference is negative and therefore the ratio is too. Consequently, there is no need for action with the social security funds. In relation to the HAM2 benchmark values, therefore, the recorded figures were “good” for the cantons and municipalities and “poor” for the Confederation. The general government sector posted a “good” net indebtedness ratio (64.6%) at the end of 2014.

The *self-financing ratio* indicates what proportion of its total net investments a government unit can finance with funds generated by itself. In 2014, the self-financing ratio of the Confederation amounted to 87.2%, a fall of 26.4 percentage points relative to 2013 as a result of considerably higher net investments. The cantons’ self-financing ratio plunged by 15.6 percentage points to 38.9% in 2014 as a result of significantly lower self-financing. Compared with the previous year, the municipalities financed 84.1% of their net investments from their own funds in 2014. This once again puts the municipalities in the benchmark range of 80% to 100% for the normal phase of the economic cycle. The self-financing ratio of the general government came to 96.5% in 2014, which was 1.7 percentage points lower than the preceding year.

The Confederation’s *interest burden ratio* edged up by 0.1 percentage points to 2.6%, thereby keeping it at a very low level. The Confederation’s freedom of maneuver is therefore deemed to be “good” according to the HAM2 benchmarks (0% to 4%). The cantons also achieved a “good” interest burden ratio of 0.4% in 2014. The proportion of current revenue linked to net interest amounted to 1.1% for the municipalities. Like in the case of the cantons, the 2014 reduction was 0.1 percentage points. As the social security funds had large investment amounts, interest income significantly exceeded interest expense. Consequently, there was a negative interest burden ratio, and the social security funds have major leeway in this area. Net interest reduced the general government’s current revenue by 1.0%, which was 0.1 percentage points less than the previous year.

The *proportion of gross debt* is one variable for assessing the indebtedness situation. In 2014, the general government sector had an average proportion of gross debt (100% to 150%). Relative to 2014, it rose by 1.3 percentage points to 106.7%. The municipalities also had an average level in 2014 (+0.6 percentage points relative to 2013). The Confederation’s proportion of gross debt was down on the previous year, as was that of the social security funds. The decline was 1.9 percentage points for the Confederation and 1.2 percentage points for the social security funds. The cantons had a proportion of gross debt of 81.3%, which means that the level of debt is “good” relative to current revenue.

The *proportion of investment* shows activity in the area of investments. Relative to 2013, the general government sector’s proportion fell by 0.2 percentage points to 9.4%. The general government’s level was thus considered “weak” like the previous year, having missed the benchmark for an “average” level of investing activity (10% to 20%). The decline in gross investment was due to reduced investing activity in the case of the cantons, whose percentage fell by 0.6 percentage points. The Confederation and the municipalities had an average level of investing activity. This indicator cannot be calculated for the social security funds, as they have no investing activity.

The *proportion of debt servicing* is a measure of the burden placed on government units by costs of capital. Coming in at 8.5%, the burden was sustainable for the general government in 2014. Like the previous year, the “cantons” sub-sector had a low burden, as the benchmark of 5% was undershot. After three years of declining, the Confederation’s proportion of debt servicing rose once again by 0.2 percentage points relative to the previous year. In contrast, the municipalities’ financial leeway again became bigger than the previous year. However, the proportion of debt servicing remained “average” at 11.6%.

The *proportion of self-financing* indicates the proportion of its revenue a government unit can use to finance its investments. According to the HAM2 benchmarks, only the municipalities’ value was not “poor” (i.e. less than 10%). While the cantons had an average value of 11.1% in 2008, this fell to 1.8% in 2012. After rising to 2.9% in 2013, the proportion of self-financing fell back to 1.8% in 2014. The Confederation’s proportion of self-financing came in at 9.9%, which was 0.6 percentage points lower than in 2013. In contrast, the municipalities sub-sector posted strong growth (+1.1 percentage points) and self-financing divided by current revenue amounted to 11.3% in 2014. The general government sector’s proportion of self-financing also rose by 0.2 percentage points year on year.

The cantonal *fiscal capacity utilization index* is derived from the ratio between a canton’s fiscal capacity utilization and that of all cantons. The index value for all cantons is set at 100. The cantonal fiscal capacity utilization for 2016 is the average tax

receipts collected from 2010 to 2012 by a canton and its municipalities according to the financial statistics, divided by the resource potential for 2016 according to the national fiscal equalization. The resource potential for 2016 is calculated from the average aggregate tax base for the years 2010 to 2012, where the aggregate tax base is comprised of income, the increase in assets and gains.

Fiscal capacity utilization was 1 percentage point lower in the 2016 reference year than in 2015. This reduction was largely due to a technical adjustment made to the calculation of the resource potential. The weighting factors of assets of natural persons and profits of legal entities with a special tax status were recalculated in view of the new fiscal equalization four-year period.¹ The adjustment of these factors led to an increase in Swiss resource potential and consequently to a decline in fiscal capacity utilization (see table entitled “Fiscal capacity utilization by canton”). Little has changed overall with respect to the cantonal differences. The rankings remained virtually unchanged primarily at the upper and lower ends of the scale. The *central Swiss* cantons of *Nidwalden*, *Zug* and *Schwyz* continue to be well below the level for Switzerland as a whole, with *Schwyz* recording the lowest fiscal capacity utilization level of all at 10.5%. The fiscal burden is once again highest in a number of *French-speaking* cantons and *Bern*, with *Geneva* being the leader at 34.2%. Only a few changes occurred in the middle. For example, the canton of *Aargau* moved down three places, while *Luzern* moved up three places thanks to significantly lower fiscal capacity utilization.

¹ See 2016 report on resource equalization, cost compensation and the cohesion fund, which is available online at www.efv.admin.ch > Topics > Fiscal equalization > Data > 2016

Financial ratios – general government

	2010	2011	2012	2013	2014
Net indebtedness ratio	74.8	70.4	70.4	67.3	64.6
Self-financing ratio	109.8	113.5	97.0	98.2	96.5
Interest burden ratio	1.8	1.5	1.4	1.1	1.0
Proportion of gross debt	105.0	101.5	104.9	105.4	106.7
Proportion of investment	10.1	10.1	9.8	9.6	9.4
Proportion of debt servicing	9.8	9.5	8.8	8.6	8.5
Proportion of self-financing	9.7	9.7	8.4	7.8	8.0

Financial ratios – Confederation

	2010	2011	2012	2013	2014
Net indebtedness ratio	186.5	174.5	176.9	169.8	168.6
Self-financing ratio	122.3	112.4	96.6	113.6	87.2
Interest burden ratio	4.2	3.7	3.4	2.5	2.6
Proportion of gross debt	168.8	163.9	169.5	164.9	163.0
Proportion of investment	12.6	12.7	12.1	12.0	12.1
Proportion of debt servicing	15.1	14.8	14.1	13.3	13.5
Proportion of self-financing	13.7	12.3	10.9	10.5	9.9

Financial ratios – cantons

	2010	2011	2012	2013	2014
Net indebtedness ratio	59.4	62.0	70.4	66.8	68.4
Self-financing ratio	140.4	70.8	29.3	54.5	38.9
Interest burden ratio	0.7	0.5	0.5	0.5	0.4
Proportion of gross debt	68.6	65.8	70.4	73.9	81.3
Proportion of investment	9.5	9.3	9.1	8.3	7.6
Proportion of debt servicing	5.7	5.3	5.1	4.9	4.9
Proportion of self-financing	8.6	4.5	1.8	2.9	1.8

Financial ratios – municipalities

	2010	2011	2012	2013	2014
Net indebtedness ratio	76.1	74.9	77.8	80.0	74.0
Self-financing ratio	91.2	101.6	83.2	75.9	84.1
Interest burden ratio	1.8	1.5	1.3	1.2	1.1
Proportion of gross debt	109.0	106.7	108.5	110.9	111.5
Proportion of investment	15.8	15.0	15.2	15.8	16.0
Proportion of debt servicing	13.3	13.0	11.8	12.0	11.6
Proportion of self-financing	11.8	11.8	10.2	10.2	11.3

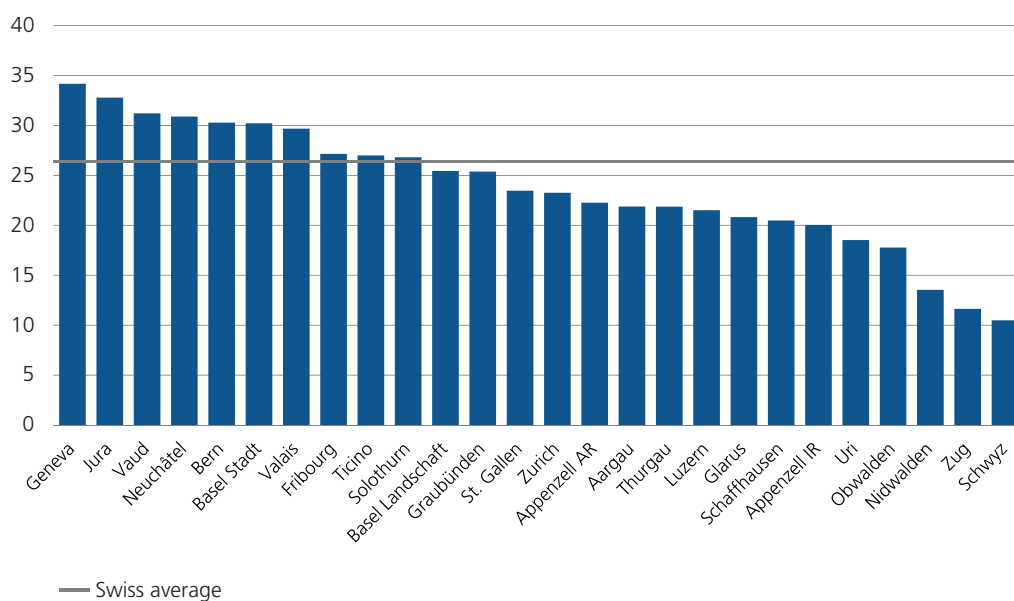
Financial ratios – social security funds

	2010	2011	2012	2013	2014
Net indebtedness ratio	-57.0	-59.5	-67.8	-71.6	-78.8
Self-financing ratio	-	-	-	-	-
Interest burden ratio	-0.8	-0.7	-0.7	-0.6	-0.7
Proportion of gross debt	13.5	10.4	10.4	7.8	6.6
Proportion of investment	-	-	-	-	-
Proportion of debt servicing	-0.8	-0.7	-0.7	-0.6	-0.6
Proportion of self-financing	-2.4	4.7	6.6	3.6	5.7

Fiscal capacity utilization by canton in %

Reference year	2012 (2006–2008)	2013 (2007–2009)	2014 (2008–2010)	2015 (2009–2011)	2016 (2010–2012)	2016 (2010–2012)
Assessment years	in %	in %	in %	in %	in %	Index
Zurich	22.2%	23.1%	23.9%	24.1%	23.3%	91.4
Bern	31.6%	31.8%	31.9%	31.6%	30.3%	118.9
Luzern	27.2%	26.0%	24.7%	23.9%	21.5%	84.5
Uri	26.6%	23.9%	22.1%	19.8%	18.5%	72.8
Schwyz	13.6%	12.7%	12.1%	11.3%	10.5%	41.2
Obwalden	20.0%	19.4%	19.2%	18.9%	17.8%	69.8
Nidwalden	17.1%	16.2%	16.3%	15.6%	13.5%	53.2
Glarus	26.0%	25.7%	23.6%	23.1%	20.8%	81.8
Zug	13.6%	13.7%	13.5%	12.5%	11.6%	45.7
Fribourg	30.3%	29.1%	28.6%	28.1%	27.2%	106.6
Solothurn	28.2%	28.3%	27.7%	27.8%	26.8%	105.3
Basel Stadt	30.2%	29.0%	30.7%	30.7%	30.2%	118.7
Basel Landschaft	26.0%	25.5%	25.0%	25.3%	25.4%	99.9
Schaffhausen	22.1%	21.2%	20.8%	20.9%	20.5%	80.4
Appenzell Ausserrhoden	25.4%	24.1%	23.1%	23.6%	22.3%	87.5
Appenzell Innerrhoden	19.8%	18.8%	20.1%	20.5%	20.0%	78.7
St. Gallen	28.6%	26.8%	25.6%	24.8%	23.5%	92.2
Graubünden	31.3%	29.3%	27.6%	27.1%	25.4%	99.7
Aargau	24.4%	23.5%	23.0%	22.3%	21.9%	85.9
Thurgau	25.2%	24.5%	23.8%	23.3%	21.9%	85.9
Ticino	25.9%	25.8%	26.3%	27.0%	27.0%	106.0
Vaud	30.7%	31.0%	31.7%	31.9%	31.2%	122.6
Valais	30.4%	29.7%	29.5%	30.5%	29.7%	116.6
Neuchâtel	29.7%	30.2%	31.5%	32.0%	30.9%	121.3
Geneva	35.4%	35.9%	35.5%	34.9%	34.2%	134.2
Jura	33.0%	33.9%	34.7%	34.2%	32.8%	128.8
Switzerland	26.8%	26.6%	26.7%	26.4%	25.5%	100.0

Figure 7: Fiscal capacity utilization by canton, 2016, in %



Regarding the cantonal distribution, little has changed overall relative to the last reference year, 2015. Particularly at the upper and lower ends of the scale, the order has remained virtually the same. Coming in at 10.5%, the resource potential of Schwyz is about half that of the overall cantonal average. Fiscal capacity utilization is below the Swiss average also in larger cantons such as Luzern, Zurich and Aargau.

An image of past fiscal policy is obtained by taking a look at debt ratios. For the most part, the ratios reflect the development of the government units' overall fiscal balances as well as regional economic performance. But how have the debt ratios of Switzerland's regions and cantons developed and how high are they?

The gross debt¹ of Switzerland's general government sector is comprised of the debt of the Confederation, cantons, municipalities and social security funds. The social security funds' debt is largely determined by unemployment insurance. Given that unemployment insurance debt is mainly toward the Confederation, the social security funds' debt is eliminated to a large extent during general government sector consolidation. Consequently, general government debt is approximately equal to the sum of federal, cantonal and municipal debt.

31 Reduction in debt thanks to economic growth and fiscal rules

The debt reduction trend commenced in 2003 thanks to the favorable economic climate from mid-2003 to mid-2008, the introduction of the debt brake for the Confederation and fiscal rules for the cantons and municipalities.

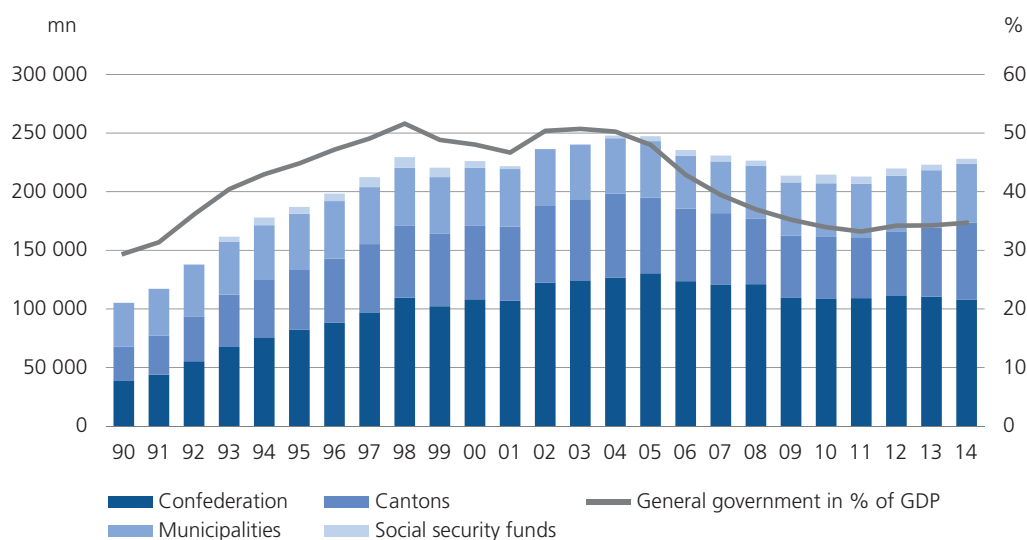
The figure "Trend of gross debt with the FS Model" shows that total general government debt is strongly influenced by fluctuations in federal debt. During the 1990s, the gross debt ratio for Switzerland's general government sector rose to 50.7% of nominal gross domestic product (GDP). A switch to debt reduction then commenced with the improved economic climate from mid-2003 to mid-2008 and the ensuing growth in receipts. However, greater budgetary discipline at the different levels of government also played an important role, with the introduction of the debt brake for the Confederation and compliance with cantonal fiscal rules, in particular, making a significant contribution to debt reduction. This is how not only the Confederation, but also the cantons and municipalities, managed to reduce their debt. The reduction of the general government sector's debt ratio came to a standstill in 2011. At 33.2%, it was still only 3.8 percentage points higher than in 1991.

The revised legislative provisions on the financing of public-sector entities' pension funds² halted the debt reduction trend. For example, the recapitalization of several pension funds affected not only the latest results, but also cantonal and municipal debt levels (particularly long-term financial liabilities). In 2014, the general government's debt ratio rose slightly to 34.7% of GDP despite the decline in debt in the Confederation and social security funds sub-sectors. The debt ratio is expected to be stable in the coming years due to modest economic growth.

1 Gross debt consists of current liabilities as well as short-term and long-term financial liabilities as calculated under the national FS Model. This does not include the derivative financial instruments and investment contributions posted as liabilities contained in these items. Gross debt is valued at nominal values, which is also in line with the Maastricht criteria.

2 These provisions have been in force since January 1, 2012. With the aim of guaranteeing the security of occupational pension schemes, they require the attainment of a differentiated target coverage ratio of 80% within 40 years and the removal of pension funds from the structure of the public administration.

Figure 8: Trend of gross debt with the FS Model



The government units' budget discipline has improved significantly since the 1990s. Although the 2014 debt ratio of 34.7% of GDP was 5.3 percentage points above the 1990 level, it was considerably lower than the Maastricht debt ceiling of 60%.

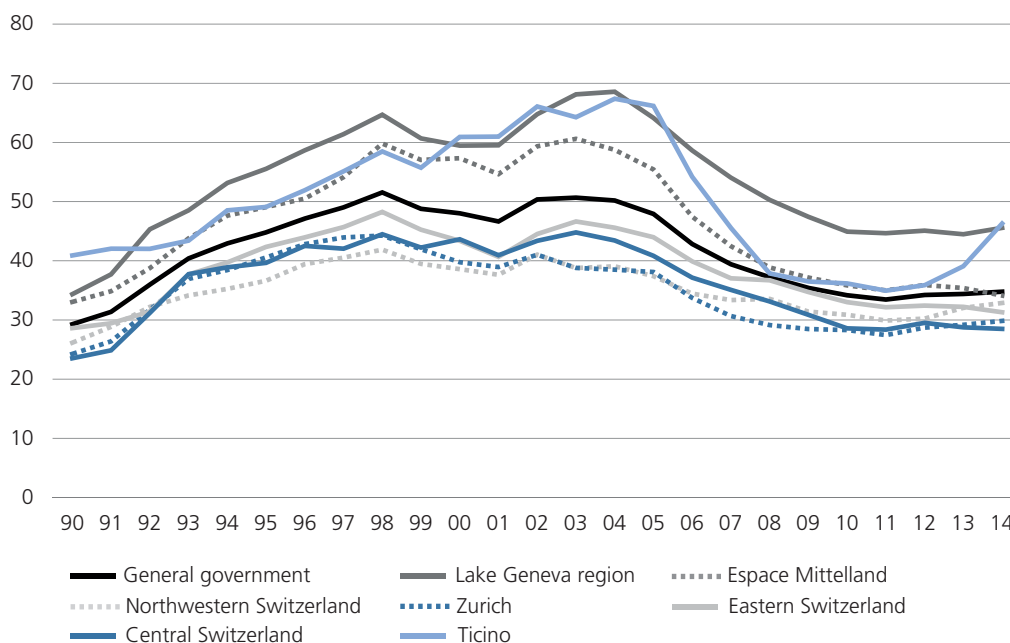
32 Clear rift in Switzerland

Over the past 20 years, people living in the French-speaking cantons – particularly Geneva – have had the biggest debt burden. The cantonal debt ratio trend shows that *Lake Geneva* cantons have a higher ratio than *Mittelland* cantons and that the ratio is significantly lower in *Eastern Switzerland*.

In order to assess the development of regional debt and the total debt of people living in a given canton, the shares of federal debt were calculated based on the number of inhabitants and these were then added to the gross debt of the cantons (including municipalities). The cantonal and regional debt ratios are based on the GDP estimates of the Federal Statistical Office (FSO).¹ The figure “Total debt by region” shows the debt ratio trends for Switzerland’s seven largest regions. It is obvious that there is an east-west rift, as well as a north-south one. The debt ratios of the *Lake Geneva* cantons are moving at a higher level than those in the *Mittelland* cantons, and the ratios in *Eastern Switzerland* are in turn significantly lower than those in the *Mittelland*. A similar picture of falling debt ratios can be seen from north

to south. Debt ratios were declining in all regions from 2004 to 2011. Much of the reduction was due to the introduction of the debt brake at federal level, as well as the favorable economic climate (2003 to 2008) and the associated surpluses. However, the increase in the regional debt ratios seen in the 1990s was also attributable mainly to the rise in federal debt. The debt ceiling of 60% of nominal GDP set for the eurozone members in the Maastricht criteria within the framework of the Stability and Growth Pact was exceeded by seven cantons at the turn of the millennium. During the period under review, the cantons of *Geneva*, *Valais*, *Neuchâtel* and *Jura* had the highest debt ratios and the cantons of *Zug*, *Appenzell Innerrhoden*, *Schwyz* and *Nidwalden* had the lowest.

Figure 9: Total debt by region in % of GDP



The debt ratios of all regions declined in 2004 to 2011. Ticino's higher debt ratio in 2014 was due primarily to the restatement of the canton's statement of financial position in connection with the changeover to the Harmonized Accounting Model (HAM2).

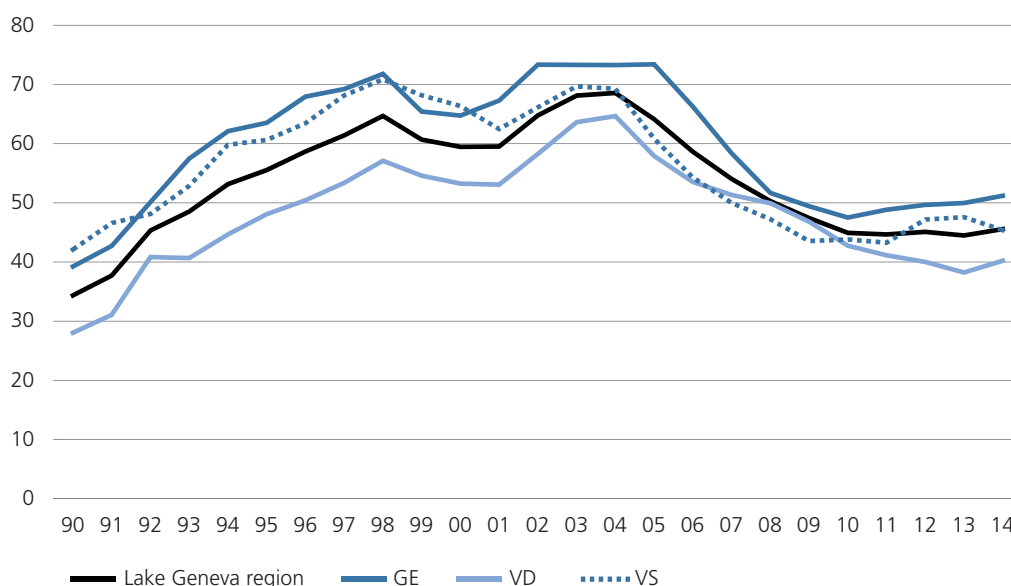
¹ Cantonal GDP data exists for the years 2008 to 2013. Fiscal 2014 is based on the simplified assumption that the economic performance of the cantons recorded growth in line with the national average. Back-calculation up to 1990 is based on the cantonal net income at factor cost (FSO).

321 Lake Geneva region

If the focus turns to the *Lake Geneva region* (see figure “Lake Geneva debt in % of GDP”), it can be seen that the cantons of *Geneva*, *Vaud* and *Valais* had similar debt ratio trends until 2009. In the canton of *Geneva*, higher tax receipts combined with constant tax multipliers¹ and lower investment expenditure improved its fiscal balance and enabled the debt ratio to fall from 1998. However, the debt ratio started to climb again in 2001 in the wake of the economic slowdown triggered by the bursting of the dotcom bubble. *Geneva’s* debt (including the share in federal debt) reached a peak of CHF 25.4 billion in 2006, and its debt

ratio was at its highest level of 73.4% in 2005. It had fallen to 47.5% of nominal GDP by 2010, and has been rising again since then to reach 51.2% in 2014. Unlike in *Geneva* and *Vaud*, the debt ratio in the canton of *Valais* peaked already in 1998. *Valais* achieved a turnaround from 2003 onward on the back of continually improving fiscal balances and lower federal debt. Despite the financial crisis and recessionary environment, its economy posted nominal GDP growth of 2.5% in 2009 and the cantonal debt ratio reached its third-lowest level of 43.5% of nominal GDP. Only in 1990 and 2011 was the ratio lower. At the end of 2014, the debt ratio of the canton of *Valais* was once again higher at 45.4% because of an increase in debt.

Figure 10: Lake Geneva debt in % of GDP



The debt ratio of the canton of *Vaud* is always below that of the *Lake Geneva region* during the period under review. However, the difference is minimal in the financial crisis years from 2007 to 2010.

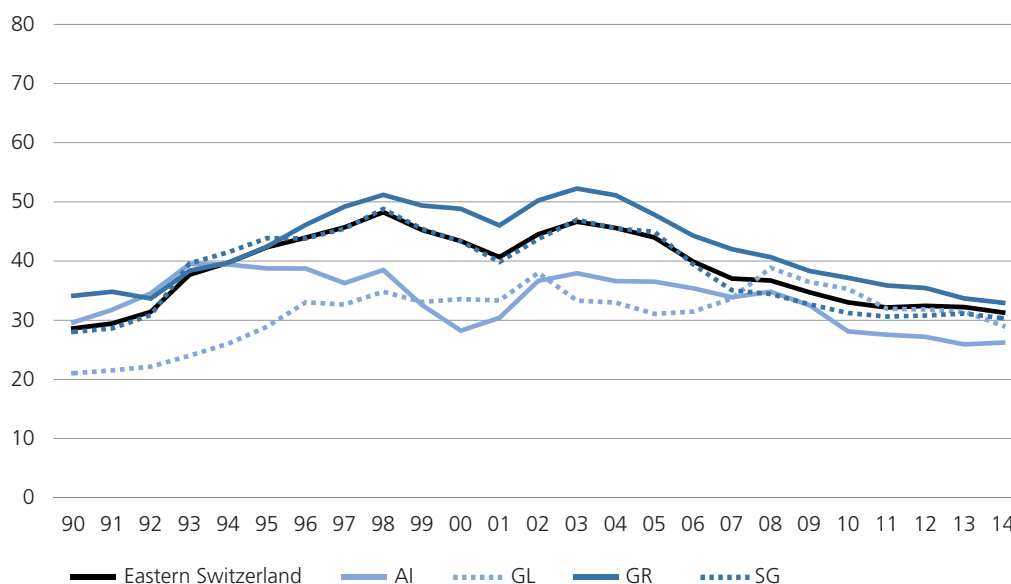
¹ The tax multipliers specified in this chapter are from the Federal Tax Administration (FTA) and relate to the income and wealth taxes of natural persons in the cantons and cantonal capitals.

322 Eastern Switzerland

In *Eastern Switzerland*, the cantons' debt ratios range from 20% to 50% of GDP (the figure "Eastern Switzerland debt in % of GDP" shows a selection of cantons). The canton of *Glarus* had the lowest debt ratio until the onset of the banking and financial crisis in the fall of 2008. Only in 1999 to 2002 was the ratio of *Appenzell Innerrhoden* lower thanks to strong GDP growth. The debt ratio of *Glarus* reached its peak in 2008; however, the level of debt was at its highest in 2004. The reclassification of liabilities as net assets/equity in connection with the changeover to the Harmonized Accounting Model for the Cantons and Municipalities (HAM2) and the *Glarus* municipal reform caused debt to plunge in 2011, and the debt ratio fell by 3.4 percentage points. The canton of *Appenzell Innerrhoden* had the fourth-strongest economic growth rate in the previous year, behind the cantons of *Zug*, *Nidwalden* and *Schaffhausen*. Consequently, the canton of *Appenzell Innerrhoden* and its municipalities earned significantly higher receipts from direct tax, natural persons and legal entities in 2010. Tax receipts also rose as a result of higher inheritance and gift tax, thus enabling debt to be further reduced. The canton's tax multiplier remained unchanged at 85%; that of

the cantonal capital was raised by 5 percentage points to 97%. The debt ratio of *Appenzell Innerrhoden*, which is the only canton not to have fiscal rules, has since been at the lower end of the range for *Eastern Switzerland* cantons. The ratio of the canton of *Graubünden* is at the upper end of the range. It has been less than 40% of the canton's GDP since 2009. The debt ratios of the canton of *St. Gallen* and *Eastern Switzerland* move in close step with one another. This is hardly surprising, as *St. Gallen* accounted for 43% of economic output in *Eastern Switzerland* in the middle of the period under review. Between 1993 and 1995, *St. Gallen's* ratio was slightly higher than that of *Eastern Switzerland*, but it was sometimes approximately 2 percentage points lower than it from 2007 to 2009. The canton has managed to comply with the debt brake since 2010 only by taking large sums from its freely disposable net assets/equity. It was necessary to raise the cantonal tax multiplier from 95% to 105% in 2012 because of the budget deficit. In contrast, the cantonal capital's tax multiplier remained unchanged at 144%. At the end of 2014, *St. Gallen's* debt ratio was 30.3% of nominal GDP, which was its third-lowest level for the period under review. Only in 1990 and 1991 was it lower.

Figure 11: Eastern Switzerland debt in % of GDP



The debt ratios of Eastern Switzerland and the canton of *St. Gallen* are in close step with one another. This is hardly surprising, as *St. Gallen* accounted for 43% of economic output in Eastern Switzerland in the middle of the period under review.

In order to facilitate international comparisons, the Financial Statistics Section adopts the guidelines of the Government Finance Statistics Manual 2014 (GFSM 2014) of the International Monetary Fund (IMF). The following sections provide a commentary on the financial statistics statements of the general government sector and its sub-sectors in accordance with this

GFS Model. It should be noted that no balance sheet data is published for the general government sector or the municipalities prior to 2008. This is because municipal balance sheets previously played a subordinate role in the underlying FS Model, and consequently they were not fully captured in financial statistics.

41 General government

The general government sector's financial situation deteriorated once again relative to the previous year. Both the operating statement and the financing statement posted a rather large loss in 2014. However, because of nominal economic growth of 1.4%, the deficit/surplus ratio did not change and remained in negative territory at -0.2%. The tax-to-GDP ratio also improved moderately thanks to slightly higher taxes, and amounted to 27.0% in 2014.

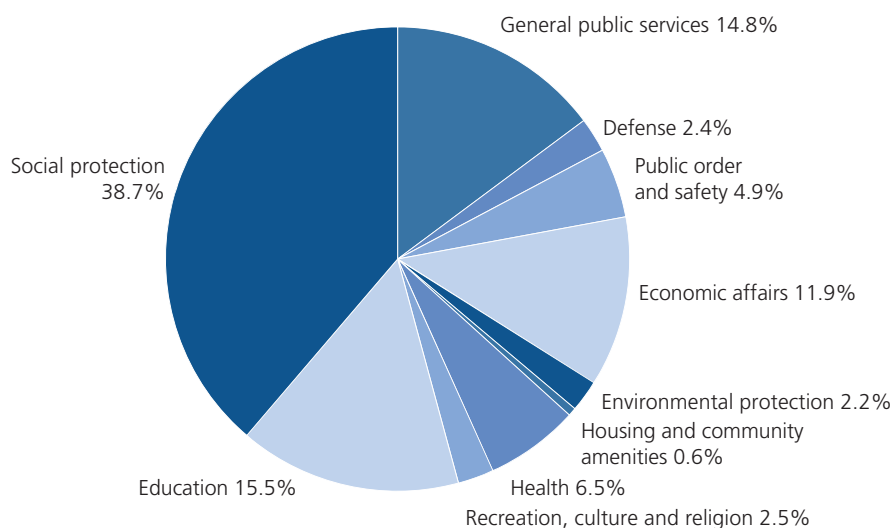
The general government sector's *operating statement* for 2014 showed a deficit of CHF 236 million. Revenue growth amounted to 1.3% relative to the previous year, which was slightly weaker than that of nominal gross domestic product (GDP). Taxes, the most important revenue component, posted an above-average increase in comparison (1.8%). The increase in taxes seen in 2014 was comprised of the following components: taxes on income, profits and capital gains (63.8%), taxes on property (25.9%), taxes on goods and services (6.5%), other taxes (3.4%), and taxes on international trade and transactions (0.4%).

The CHF 2.8 billion increase in expense was driven mainly by higher social benefits (+1.3 bn) and other expense (+785 mn). The 2014 rise in other expense was driven by fast-growing premiums, fees and entitlements under non-life insurance and standardized guarantee schemes (+36.4%). In contrast, grants and interest expense declined. The low interest rate environment and attractive refinancing opportunities led to low interest payable for the government units once again in 2014. Relative to 2013, interest expense dropped by an impressive 6.6%. Grants fell by 6.2% because of lower payments made abroad.

The breakdown by task area shows that the general government sector incurs the majority of its *expenditure* in the "Social protection" division. In 2014, this division accounted for 38.7% of total expenditure, an increase of 2.1% relative to 2013. The reasons for the additional expenditure of CHF 1.6 billion for "Social protection" can be found mainly in the higher number of old-age and survivors' insurance claimants. Aside from the higher expenditure for "Social exclusion n.e.c." (+5.5%), the government units spent additional funds on "Family and children" (+8.0%). The expenditure growth in the first functional group was primarily due to the rise in the number of migrants and those in receipt of social assistance benefits. The 7.0% drop in the "Defense" division was also particularly striking. The decline can be explained by a combination of the Confederation's one-time deposit in its pension fund (PUBLICA) in 2013 to redesign an insurance solution for career military officers and savings in connection with the rejected procurement of new fighter jets. In percentage terms, the strongest growth was posted by "Recreation, culture and religion" (+3.1%), with additional expenditure being incurred by the cantons and municipalities.

Figure 12: Expenditure by government function – general government, 2014

Total expenditure: CHF 211 605 390 478



"Social protection" expenditure grew by CHF 1.6 billion relative to 2013. This growth was driven by the rising numbers in receipt of old-age and survivors' insurance and social assistance benefits.

The level of *assets* was up by approximately CHF 59 billion at the end of 2014 because of an increase in and the revaluation of *non-financial assets* and additional *financial assets*. The 7.3% rise in non-financial assets (+14 bn) was attributable primarily to buildings and structures, which posted a massive increase of CHF 9.4 billion on the previous year. This was due to the fact that, like in previous years, cantons and particularly municipalities restated their non-financial assets in 2014 after converting

to the HAM2 accounting standards. Financial assets, which posted a year-on-year increase of CHF 45 billion, had a breakdown of 92.0% domestic and 8.0% foreign at the end of 2014. The proportions have thus changed little relative to the previous year (-0.2 percentage points at the expense of the domestic side). At the end of 2014, financial assets amounted to CHF 291.4 billion, compared to *liabilities* of CHF 296.5 billion. Liabilities rose by CHF 9.8 billion due to higher debt securities.

Statement of non-financial transactions – general government

CHF 1 000	2010	2011	2012	2013	2014
Revenue	196 703 649	204 312 540	203 378 752	207 833 821	210 448 092
Taxes	122 151 580	126 166 502	125 264 200	128 142 544	130 434 610
Social contributions	38 754 357	41 358 151	42 375 363	43 011 239	43 515 334
Grants	170 466	190 983	216 191	244 256	258 161
Other revenue	35 627 246	36 596 904	35 522 998	36 435 783	36 239 987
Expense	192 906 968	199 699 910	202 939 472	207 843 921	210 683 737
Compensation of employees	44 683 136	45 818 665	46 911 293	48 002 878	48 558 347
Use of goods and services	21 403 441	21 715 845	22 329 523	23 666 994	23 906 879
Consumption of fixed capital	16 627 830	17 388 086	17 861 791	18 307 551	18 733 514
Interest	5 174 890	4 801 364	4 508 495	3 973 375	3 709 569
Subsidies	16 804 552	17 820 456	19 141 260	19 206 067	19 219 450
Grants	3 071 624	3 368 537	3 516 899	4 021 161	3 770 641
Social benefits	67 226 717	67 636 595	69 313 315	71 431 619	72 766 415
Other expense	17 914 779	21 150 362	19 356 895	19 234 276	20 018 920
Net operating balance	3 796 680	4 612 630	439 280	- 10 100	- 235 644
Net acquisition: non-financial assets	1 850 803	1 754 045	486 142	943 379	921 654
Acquisition: non-financial assets	19 430 418	20 112 928	20 057 320	20 306 927	20 379 219
Disposal: non-financial assets	951 785	970 796	1 709 387	1 055 996	724 052
CFC: non-financial assets	16 627 830	17 388 086	17 861 791	18 307 551	18 733 514
Net lending/borrowing	1 945 877	2 858 584	- 46 861	- 953 479	-1 157 298

Balance sheet – general government

CHF 1 000	2010	2011	2012	2013	2014
Non-financial assets	177 308 375	180 677 395	186 733 591	192 021 996	205 994 972
Financial assets	217 530 483	229 467 998	251 080 091	246 754 211	291 415 602
Liabilities	271 338 575	277 767 225	284 991 940	286 749 309	296 508 078
Net worth	123 500 283	132 378 168	152 821 743	152 026 898	200 902 496

Expenditure by government function – general government

CHF 1 000	2010	2011	2012	2013	2014
Total	194 757 771	201 453 956	203 425 613	208 787 300	211 605 390
General public services	28 475 001	32 030 082	30 934 427	30 436 799	31 373 072
Defense	4 981 408	5 054 596	5 001 474	5 455 793	5 072 147
Public order and safety	9 133 340	9 626 100	9 698 884	10 178 440	10 296 695
Economic affairs	24 710 656	24 922 741	24 279 010	25 277 443	25 090 100
Environmental protection	4 620 639	4 645 901	4 713 153	4 818 621	4 669 086
Housing and community amenities	1 203 682	1 185 268	1 210 787	1 224 697	1 224 252
Health	11 318 723	11 981 756	13 012 192	13 640 185	13 820 195
Recreation, culture and religion	4 938 926	5 040 932	5 093 202	5 130 711	5 291 820
Education	29 984 230	30 822 402	31 468 999	32 317 136	32 810 628
Social protection	75 391 165	76 144 177	78 013 486	80 307 474	81 957 397

42 Confederation

The Confederation's financing statement broke even in 2014, meaning that the deficit/surplus ratio remained unchanged on the previous year. The tax-to-GDP ratio declined by 0.1 percentage points.

The Confederation ended 2014 with net lending/borrowing of approximately CHF 7 million. It thus returned to a balanced financing statement following the deficit posted in 2013. The operating statement remained in positive territory. The net operating balance fell to CHF 536 million because revenue dropped more than expense. The 0.3% fall in revenue was caused by the decline in other revenue, which plunged by CHF 596 million because of the poor business performance of the Swiss National Bank (SNB) in 2013 and the subsequent absence of a profit distribution to the Confederation (and the cantons) in 2014 for the first time. Taxes, the most important revenue component, amounted to CHF 61.1 billion in 2014, and were made up of the following: taxes on goods and services (59.5%), taxes on income, profits and capital gains (38.7%) and taxes on international trade and transactions (1.7%).

Total *expenditure* amounted to CHF 67.1 billion in 2014, which was down 0.4% on the previous year. A breakdown of total expenditure reveals the following: with a share of 29.9%, the "General public services" task area is the second-largest expenditure item, behind "Social protection" (32.1%). Federal expenditure for "Social protection" was up by 2.2% year on year. This went primarily to the area of old-age and survivors' insurance due to the higher number of pension recipients. Expenditure for "General public services" remained at the previous year's level of CHF 20 billion. In contrast, the biggest nominal decline (-370 mn) was seen in "Defense". The decline can be explained partly by a one-time payment in 2013 of pension contributions for career military officers amounting to just over CHF 150 million. Moreover, the Confederation's defense equipment expenditure fell by CHF 142 million as a result of the rejected procurement of new fighter jets.

In percentage terms, the biggest drop in federal expenditure was seen in "Health". The reduction of 24.1% was due primarily to lower compulsory contributions to international organizations within the framework of the EU research program. The annual

contribution that Switzerland pays the EU is calculated based on the GDP of Switzerland and of the EU member states. The decline in health expenditure was also driven by lower contributions for health promotion and prevention in the public health services functional group.

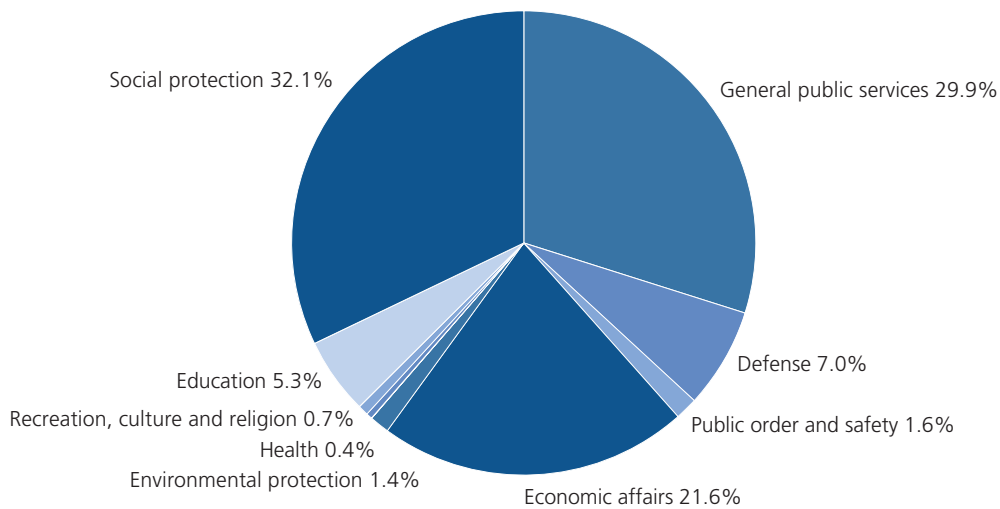
Thanks to fair value adjustments on various financial assets, the *net worth* of the Confederation improved to CHF 41.7 billion. The *liabilities* of CHF 145.7 billion work out at 85.4% vis-à-vis domestic investors and 14.6% vis-à-vis foreign investors. Total *liabilities* posted a year-on-year increase of CHF 3.9 billion, or 2.8%, which was largely attributable to fair value adjustments on Confederation bonds. Debt securities, which accounted for 71.5% of liabilities in 2014, thus rose by CHF 2.9 billion. The second-largest component of liabilities, other accounts payable, contributed to the increase in liabilities with a rise of around CHF 650 million.

The Confederation's *assets*, consisting of *financial* and *non-financial assets*, increased by 7.9% in 2014. The sharp rise occurred mainly in the area of financial assets, which amounted to CHF 99.8 billion in 2014. 97.9% of these were domestic. Overall, the Confederation had loans and equity and investment fund shares or units worth CHF 19.3 billion and CHF 62 billion. Moreover, the Confederation's total holdings of currency and deposits in Switzerland and abroad fell by around CHF 1.8 billion. In contrast, equity and investment fund shares or units surged by CHF 15 billion. The sharp increase in shares and other equity can be explained primarily by the fact that the Confederation's share in the equity of the Swiss National Bank (SNB) rose significantly (around 12.8 bn). The general government's entitlement to the equity of the SNB is divided between the Confederation (1/3) and the cantons (2/3).

In addition, loans on the assets side increased by CHF 462 million, despite an unemployment insurance loan repayment of CHF 0.9 billion.

Figure 13: Expenditure by government function – Confederation, 2014

Total expenditure: CHF 67 075 204 136



Federal expenditure fell in 2014, particularly in the areas of "Defense" (rejected procurement of new fighter jets), "Health" and "Education" (reduced participation in the EU research program Horizon 2020).

Statement of non-financial transactions – Confederation

CHF 1 000	2010	2011	2012	2013	2014
Revenue	65 512 461	67 862 393	65 402 328	67 312 415	67 082 399
Taxes	58 787 766	61 085 204	59 221 072	60 762 568	61 127 106
Social contributions	60 234	70 833	70 708	69 021	59 923
Grants	110 453	129 424	137 895	147 513	157 898
Other revenue	6 554 008	6 576 932	5 972 653	6 333 313	5 737 472
Expense	61 670 539	65 164 680	64 729 300	66 574 206	66 545 923
Compensation of employees	6 588 230	6 692 862	6 885 832	7 355 216	7 333 498
Use of goods and services	5 379 459	5 446 193	5 644 670	6 276 430	5 978 268
Consumption of fixed capital	4 830 884	5 045 797	5 146 634	5 205 353	5 301 246
Interest	2 826 792	2 597 804	2 430 101	2 103 811	1 972 445
Subsidies	2 574 395	2 707 096	2 826 007	2 638 973	2 730 169
Grants	34 250 644	37 008 288	37 287 663	38 166 840	38 406 719
Social benefits	362 952	377 700	365 286	355 468	335 925
Other expense	4 857 183	5 288 939	4 143 108	4 472 115	4 487 654
Net operating balance	3 841 922	2 697 712	673 028	738 209	536 476
Net acquisition: non-financial assets	875 008	1 201 743	99 164	801 975	529 281
Acquisition: non-financial assets	5 860 331	6 302 079	6 038 600	6 149 388	5 911 780
Disposal: non-financial assets	154 439	54 539	792 803	142 060	81 253
CFC: non-financial assets	4 830 884	5 045 797	5 146 634	5 205 353	5 301 246
Net lending/borrowing	2 966 915	1 495 970	573 864	- 63 766	7 195

Balance sheet – Confederation

CHF 1 000	2010	2011	2012	2013	2014
Non-financial assets	86 032 131	86 751 184	87 073 971	87 385 874	87 528 639
Financial assets	78 183 148	79 895 645	87 226 047	86 250 505	99 805 715
Liabilities	140 942 457	143 527 598	145 526 476	141 735 492	145 651 027
Net worth	23 272 823	23 119 231	28 773 542	31 900 887	41 683 328

Expenditure by government function – Confederation

CHF 1 000	2010	2011	2012	2013	2014
Total	62 545 546	66 366 423	64 828 464	67 376 181	67 075 204
General public services	19 441 127	20 472 577	19 474 897	20 058 345	20 041 252
Defense	4 610 928	4 681 065	4 606 479	5 057 195	4 687 408
Public order and safety	912 002	962 816	965 296	1 067 480	1 053 194
Economic affairs	14 259 194	14 445 832	13 731 260	14 498 146	14 466 868
Environmental protection	849 987	843 161	945 825	972 425	914 642
Housing and community amenities	13 837	14 306	15 627	15 104	14 914
Health	370 743	355 073	353 624	378 671	287 224
Recreation, culture and religion	402 397	420 742	460 416	471 370	478 618
Education	3 129 080	3 452 259	3 475 450	3 784 117	3 588 312
Social protection	18 556 251	20 718 591	20 799 591	21 073 328	21 542 771

43 Cantons

The restructuring measures for the funding of cantonal pension funds continued to drag down the cantons' net lending/borrowing. The financing statement of the "cantons" sub-sector ended the year in negative territory for the fourth time in succession. The deficit/surplus ratio dropped slightly to -0.4% of GDP in 2014.

The cantons' *operating statement* closed with a loss of CHF 2.9 billion in 2014. With a deficit of CHF 2.4 billion, *net lending/borrowing* was smaller because of divestments under transactions in non-financial assets (-537 mn). Overall, *expense* rose by 2.8% to approximately CHF 88.4 billion, with the biggest rises recorded by use of goods and services (+7.6%) and other expense (+8.4%). The rise of CHF 880 million in other expense was driven primarily by the funding of cantonal pension funds. In terms of revenue, taxes rose by 2.9% to CHF 42.8 billion. The increase of CHF 1.2 billion was largely attributable to taxes on income, profits and capital gains (55.7% of the increase).

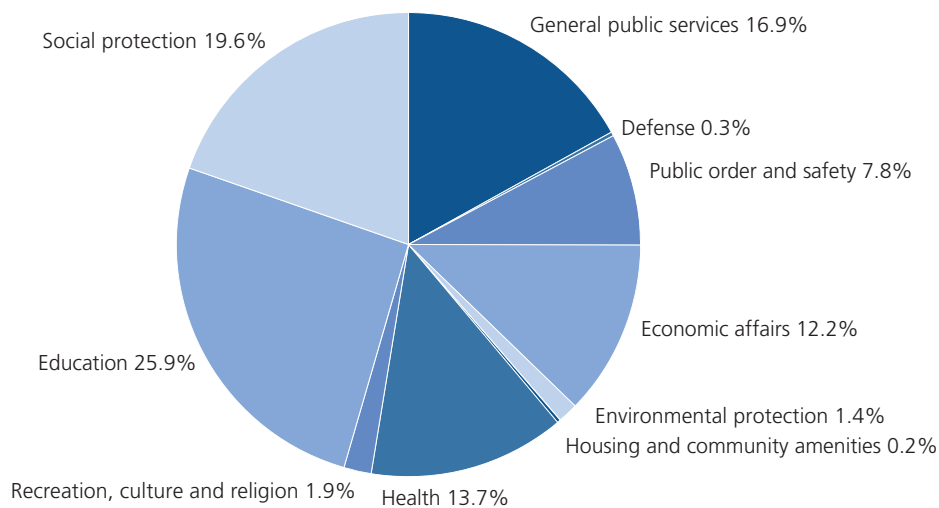
There was no shift in emphasis regarding expenditure policy at cantonal level. The "Education" division, proportionately the largest, accounting for 25.9% of total *expenditure* in 2014, grew by 2.0%. The rise was channeled chiefly into "Tertiary education". The next-largest task area, "Social protection", accounting for 19.6% of total expenditure, rose by 2.9%. The increase in the order of CHF 483 million consisted largely of additional expenditure on "Social exclusion n.e.c." (+397 mn) and "Family and children" (+123 mn), as well as less expenditure on "Old age" (-93 mn). In contrast, the largest nominal increase of CHF 1.1 billion was posted by "General public services". Furthermore, "Environmental protection" experienced a decline of 3.6% in 2014 because of lower expenditure on "Environmental protection n.e.c." and "Waste water management".

The *assets* of the cantons rose by 21.7% to CHF 178.2 billion in 2014. While *non-financial assets* increased by CHF 3.8 billion largely as a result of restatements in relation to the change-over to the new HAM2 accounting model, financial assets rose by CHF 28 billion. The significant increase in *financial assets* (+29.7%) was driven essentially by equity and investment fund shares or units. This was due in particular to the fact that the cantons' share in the equity of the Swiss National Bank (SNB) alone rose by CHF 25.5 billion year on year. In 2014, the stake of the cantons (2/3) and the Confederation (1/3) in the equity of the SNB amounted to approximately CHF 86.3 billion (2013: 48 bn). The equity of the SNB primarily comprises provisions for currency reserves, the distribution reserve and the surplus or deficit for the year. While the SNB posted a loss of CHF 9.1 billion the previous year, it generated a net profit of CHF 38.3 billion in 2014. The record profit was driven mainly by foreign currency positions (34.5 bn).

Financial assets, which are entirely domestic, stood against *liabilities* of CHF 85.7 billion. The breakdown of liabilities was 85.1% domestic and 14.9% foreign. Domestic liabilities were up by CHF 3.6 billion relative to the previous year, although the sub-items moved in different directions. Domestic debt securities rose by CHF 7.7 billion, while domestic insurance, pension and standardized guarantee schemes fell by CHF 3.3 billion, and loans dropped by CHF 0.8 billion. Overall, the cantons' *net worth* rose by CHF 26.7 billion to CHF 92.5 billion.

Figure 14: Expenditure by government function – cantons, 2014

Total expenditure: CHF 87 838 706 864



If the shares of total expenditure are considered, it can be seen that the focus of cantonal expenditure policy did not shift in 2014 relative to 2013. "General public services" expenditure shot up in 2014 (+14.9%) due primarily to the funding of Basel Landschaft's pension fund.

Statement of non-financial transactions – cantons

CHF 1 000	2010	2011	2012	2013	2014
Revenue	79 352 801	81 638 674	82 491 747	83 966 645	85 443 704
Taxes	39 006 426	40 069 381	40 871 235	41 598 971	42 811 482
Social contributions	287 100	290 683	351 490	283 228	182 837
Grants	20 604 174	21 276 277	21 622 582	22 007 196	22 351 603
Other revenue	19 455 102	20 002 334	19 646 439	20 077 250	20 097 781
Expense	77 668 005	82 815 040	85 108 443	86 004 664	88 375 487
Compensation of employees	24 435 355	25 125 173	26 052 161	26 461 192	26 776 642
Use of goods and services	8 108 229	8 157 091	8 499 205	9 105 832	9 796 878
Consumption of fixed capital	6 874 692	7 249 227	7 579 473	7 874 812	8 122 513
Interest	1 125 549	1 049 348	997 707	914 952	837 063
Subsidies	13 083 262	13 695 973	15 014 505	15 266 537	15 197 815
Grants	5 253 701	5 476 856	5 363 830	5 228 510	5 366 404
Social benefits	9 489 718	10 022 514	10 563 918	10 660 549	10 905 859
Other expense	9 297 500	12 038 858	11 037 643	10 492 279	11 372 313
Net operating balance	1 684 796	-1 176 365	-2 616 696	-2 038 019	-2 931 783
Net acquisition: non-financial assets	199 546	266 258	77 614	- 544 882	- 536 780
Acquisition: non-financial assets	7 825 694	8 289 476	8 408 569	8 172 673	8 192 018
Disposal: non-financial assets	751 456	773 990	751 482	842 744	606 286
CFC: non-financial assets	6 874 692	7 249 227	7 579 473	7 874 812	8 122 513
Net lending/borrowing	1 485 250	-1 442 624	-2 694 310	-1 493 136	-2 395 003

Balance sheet – cantons

CHF 1 000	2010	2011	2012	2013	2014
Non-financial assets	44 207 158	45 600 570	49 591 783	52 036 013	55 819 000
Financial assets	84 232 103	91 273 629	99 724 847	94 297 484	122 333 011
Liabilities	70 620 437	72 427 545	75 506 994	80 527 708	85 660 612
Net worth	57 818 823	64 446 654	73 809 635	65 805 788	92 491 399

Expenditure by government function – cantons

CHF 1 000	2010	2011	2012	2013	2014
Total	77 867 551	83 081 298	85 186 057	85 459 781	87 838 707
General public services	12 080 160	14 818 039	14 611 653	13 747 844	14 886 872
Defense	226 795	223 070	241 241	240 353	242 758
Public order and safety	6 039 898	6 436 008	6 461 939	6 786 875	6 860 442
Economic affairs	10 876 522	10 934 502	10 795 051	10 742 147	10 725 388
Environmental protection	1 156 509	1 239 783	1 291 865	1 283 401	1 236 765
Housing and community amenities	195 868	182 897	192 095	201 658	212 387
Health	9 715 790	10 245 074	11 380 380	11 823 968	12 013 709
Recreation, culture and religion	1 570 114	1 534 649	1 605 718	1 583 694	1 682 125
Education	20 944 929	21 569 572	22 006 554	22 272 670	22 717 970
Social protection	15 060 967	15 897 704	16 599 560	16 777 172	17 260 291

44 Municipalities

The accounts of the “municipalities” sub-sector exhibited negative net lending/borrowing for the sixth year in succession. The operating statement also posted a slight deficit in 2014.

The almost balanced operating statement was caused by disproportionately high revenue growth. *Revenue* grew by 2.4% to CHF 45 billion in 2014. Almost 70% of the increase in revenue was derived from taxes. The rise in taxes on income, profits and capital gains alone amounted to CHF 527 million. Moreover, 20% of the additional revenue seen in 2014 was recorded under other revenue.

Expense rose by 0.7% to around CHF 45 billion. The increase was driven mainly by the development of compensation of employees (+254 mn). In contrast, other expense was down by CHF 113 million, mainly because of lower funding contributions for municipal pension funds. Furthermore, interest posted a year-on-year drop of CHF 59 million to reach another record low thanks to the persistently low level of interest rates.

Municipal *expenditure* amounted to CHF 46 billion in 2014, which represents an increase of 1.2%. The following picture emerges when expenditure is broken down by task area: “Education”, proportionally the largest division with 26.5%, increased by 4.9% relative to 2013. The significant additional expenditure was intended for pre-primary and primary education, as well as for secondary education, or it was for the benefit of schools in the form of services. A large proportion of the increase seen in education was attributable to municipalities in the cantons of *Aargau*, *Zurich* and *Vaud*.

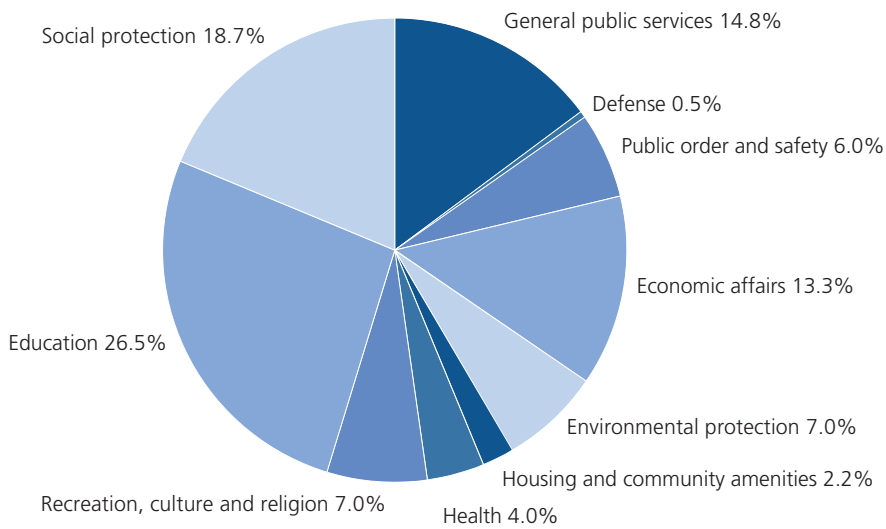
The second-largest division, “Social protection”, accounting for 18.7% of total expenditure, rose by 2.4%. The additional expenditure in the “Social exclusion n.e.c.” functional group was

caused by the higher number of social assistance cases. Moreover, there was a disproportionate increase in “Family and children” expenditure (+5.5%), which reached a new high in 2014. Expenditure grew above all in the *municipalities* of the cantons of *Zurich*, *Vaud* and *Geneva*. If the changes are considered in absolute terms, “Economic affairs” had the biggest decline. The reduction of CHF 98 million in expenditure was largely attributable to “Fuel and energy” and “Transport”.

At the end of 2014, the municipalities recorded *assets* of CHF 95.6 billion, a rise of 9.8% on the previous year. The CHF 10 billion rise in *non-financial assets* was due to restatements in relation to the changeover to the new national accounting standards. The increase in non-financial assets stood against a decline of CHF 1.5 billion in *financial assets*. This occurred primarily in the case of debt securities and other accounts receivable, which fell by 21.2% and 5.6%, respectively, in 2014. *Liabilities* amounted to CHF 64.9 billion – compared with 2013, the municipalities reduced their liabilities by CHF 315 million. There was a significant drop of CHF 1.9 billion in other accounts payable. In contrast, debt securities rose by CHF 1.6 billion. The increase of CHF 8.9 billion in *net worth* was partly attributable to fair value adjustments and restatements concerning buildings and structures. The restatements occurred within the framework of conversions to the new Harmonized Accounting Model for the Cantons and Municipalities (HAM2). Particularly the municipalities in the cantons of *Aargau* and *Basel Landschaft* switched to the HAM2 in 2014. The change is under way in the cantons of *Bern*, *Solothurn* and *Thurgau*. The first cities such as *Bern* and *Kreuzlingen* are serving as pilot municipalities in this regard.

Figure 15: Expenditure by government function – municipalities, 2014

Total expenditure: CHF 45 953 359 114



The largest task area, "Education", posted the biggest year-on-year increase (+4.9%). Almost four fifths of the additional expenditure went to "Pre-primary and primary education", and to "Subsidiary services to education".

Statement of non-financial transactions – municipalities

CHF 1 000	2010	2011	2012	2013	2014
Revenue	42 236 161	43 333 817	43 441 640	43 968 019	45 003 634
Taxes	24 357 388	25 011 917	25 171 893	25 781 006	26 496 022
Social contributions	143 958	157 365	150 118	139 076	119 048
Grants	4 813 838	5 027 026	4 884 217	4 728 972	4 852 195
Other revenue	12 920 977	13 137 510	13 235 412	13 318 965	13 536 369
Expense	42 089 785	43 164 393	43 953 992	44 716 669	45 018 770
Compensation of employees	13 287 144	13 631 210	13 594 134	13 788 464	14 042 838
Use of goods and services	11 345 210	11 423 260	11 941 213	12 163 707	12 109 664
Consumption of fixed capital	4 912 541	5 083 779	5 126 865	5 219 109	5 301 747
Interest	1 167 904	1 089 251	1 029 953	912 767	854 165
Subsidies	1 077 123	1 350 741	1 223 899	1 227 149	1 207 517
Grants	2 885 926	3 013 092	2 969 210	3 124 577	3 292 467
Social benefits	3 963 557	4 126 107	4 234 305	4 340 562	4 383 366
Other expense	3 450 381	3 446 952	3 834 413	3 940 334	3 827 007
Net operating balance	146 375	169 424	- 512 352	- 748 650	- 15 136
Net acquisition: non-financial assets	783 747	294 032	313 586	691 740	934 589
Acquisition: non-financial assets	5 742 160	5 520 075	5 605 548	5 982 039	6 272 838
Disposal: non-financial assets	45 873	142 264	165 096	71 191	36 502
CFC: non-financial assets	4 912 541	5 083 779	5 126 865	5 219 109	5 301 747
Net lending/borrowing	- 637 371	- 124 608	- 825 938	-1 440 389	- 949 725

Balance sheet – municipalities

CHF 1 000	2010	2011	2012	2013	2014
Non-financial assets	46 966 817	48 226 069	49 970 029	52 455 756	62 501 397
Financial assets	32 759 247	33 471 508	33 927 569	34 571 523	33 076 385
Liabilities	60 971 146	63 184 125	63 913 483	65 189 462	64 874 497
Net worth	18 754 918	18 513 452	19 984 114	21 837 818	30 703 284

Expenditure by government function – municipalities

CHF 1 000	2010	2011	2012	2013	2014
Total	42 873 532	43 458 425	44 267 579	45 408 408	45 953 359
General public services	6 854 677	6 858 811	6 878 957	6 893 581	6 808 132
Defense	204 708	212 874	219 225	233 212	215 645
Public order and safety	2 450 882	2 514 789	2 609 253	2 666 817	2 744 389
Economic affairs	6 043 906	5 991 069	6 074 065	6 205 289	6 106 827
Environmental protection	3 179 918	3 198 214	3 161 439	3 289 250	3 208 963
Housing and community amenities	1 018 756	1 010 487	1 021 427	1 029 622	1 025 169
Health	1 471 013	1 778 073	1 666 620	1 907 569	1 832 950
Recreation, culture and religion	3 026 293	3 144 491	3 093 847	3 141 835	3 203 374
Education	10 785 660	10 747 383	11 264 973	11 629 248	12 197 114
Social protection	7 837 719	8 002 236	8 277 772	8 411 984	8 610 796

45 Social security funds

The “social security funds” sub-sector ended 2014 with large surpluses for the fourth year in succession. A key factor behind this was the fixed-term increase in value added tax rates (2011 to 2017) in favor of disability insurance.

The consolidated “social security funds” sub-sector had positive *net lending/borrowing* of CHF 2.2 billion in 2014, i.e. CHF 136 million more than the previous year. Coming in at 96.4%, social benefits was the largest *expense item* and increased by CHF 1.1 billion to CHF 57.4 billion in 2014.

On the *revenue side*, social contributions were up by 1.5%. These include the contributions of employers and insured persons to *old-age and survivors’ insurance (AHV)*, *disability insurance (IV)*, *compensation for loss of earnings (EO)*, *agriculture family allowances (FL)* and *unemployment insurance (ALV)*. In 2014, these accounted for 70.3% of total revenue. The second-biggest source of receipts is receipts from grants, which rose by 2.1%. In contrast, the strongest growth rate (+15.3%) was posted by other revenue.

Under transactions in non-financial assets, the *net acquisition of non-financial assets* was CHF -5.5 million, with slightly less consumption of fixed capital and lower acquisitions. Because of the low net acquisition of non-financial assets, the difference between the net operating balance and net lending/borrowing was minimal.

The social security funds’ *expenditure* posted a year-on-year increase of 1.9% overall. With a stable average rate of unemployment of 3.2%, the expenditure of the “Unemployment” functional group remained at the previous year’s level of CHF 6.3 billion. Expenditure in the “Old age” functional group, which accounted for 70.4% of total expenditure in 2014, increased by CHF 1.1 billion, or 2.8%, relative to the previous year. Meanwhile, the second-largest component, “Sickness and disability”,

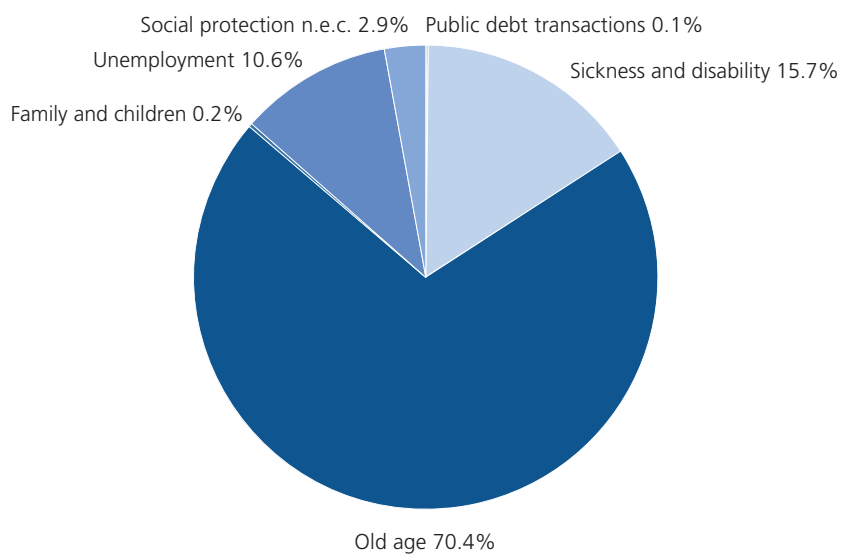
edged down by 0.5%. Compared with the peak of 2007, the social security funds’ expenditure to combat disability has been reduced by somewhat more than a fifth thanks to the measures under the latest revisions of disability insurance. The 6a revision of disability insurance has been in effect since January 1, 2012 in order to further expedite the recovery of disability insurance and thereby sustainably secure financing for the period after the supplementary financing (2011 to 2017).

At the end of 2014, the social security funds had assets of CHF 41.1 billion, representing a year-on-year increase of 9.5%. As a result of the positive net operating balance, *net worth* rose by 10.9% and stood at CHF 36 billion at the end of 2014. Just like with the national FS Model, where liabilities rose slightly (+0.7%), *liabilities* increased by 0.6% in the GFS Model despite the plunge in loans. While loans declined by CHF 0.9 billion because unemployment insurance was able to repay federal loans thanks to the good course of business, there was an increase in the other sub-sections. With a rise of CHF 591 million, financial derivatives and employee stock options posted the biggest increase in liabilities. Moreover, currency and deposits and other accounts payable rose by CHF 200 million and CHF 147 million, respectively.

On the *assets side*, the social security funds had *financial assets* of CHF 40.9 billion and *non-financial assets* of CHF 146 million. The disparity between non-financial and financial assets was attributable to the fact that most financial assets are interest-bearing investments of the old-age and survivors’ insurance compensation fund.

Figure 16: Expenditure by government function – social security funds, 2014

Total expenditure: CHF 59 243 686 857



"Old age" expenditure increased by 2.8% year on year due primarily to the rising number of old-age and survivors' insurance recipients (+2.5%).

Statement of non-financial transactions – social security funds

CHF 1 000	2010	2011	2012	2013	2014
Revenue	53 546 202	58 165 239	59 139 617	60 182 632	61 423 922
Taxes					
Social contributions	38 263 064	40 839 271	41 803 046	42 519 913	43 153 526
Grants	13 960 647	15 887 955	15 675 301	15 859 340	16 191 414
Other revenue	1 322 490	1 438 013	1 661 269	1 803 379	2 078 983
Expense	55 422 616	55 243 381	56 244 316	58 144 272	59 249 123
Compensation of employees	372 408	369 420	379 166	398 006	405 370
Use of goods and services	1 195 873	1 247 186	1 237 212	1 218 149	1 232 687
Consumption of fixed capital	9 713	9 283	8 819	8 277	8 009
Interest	54 646	64 960	50 734	41 845	45 897
Subsidies	69 771	66 645	76 849	73 408	83 950
Grants					
Social benefits	53 410 491	53 110 274	54 149 806	56 075 039	57 141 265
Other expense	309 715	375 614	341 731	329 548	331 946
Net operating balance	-1 876 414	2 921 859	2 895 300	2 038 360	2 174 799
Net acquisition: non-financial assets	- 7 497	- 7 988	- 4 222	- 5 453	- 5 436
Acquisition: non-financial assets	2 232	1 297	4 603	2 825	2 583
Disposal: non-financial assets	17	2	7	1	10
CFC: non-financial assets	9 713	9 283	8 819	8 277	8 009
Net lending/borrowing	-1 868 916	2 929 846	2 899 523	2 043 813	2 180 235

Balance sheet – social security funds

CHF 1 000	2010	2011	2012	2013	2014
Non-financial assets	102 269	99 573	97 809	144 353	145 937
Financial assets	31 160 094	32 472 255	36 695 660	37 338 781	40 911 047
Liabilities	7 608 644	6 272 996	6 539 019	5 000 729	5 032 498
Net worth	23 653 718	26 298 831	30 254 451	32 482 404	36 024 486

Expenditure by government function – social security funds

CHF 1 000	2010	2011	2012	2013	2014
Total	55 415 118	55 235 393	56 240 094	58 138 820	59 243 687
General public services	169 438	181 413	175 820	132 089	119 636
Executive and legislative organs, financial and fiscal affairs, external affairs	23 225	19 673	19 131	17 409	16 917
Foreign economic aid					
General services	91 567	96 780	105 954	72 835	56 823
Basic research					
R&D general public services					
General public services n.e.c.					
Public debt transactions	54 646	64 960	50 734	41 845	45 897
Transfers of a general nature between different levels of government					
Social protection	55 245 680	55 053 980	56 064 274	58 006 731	59 124 051
Sickness and disability	9 228 629	9 366 741	9 243 979	9 334 685	9 290 835
Old age	36 801 533	38 325 304	39 250 520	40 566 006	41 690 099
Survivors					
Family and children	174 876	169 111	164 533	158 005	146 546
Unemployment	7 421 292	5 565 991	5 781 587	6 289 280	6 306 804
Housing					
Social exclusion n.e.c.					
R&D social protection					
Social protection n.e.c.	1 619 350	1 626 834	1 623 656	1 658 755	1 689 767

46 Indicators

Both the analysis of the repercussions of economic fluctuations on government finances and international comparisons are based on economic data. These fiscal policy yardsticks are calculated in accordance with the Government Finance Statistics Manual 2014 of the IMF. An exception in this respect is the debt ratio, which is calculated with reference to the Maastricht criteria of the European Union.

Although the gross debt of Switzerland's government units rose sharply in the 1990s, the level of debt has been brought down since 2003 thanks to greater budget discipline (debt brakes and fiscal rules) and economic growth. At the end of 2014, the *Maastricht debt ratio* stood at 34.7% of nominal GDP, which was somewhat higher (+1.5 percentage points relative to the most recent low of 33.2% seen in 2011) but still substantially below the Maastricht debt ceiling of 60%. While the debt ratios of the Confederation and social security funds fell further in 2014, those of the cantons and municipalities rose. The cantons' debt ratio has been on an upward trend since 2011. It rose by 1 percentage point to 10.3% of nominal GDP in 2014, driven mainly by the increase in long-term financial liabilities in the cantons of *Basel Landschaft*, *Geneva*, *Vaud* and *Zurich*. In the canton of *Ticino*, in contrast, primarily current liabilities (+1.9 bn) were responsible for the higher debt. The increase in current liabilities was almost exclusively attributable to the fact that the canton of *Ticino* restated its balance sheet as of January 1, 2014 in connection with the changeover to the Harmonized Accounting Model (HAM2).

Gross debt with reference to the Maastricht criteria includes liabilities in the form of currency and deposits, debt instruments and loans. The other liability items such as trade credit and deferred income are not included. The valuation of gross debt is undertaken at nominal values.

Unlike the Maastricht debt ratio, the *gross debt ratio* encompasses virtually all borrowing – only financial derivatives are not taken into account. Moreover, the valuation is undertaken according to the “true and fair view” principle, which means that market prices are used whenever these are available. Debt capital at market values as a percentage of GDP is a key yardstick in the OECD statistics too. Because the debt ratio is a subset of the gross debt ratio, the gross debt ratio is consistently higher than the debt ratio. However, the gross debt ratio experienced a similar development over the observed time frame. The gross debt ratio of the general government sector came in at 45.9% in 2014, which equates to a slight year-on-year rise of 0.8 percentage points. The gross debt ratio amounted to 34.3% in 1990 and it reached a peak of 60.4% in 2002. Thanks to high surpluses, the gross debt ratio of the government units declined steadily from 2004 to 2010, at which point it stood at 44.6%.

The *deficit/surplus* ratio of the general government sector stood at -0.2% of nominal GDP at the end of 2014, which was unchanged on the previous year. Whereas the social security funds posted a large surplus in the financing statement, the other sub-sectors broke even or even recorded deficits. The positive net lending/borrowing of the social security funds was the result of the reforms implemented and measures taken. *Disability insurance* is to benefit from relief measures from the Confederation as well as additional value added tax receipts from 2011 to 2017. The Confederation will assume the full interest payment on *IV* debt toward the *AHV* compensation fund. The proportional VAT increase is likewise part of this fixed-term *IV* supplementary financing. For example, the normal rate, which applies to most goods and services, was raised from 7.6% to 8%. The reduced rate for basic essentials (e.g. food and medications) was increased by 0.1 percentage points to 2.5%. And the basic rate for accommodation services will be 3.8% (instead of 3.6%) until December 31, 2017. The deterioration in the cantons' net lending/borrowing relative to 2013 was attributable primarily to the increase in use of goods and services (+7.6%) and higher other expense (+8.4%).

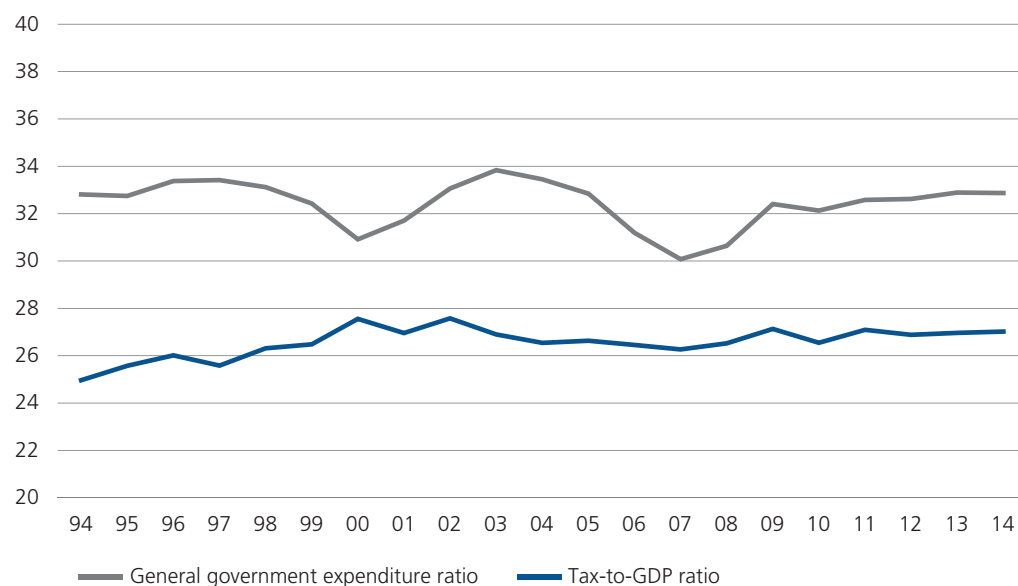
The *tax-to-GDP ratio* of the general government sector remained unchanged on the previous year at 27.0%, while the strength of tax revenue growth was more or less the same as that of nominal economic growth. The Confederation's tax-to-GDP ratio was 0.1 percentage points lower in 2014 than the previous year, and that of the cantons was up by 0.1 percentage points. The tax revenue growth seen in the cantons sub-sector was attributable to higher taxes on income, profits and capital gains, and taxes on property.

The *general government expenditure ratio* was likewise unchanged on the previous year, as the cantons' rise in expenditure was offset by the Confederation's reduction in expenditure. The Confederation's expenditure was lower in the task areas “Military defense” (savings associated with the rejected procurement of new fighter jets), “Health” and “Education” (reduced participation in the EU research program Horizon 2020). In contrast, the cantons' expenditure rose in “General public services”, primarily because of restructuring measures and the recapitalization of public-sector pension funds. The expenditure ratio of the municipalities edged down to 7.1%, while that of the social security funds remained unchanged at 9.2% of nominal GDP.

Indicators with the GFS Model

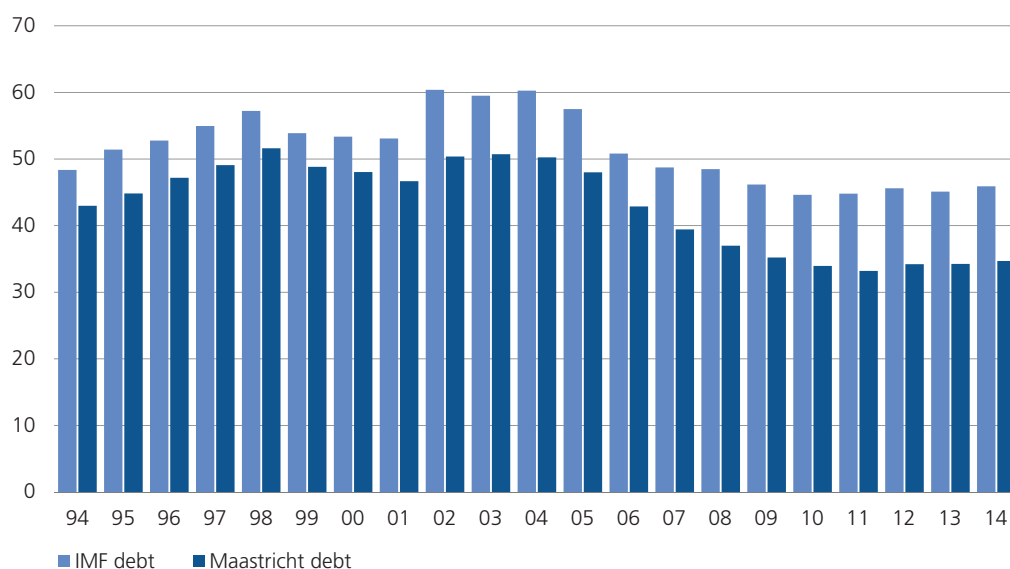
	2010	2011	2012	2013	2014
Debt ratio					
Confederation	18.0%	17.7%	17.8%	17.4%	16.7%
Cantons	8.7%	8.3%	8.8%	9.3%	10.3%
Municipalities	7.6%	7.5%	7.6%	7.7%	7.8%
Social security funds	1.2%	1.0%	1.0%	0.7%	0.7%
General government	33.9%	33.2%	34.2%	34.2%	34.7%
Gross debt ratio					
Confederation	23.1%	23.1%	23.3%	23.3%	22.6%
Cantons	11.7%	11.7%	12.1%	12.7%	13.3%
Municipalities	10.1%	10.2%	10.2%	10.3%	10.1%
Social security funds	1.2%	1.0%	1.0%	0.8%	0.7%
General government	44.6%	44.8%	45.6%	45.1%	45.9%
Deficit/surplus ratio					
Confederation	0.5%	0.2%	0.1%	0.0%	0.0%
Cantons	0.2%	-0.2%	-0.4%	-0.2%	-0.4%
Municipalities	-0.1%	0.0%	-0.1%	-0.2%	-0.1%
Social security funds	-0.3%	0.5%	0.5%	0.3%	0.3%
General government	0.3%	0.5%	0.0%	-0.2%	-0.2%
Tax-to-GDP ratio					
Confederation	9.7%	9.9%	9.5%	9.6%	9.5%
Cantons	6.5%	6.5%	6.6%	6.6%	6.7%
Municipalities	4.0%	4.1%	4.1%	4.1%	4.1%
Social security funds	6.3%	6.6%	6.7%	6.7%	6.7%
General government	26.5%	27.1%	26.9%	27.0%	27.0%
Expenditure ratio					
Confederation	10.3%	10.7%	10.4%	10.6%	10.4%
Cantons	12.8%	13.4%	13.7%	13.5%	13.6%
Municipalities	7.1%	7.0%	7.1%	7.2%	7.1%
Social security funds	9.1%	8.9%	9.0%	9.2%	9.2%
General government	32.1%	32.6%	32.6%	32.9%	32.9%

Figure 17: Tax-to-GDP ratio and general government expenditure ratio trends with the GFS Model in % of GDP



After rising in the 1990s, the general government tax-to-GDP ratio has been stable at between 26% and 28% of GDP since the turn of the millennium.

Figure 18: Trends of the IMF gross debt ratio and the debt ratio with reference to the Maastricht definition in % of GDP



The IMF gross debt ratio is subject to greater fluctuations than the Maastricht debt ratio, where debt is included at face value. Moreover, the gross debt ratio includes more items. However, the trend of the two ratios is similar.

The following sections give an overview of the main methodological concepts and how they are backed up internationally. More detailed information on the methodology is available on the website of the Federal Finance Administration.¹

51 **Changes and revisions**

The Financial Statistics Section of the Federal Finance Administration (FFA) published data and indicators in accordance with the new financial statistics guidelines (GFSM 2014) of the International Monetary Fund (IMF) for the first time on September 24, 2015.

As part of the changeover to the GFSM 2014, a methodological reconciliation was performed with the system of national accounts of the Federal Statistical Office (FSO)². Where necessary, the results of the GFS Model have been reconciled with those of the system of national accounts and its data has been included. The harmonization between the Swiss system of national accounts and the international GFS Model of financial statistics has also led to adjustments to the basic statistics, i.e. the national FS Model. The adjustments made are described in a technical note³.

The data published in the GFS Model is of a provisional nature for the time being, as the reconciliation with the Swiss system of national accounts has not yet been completed. The items⁴ that were still outstanding within the scope of the 2015 reconciliation have been clarified in the meantime. It is planned to publish the data adjustments associated with the finalization of the reconciliation with the Swiss system of national accounts and thus the definitive figures for the GFS Model in the summer of 2017.

511 **Changes in the national FS Model**

The adjustments to the national FS Model can be divided into two categories: *survey basis* and *elimination of data inconsistencies*.

Survey basis: During the reconciliation with the system of national accounts, it was found that efficient processing of the data for the Confederation and social security funds could be guaranteed under the new conditions only by implementing an IT application on a time series basis. As a result, the Confederation and social security funds sub-sectors have been completely re-recorded from fiscal 2008 onward. Furthermore, the Confederation sub-sector has been extended to include the Building Foundation for International Organisations (FIPOI) and feed-in remuneration at cost (CRF fund).

Elimination of data inconsistencies: Since fiscal 2008, the current Harmonized Accounting Model for the Cantons and Municipalities (HAM2) has formed the basis for the national FS Model. The data prior to 2008 was recorded in accordance with the earlier HAM1, which was less detailed than the HAM2. One of the causes of data inconsistencies was the automatic mapping procedures for pre-2008 data. The elimination of these inconsistencies aims to apply the recording and processing practices of the Financial Statistics Section valid since 2008 also to the pre-2008 data to the greatest possible extent in order to enhance the consistency of the time series. For the most part, eliminating the inconsistencies involves adjustments to function/category combinations. These corrections made at cantonal and municipal level are described in detail in the appendix to the technical note. Inconsistencies as a result of automatic mapping have also been corrected in the statement of financial position (loans, financial interests, investment contributions) of the Confederation sub-sector for the years prior to 2008.

¹ See www.efv.admin.ch > Topics > Financial statistics > Methods

² The system of national accounts is based on the European System of Accounts (ESA 2010), which is compatible with the GFSM 2014.

³ See www.efv.admin.ch > Topics > Financial statistics > Methods

⁴ Among other things, the recording, coverage and valuation of contributions for the restructuring and funding of public-sector pension funds, as well as the amount of the resultant employee retirement benefits

The corrections listed in the appendix on the technical note relate to logical inconsistencies identified in the data. These were made to either smaller, implausible recorded amounts or combinations of categories and/or functions that were inconsistent with the methodology. For instance, households do not pay contributions to government units: payments by households are either taxes, gifts, fees and charges or reimbursements.

Premium reductions are an example of an inconsistency caused by the lower level of detail of the HAM1. Prior to fiscal 2008, premium reductions were recorded under the health insurance function because the HAM1 did not have the premium reductions function. When the pre-2008, HAM1-based data was automatically mapped to the new HAM2-based FS Model, the premium reductions were left under the health insurance function. From 2008 on, this item was correctly allocated to the premium reductions function. This break has now been corrected for the pre-2008 data.

512 Changes in the international GFS Model

As a result of the implementation of the GFSM 2014 and the reconciliation with the FSO's system of national accounts, the Financial Statistics Section revised the data sources, basic data and calculation methods it uses. The latest round of revisions has provisionally been completed with the first publication of the international financial statistics model (GFS Model) in accordance with the GFSM 2014. Such comprehensive revisions of the methodological and conceptual calculation basis take place approximately once every 15 to 25 years and aim to take account of the changed economic circumstances and issues.

Implementation of the GFSM 2014 has also brought with it various types of changes:

1. Methodological and conceptual changes
2. Elimination of series breaks
3. Inclusion of external series from the Swiss system of national accounts

1. Methodological and conceptual changes

Striking conceptual changes introduced with the changeover to the GFSM 2014 concern expenditure on *military weapon systems* and *research and development* expenditure.

Military weapon systems: Previously, the procurement of military weapon systems, e.g. fighter jets, was considered as the use or purchase of goods and services and thus as intermediate consumption. Consequently, they were part of government final consumption expenditure in the system of national accounts.

As military weapon systems can be used for more than a year and can possibly be resold, they are now treated as capital formation. Their acquisition is recorded as investment expenditure and they are capitalized under non-financial assets in the general government's balance sheet. Previously, military facilities that could also have civilian uses such as barracks or motor vehicles for civilian use were already recorded as acquisition of non-financial assets.

Research and development: Because expenditure on research and development (R&D) has a lasting impact on a country's national economy that is measurable over a period of several years, this is now treated as acquisition of non-financial assets as well. Investment in research and development can optimize or improve the production process. In the GFS Model of financial statistics, only the general government's investment share is taken into account; likewise, only that part is capitalized under non-financial assets in the balance sheet.

2. Elimination of series breaks

Switching the national financial statistics model to the HAM2 resulted in a series break in the cantons and municipalities sub-sectors because from fiscal 2008 on, *hospitals and retirement and nursing homes* are no longer included in accordance with the ESA 2010 sectoring guidelines. If they are contained in a government unit's accounts, they are eliminated. According to the ESA 2010 delimitation criteria, these entities are not part of the general government sector. They are regarded as public enterprises insofar as they are controlled by the government. As they cover more than 50% of their production costs with the proceeds from services rendered, they are considered as public enterprises. The proceeds come either directly from private individuals or from health insurers. However, the case-based flat-rate payments from the government units are also considered as proceeds from services rendered. This should not be confused with a deficit guarantee. With the implementation of the GFSM 2014, this series break in the basic data was removed by eliminating the hospitals and retirement and nursing homes of the cantons and municipalities contained in the FS Model up to fiscal 2007 without affecting the balance from 1990 to 2007.

Another series break in the national FS Model that was eliminated in the GFS Model relates to *contributions and compensation* from and to public authorities. Prior to 2008, these two items were not recorded separately, but rather as contributions. In the GFS Model, these items were divided up into compensation and contributions for the 1990–2007 period using the average share for each task area during the 2008–2012 period. This subdivision is important from an economic perspective, as compensation payments are considered as intermediate consumption and received compensation as production. In contrast, contributions are grants, as they are not paid in return for something.

A further correction concerns the recording of the Confederation's receipts from the *auction of mobile radio licenses* in 2001, 2002 and 2012. For the sake of consistency with the ESA 2010 guidelines, these receipts are recorded as receipts from the disposal of nonproduced assets under transactions in non-financial assets. They thus have a positive effect on net lending/borrowing for the years in question.

3. Inclusion of external series from the Swiss system of national accounts

To facilitate the automatic mapping of the data from the GFS Model to the ESA 2010 items, some external series from the system of national accounts had to be integrated into the GFS Model. These items do not appear as such in the government units' financial reporting. If they affected the operating statement and transactions in non-financial assets, the series were integrated into the GFS Model with no impact on the balance. The items are as follows:

- *Over- and under-compensation* of VAT paid by farmers or foresters on purchases. Under-compensation is recognized as "Other taxes on production" and over-compensation as "Other subsidies on production".
- *Imputed social contributions* (continued wage payments by employers in cases of illness).

- *Financial intermediation services indirectly measured* (FISIM).
- *Net premiums for non-life insurers*, payments of these in the case of claims and the resultant investment income.
- *Investment in research and development* and stocks capitalized using the perpetual inventory method (PIM). They are a subset of other fixed assets.
- *Investment in weapon systems* and stocks capitalized using the perpetual inventory method. They are a subset of other fixed assets.
- *Claims of pension funds* on pension managers (liabilities of government units toward public-sector pension funds).

The time series concerned are integrated into the GFS Model with no impact on the balance. The "consumption of fixed capital" from the Swiss system of national accounts is also taken and integrated directly into the GFS Model for all general government sub-sectors because the historical accounting data of the government units does not meet the macroeconomic requirements.

52 International standards for financial statistics and accounting

The Government Finance Statistics Manual (GFSM 2014) of the International Monetary Fund (IMF) forms the foundation for financial statistics in accordance with international guidelines.

Both the IMF's current Government Finance Statistics Manual (GFSM 2014) and the European System of Accounts (ESA 2010) are based on the UN's current System of National Accounts (SNA 2008), which is the reference work for economic and financial statistics. There is thus a high degree of compatibility between the GFSM 2014 and the ESA 2010.

The financial statistics are based on the financial accounting of the government units and the institutions under their control (corporations, institutions, separate accounts, funds, etc.). The GFSM 2014 forms the methodological foundation for the international GFS Model. Like with the International Public Sector Accounting Standards (IPSAS), the principles of accrual accounting and the "true and fair view" principle also apply for financial reporting on government units in accordance with the GFSM 2014. However, whereas the IPSAS focus more on the business or individual economic units (i.e. management orientation and control), the GFSM, as a standard for summary statistics, emphasizes the macroeconomic view and the international comparability of the general government sector. Fundamentally, they share the same requirements and the same objective: to present an understandable and transparent picture of the government's revenue, financing and asset situation. The GFSM can thus be combined with the Confederation's accounting model (NAM) and with the Harmonized Accounting Model for the Cantons and Municipalities (HAM2), which are also fundamentally based on the IPSAS. Drawing from this institutional environment, the tasks of the Swiss financial statistics can be described as follows:

1. Consolidated and harmonized financial reporting of the Confederation, cantons, municipalities and social security funds on the basis of the accounting models of the Confederation (NAM), the cantons and the municipalities (HAM2) with the objective of national comparability
2. Production and reporting of internationally comparable statistics on Switzerland's public finances in accordance with the GFSM 2014

These tasks are carried out using two Swiss financial statistics models:

1. FS Model: Data collection, compilation, processing, evaluation, reporting and analysis on the basis of the HAM2 and the NAM
2. GFS Model: Data processing, evaluation, reporting and analysis on the basis of the GFSM 2014 issued by the IMF

Comments on Switzerland's financing statement (system of national accounts/SNB):

Switzerland's financing statement is published by the Swiss National Bank (SNB). It contains the financial assets and liabilities as per the 2010 version of the European System of Accounts (ESA 2010). The FFA's national government finance statistics were completely overhauled in 2015 and include not only data based on the national accounting model, but now also data based on the IMF's Government Finance Statistics Manual (GFSM 2014). The GFSM 2014 is largely consistent with the ESA 2010, which provides the methodological basis for the financing statement and the non-financial part of the system of national accounts. This consistency makes it possible to eliminate the differences between the FFA statistics and the financing statement. The harmonization of the general government sector's data in the financing statement and the FFA statistics has been completed to a large extent.

53 Models

The so-called FS Model is used to facilitate comparisons of the government units. By contrast, the data of the GFS Model is used to facilitate international comparisons and allow for data deliveries to the International Monetary Fund.

531 The FS Model

In essence, the FS Model is based on the Harmonized Accounting Model for the Cantons and Municipalities (HAM2), although its classification system is more streamlined than the HAM2 chart of accounts for the needs of financial statistics. The latter was supplemented with accounts for unallocated positions from the HAM1 and Confederation-specific items from the accounting model of the Confederation (NAM).

The FS Model serves as a basis for data collection and processing. In an initial stage, all financial data of the government units is scanned or manually entered into the FS Model. This is the model in which statistical operations (sectoring, harmonization and consolidation) are undertaken for the various levels of government. The FS Model forms the basis for the reporting of Switzerland's public finances.

Statement of financial performance

The statement of financial performance shows the balance between the value increase (revenue) and the consumption or use of resources (expenses) during a given accounting period. In addition to the current expenditure and receipts with financing effect, resulting in a direct inflow or outflow of funds, the statement of financial performance also includes transactions with no financing effect, such as depreciation and value adjustments.

The statement of financial performance is presented in two stages: the first stage shows the ordinary result, the second stage the extraordinary result. The ordinary result can be subdivided into the operating result and the financial result. The operating result comprises revenue and expenses occurring as a result of the performance of public tasks. The financial result consists of interest receivable and payable as well as the revenue and expenses associated with managing non-administrative assets. Revenue and expenses are classified as extraordinary if they could not have been foreseen and they are beyond the scope of influence and control and do not fall under operations.

Financing statement

The financing statement shows the extent to which a government unit's expenditure is financed with corresponding receipts from the same accounting period. Investment expenditure and receipts form part of the financing statement and are summarized in the statement of investments. The balance of the statement of investments is termed net investments in the tables. A negative balance in the statement of investments (an overhang of investment expenditure) has the character of an investment, whereas a positive balance is to be equated with divestment. The financing statement forms the main steering instrument for the overall steering of fiscal policy. For administrative and operational management, however, the performance approach is used, like in the private sector.

Statement of financial position

The statement of financial position gives an overview of the asset and capital structure. Following standard practice in government units, assets are divided into non-administrative and administrative assets for credit-granting reasons. Non-administrative assets encompass those assets that can be sold without any effect on the performance of public tasks. Administrative assets are earmarked for the direct performance of tasks or a purpose specified by public law. Liabilities are broken down into debt and equity, whereby an accumulated deficit is posted as negative equity.

Gross debt

Based on the Harmonized Accounting Model for the Cantons and Municipalities (HAM2), gross debt is defined as the sum of current liabilities, short-term and long-term financial liabilities and liabilities toward government units less investment contributions posted as liabilities and less derivative financial instruments posted under these items. This definition has changed since the one in the original handbook on accounting for government units (HAM1). Moreover, it is compatible with the EU's concept of Maastricht debt.

Financial ratios

Primarily the following financial ratios are used for assessing the financial situation of the government units.

Financial ratios

Indicator	Definition	Significance	Benchmark	
Net indebtedness ratio	<p><i>Net debt I</i> in % of tax revenue; Liabilities</p> <ul style="list-style-type: none"> – Investment contributions posted as liabilities – Non-administrative assets <p>= <i>Net debt I</i></p>	Proportion of tax revenue required to reduce net debt	<p>< 100% good</p> <p>100–150% sufficient</p> <p>> 150% poor</p>	
Self-financing ratio	<p><i>Self-financing</i> in % of net investments;</p> <p>Surplus/deficit</p> <ul style="list-style-type: none"> + Depreciation of administrative assets (AA) + Value adjustments on loans, AA + Value adjustments on financial interests, AA + Depreciation of investment contributions – Dissolution of investment contributions posted as liabilities – Revaluations, AA + Net expense for funds and special financing – Withdrawals from funds and special financing + Additional depreciation + Additional depreciation on transfers – Additional dissolution of investment contributions posted as liabilities + Net expense for net assets/equity – Withdrawals from net assets/equity <p>= <i>Self-financing</i>;</p> <ul style="list-style-type: none"> + Tangible fixed assets + Investments on behalf of third parties + Investments, intangible fixed assets + Loans and financial interests n.e.c. + Loans + Financial interests and share capital + Own investment contributions (shown under investment contributions in FS Model) + Investment contributions (own and transitory) + Extraordinary investment expenditure <p>= <i>Gross investment</i>;</p> <ul style="list-style-type: none"> – Transfer of tangible fixed assets to non-administrative assets – Reimbursements – Disposal of intangible fixed assets – Repayment of loans and financial interests n.e.c. – Repayment of loans – Transfer of financial interests – Repayment of own investment contributions (shown under repayment of investment contributions in FS Model) – Repayment of investment contributions (own and transitory) – Extraordinary investment receipts <p>= <i>Investment receipts</i>;</p> <p>Gross investment</p> <ul style="list-style-type: none"> – Investment receipts <p>= <i>Net investments</i></p>	Proportion of net investments that can be financed with own funds	<p>Depending on the economic situation:</p> <p>> 100% Boom</p> <p>80–100% Normal</p> <p>50–80% Downturn</p> <p>Medium-term average around 100%</p>	

Indicator	Definition	Significance	Benchmark	
Interest burden ratio	<i>Net interest expense in % of current revenue;</i> + Interest expense – Interest income = <i>Net interest expense</i> + Tax revenue + Royalties and concessions + Revenue from exchange transactions + Miscellaneous revenue + Financial revenue + Withdrawals from funds and special financing + Transfers, revenue + Extraordinary revenue + Withdrawals from restatement reserve + Additional dissolution of investment contributions posted as liabilities (not in FS Model) – Withdrawals from net assets/equity = <i>Current revenue</i>	Proportion of “disposable income” linked to the payment of interest	0–4% 4–9% > 9%	good sufficient poor
Proportion of gross debt	<i>Gross debt in % of current revenue;</i> + Current liabilities + Short-term financial liabilities + Long-term financial liabilities + Liabilities toward government units – Derivative financial instruments – Investment contributions posted as liabilities = <i>Gross debt</i>	Assesses the debt situation and explores whether the proportion of debt is reasonable relative to the revenue generated	< 50% 50–100% 100–150% 150–200% > 200%	very good good average poor critical
Proportion of investment	<i>Gross investment in % of total expenditure;</i> + Personnel expenditure + General, administrative and operating expenditure + Defense expenditure + Transfer expenditure + Extraordinary expenditure = <i>Current expenditure</i> Current expenditure + Gross investment (see self-financing ratio for calculation) = <i>Total expenditure</i>	Shows activity in terms of investments	< 10% 10–20% 20–30% > 30%	weak investing activity average investing activity strong investing activity very strong investing activity
Proportion of debt servicing	<i>Debt servicing in % of current revenue;</i> + Depreciation, administrative assets + Interest expense + Value adjustments on loans, AA + Value adjustments on financial interests, AA + Depreciation of investment contributions – Interest income – Dissolution of investment contributions posted as liabilities = <i>Debt servicing</i>	Measures the burden placed on budgets by costs of capital. The indicator provides information on how heavy a burden is placed on current revenue by public debt transactions and depreciation (= debt servicing). A high proportion indicates declining financial leeway.	< 5% 5–15% > 15%	low burden sustainable burden high burden
Proportion of self-financing	<i>Self-financing in % of current revenue</i>	Shows the proportion of government units’ revenue that can be used to finance their investments	> 20% 10–20% < 10%	good average poor

532 The GFS Model

To facilitate international comparisons of government finances and allow for data deliveries to the International Monetary Fund (IMF), the financial statistics are also compiled according to the GFS Model. This is based on the IMF's Government Finance Statistics Manual 2014 (GFSM 2014), with some minor adjustments made to reflect Swiss circumstances. Like the International Public Sector Accounting Standards (IPSAS), the GFSM 2014 is a standard for the financial reporting of government units. Unlike the IPSAS, which focus more on the individual business or economic units (i.e. management orientation and control), the GFSM 2014, as a standard for summary statistics, emphasizes the macroeconomic view and international comparability.

The accounting data of the Confederation (parent entity and separate accounts) and of the individual social security funds is entered directly in the GFS Model, but that of the cantons and municipalities is taken from the FS Model and mapped automatically. In order for the data to satisfy the quality requirements and guidelines of the GFSM 2014 (as well as the ESA 2010), certain statistical GFS operations are necessary. These GFS operations are performed using external information sources and/or based on an economic evaluation of business transactions that corresponds to the GFSM 2014 standard. The GFS operations

are carried out only at the higher aggregate levels, i.e. the "Confederation", "cantons", "municipalities" and "social security funds" sub-sectors. The data is then available for evaluation and reporting purposes.

In principle, the GFS Model – like the FS Model – posts all transactions and indicators on an accrual basis. Nonetheless, there are also some differences compared with the accounting models of the Confederation, the cantons and municipalities and the social security funds. The term "balance sheet" is used in the GFS Model instead of the term "statement of financial position". The concepts of revenue and expense are more narrowly defined than in the FS Model. Moreover, the GFS Model does not involve any breakdown into ordinary and extraordinary results. Instead, a distinction is made between transactions and other economic flows. While the net operating balance and net lending/borrowing are derived from transactions and can be controlled by fiscal policy, unanticipated events and changes in the value of stocks are considered other economic flows. These are beyond policy control. The following illustrations show how the GFS model is classified and structured.

In order to understand the interrelationships between the components shown in the "Model structure with the GFS Model", the figure should be read from top to bottom.

Figure 19: Classification in accordance with the GFSM 2014

Classification	Heading	Code
Balance sheet	Non-financial assets	61
	Financial assets	62
	Liabilities	63
	Net worth	69
Transactions	Revenue	1
	Expense	2
	in non-financial assets	31
	Acquisitions	31.1
	Disposals	31.2
	Consumption of fixed capital	31.3
	in financial assets	32
	in liabilities	33
Other economic flows	in non-financial assets	91
	in financial assets	92
	in liabilities	93

Figure 20: Model structure with the GFS Model

Stocks at beginning	Flows		Stocks at end
Balance sheet	Transactions	Other economic flows	Balance sheet
	1 Revenue		
	-		
	2 Expense		
	=		
69 Net worth	Net operating balance	Balance of other economic flows	69 Net worth
=	=	=	=
61 Non-financial assets	31 Net acquisition of non-financial assets	91 Net flows of non-financial assets	61 Non-financial assets
+	+	+	+
Net financial assets	Net lending/borrowing	Change in net financial assets from other economic flows	Net financial assets
=	=	=	=
62 Financial assets	32 Net acquisition of financial assets	92 Net flows of financial assets	62 Financial assets
-	-	-	-
63 Liabilities	33 Net incurrence of liabilities	93 Net flows of liabilities	63 Liabilities

Balance sheet

The GFS Model does not make any distinction between non-administrative and administrative assets, and instead breaks assets down into non-financial and financial assets. Non-financial assets comprise fixed assets, inventories, valuables and nonproduced assets such as land and natural resources. However, loans and securities are fully recorded under financial assets even if they are classified as non-administrative or administrative assets in the general government financial statements. In principle, liabilities correspond to debt capital, with possibly a different definition for certain items. In general, both assets and liabilities are to be recorded in accordance with the principle of a true and fair view. This means, for instance, that market values are given for the financial assets and liabilities in negotiable stocks.

Net worth

Instead of net assets/equity, the GFS Model shows net worth. This is the sum of financial and non-financial assets less liabilities. Net worth roughly corresponds to net assets/equity in the case of government units.

Debt

The gross debt position for the general government sector in the GFS Model comprises all liabilities less financial derivatives. Compared with the gross debt recorded in the FS Model, which is calculated with reference to the Maastricht criteria, the main difference lies in the fact that practically all debt is included. The Maastricht definition of government debt is thus narrower. Furthermore, negotiable liabilities are posted at market values in the GFS Model.

Transactions

Transactions are itemized and reported separately in accordance with the GFSM 2014. A distinction is made between non-financial and financial transactions. The former refer to the operating statement and transactions in non-financial assets, and the latter to financial assets and liabilities. With the Swiss GFS Model, however, only non-financial transactions can be itemized, as the corresponding data for financial transactions cannot be determined from the individual financial statements of the Confederation, the cantons, the municipalities and the social security funds. They are thus calculated as a whole based on the changes in the balance sheet.

Transactions in non-financial assets

Transactions in non-financial assets are shown in the GFS Model instead of a statement of investments (FS Model). However, as the name suggests, these include only transactions in non-financial assets. The result is the net acquisition of non-financial assets. This includes the acquisition less disposal of non-financial assets, less the consumption of fixed capital¹. This consumption of fixed capital corresponds only to planned depreciation in the FS Model. Unplanned depreciation under the FS Model is recognized as other economic flows in the GFS Model. In contrast, additional depreciation under the FS Model is not taken into consideration.

Figure 21: Net acquisition of non-financial assets

Net acquisition of non-financial assets

+	Acquisition of non-financial assets
–	Disposal of non-financial assets
–	Consumption of fixed capital

Investment contributions

In the GFS Model, investment contributions are recorded in the operating statement as “investment grants” (capital transfers). However, they are not capitalized in the balance sheet. The main differences here are with the cantons and municipalities, where the FS Model posts investment contributions to the statement of financial position and depreciates them. The Confederation depreciates investment contributions in the FS Model straight away. As investment contributions from the FS Model’s statement of financial position are not included in the GFS Model, the associated depreciation is not taken into account in the GFS Model’s transactions in non-financial assets.

Other economic flows

The GFS Model classifies business transactions as either operating transactions or other economic flows. While the former are part of the statement of government operations, can be controlled by fiscal policy and show the net lending/borrowing which is relevant for fiscal policy analyses, other economic flows are booked separately. These flows which cannot be controlled by fiscal policy include changes in carrying amounts or market values (“holding gains or losses”) and exceptional/unexpected additions to or deletions from balance sheet items, e.g. gifts, impairments as a result of environmental disasters, etc.

Net operating balance and net lending/borrowing

The net operating balance is defined as revenue less expense. When the net acquisition of non-financial assets is subtracted from the net operating balance, what results is net lending/borrowing. Net lending/borrowing can also be calculated using financial transactions in financial assets and liabilities. In the Swiss GFS Model, however, these can only be determined indirectly via the changes in the corresponding asset items.

Government expenditure

Government expenditure is the sum of expense and net acquisition of non-financial assets. As the consumption of fixed capital has a plus in expense and a minus in net acquisition of non-financial assets, government expenditure does not contain the consumption of fixed capital. Government expenditure in the GFS Model tends to be lower than in the FS Model. This is explained by the fact that there are a number of items that belong to expenditure in the FS Model which are allocated to financial transactions in financial assets and liabilities or other economic flows in the GFS Model.

Figure 22: Government expenditure

Government expenditure

+	Expense
+	Net acquisition of non-financial assets

The nomenclature for government expenditure by function, the “Classification of the Functions of Government” (COFOG), is published by the United Nations Statistical Division. COFOG is used for structuring government expense and the net acquisition of non-financial assets. The COFOG classification has three levels of detail: divisions, groups and classes. The divisions may be defined as the broad objectives of government. It should be borne in mind, however, that the ten COFOG divisions of “General public services”, “Defense”, “Public order and safety”, “Economic affairs”, “Environmental protection”, “Housing and community amenities”, “Health”, “Recreation, culture and religion”, “Education” and “Social protection” are not identical to the classification of the task areas in the FS Model. The task area “Finances and taxes” under the FS Model, for example, is fully mapped to the COFOG division “General public services”.

523 Nomenclatures

For producing financial statistics, all variants of the financial statistics models require an economic classification of the chart of accounts and a functional classification of the government’s task areas. The economic classification reflects the economic stocks and flows while, in the functional classification, the flows that form government receipts and expenditure are allocated to a task area. The nomenclatures of the models are published on the website of the Federal Finance Administration².

¹ The term “consumption of fixed capital” is used in the GFS Model instead of the term “depreciation”.

² See downloads under www.efv.admin.ch > Topics > Financial statistics > Reporting

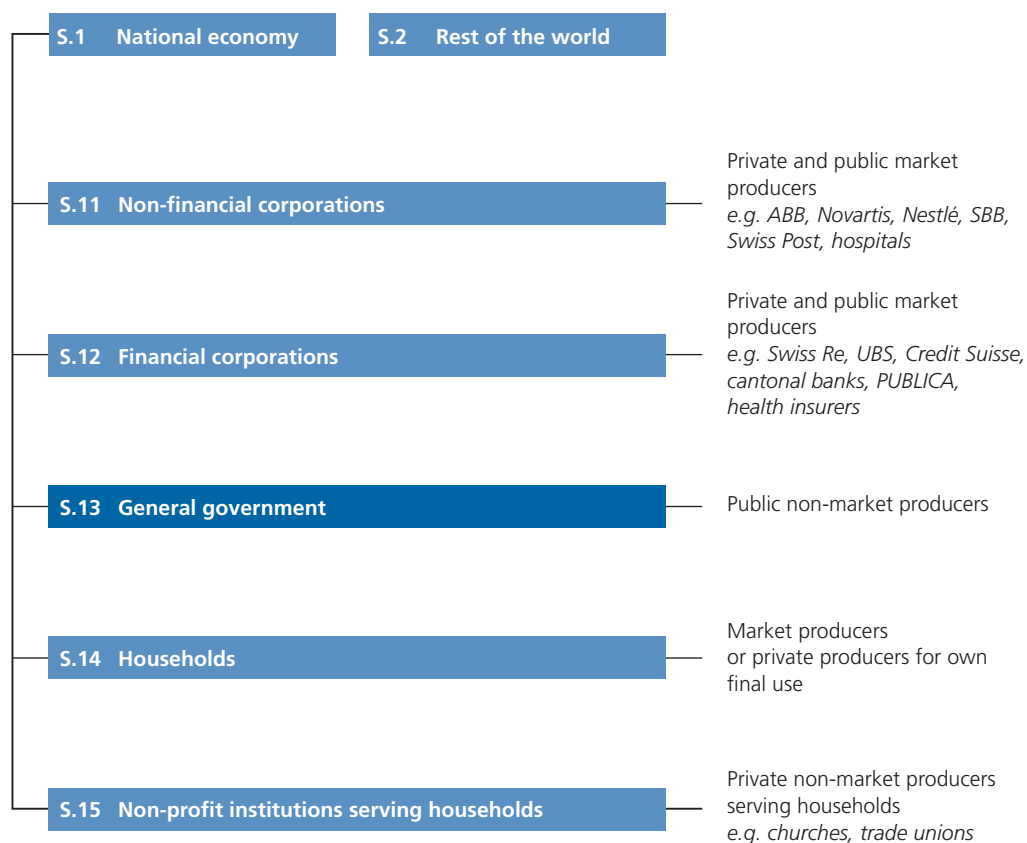
54 Sectoring

The system of national accounts allocates economic units to so-called institutional sectors. This allocation takes place according to a specific decision tree, whereby the process is referred to as sectoring. The general government sector comprises all institutional units classified as public non-market producers whose output is intended for consumption, which primarily finance themselves through compulsory payments (taxes and other levies) made by units belonging to other sectors, and/or which are engaged in the redistribution of national income and wealth.

In order to facilitate international comparisons, it is essential to adopt international standards. This is particularly true of the question of the allocation of economic units to sectors. With the reform under the second series of bilateral negotiations, the Financial Statistics Section adjusted the survey population

in line with the sectoring guidelines of the European System of Accounts (ESA). The classification of the institutional sectors in accordance with the ESA 2010 is shown in the “Institutional sectors” figure.

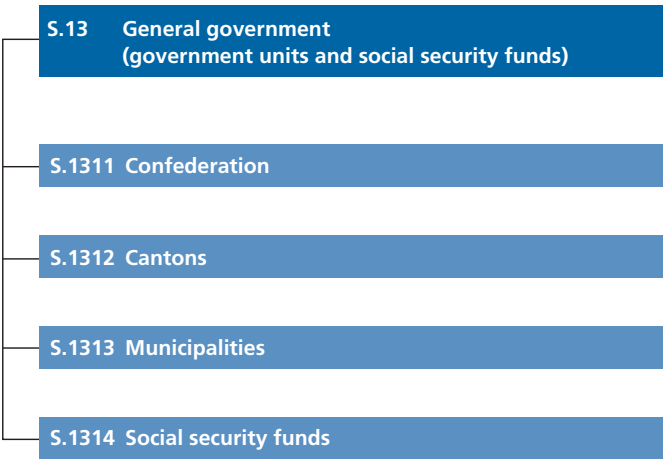
Figure 23: Institutional sectors



The figure shows that government activities can be assigned to different sectors. For example, public market producers – these are generally public corporations – do not belong to the general government but to non-financial corporations or financial corporations. Therefore, to determine the boundaries for financial

statistics, it is important to ask whether a unit can be classified as a market producer or a non-market producer. The breakdown of the general government sector can be seen in the “General government sub-sectors” figure.

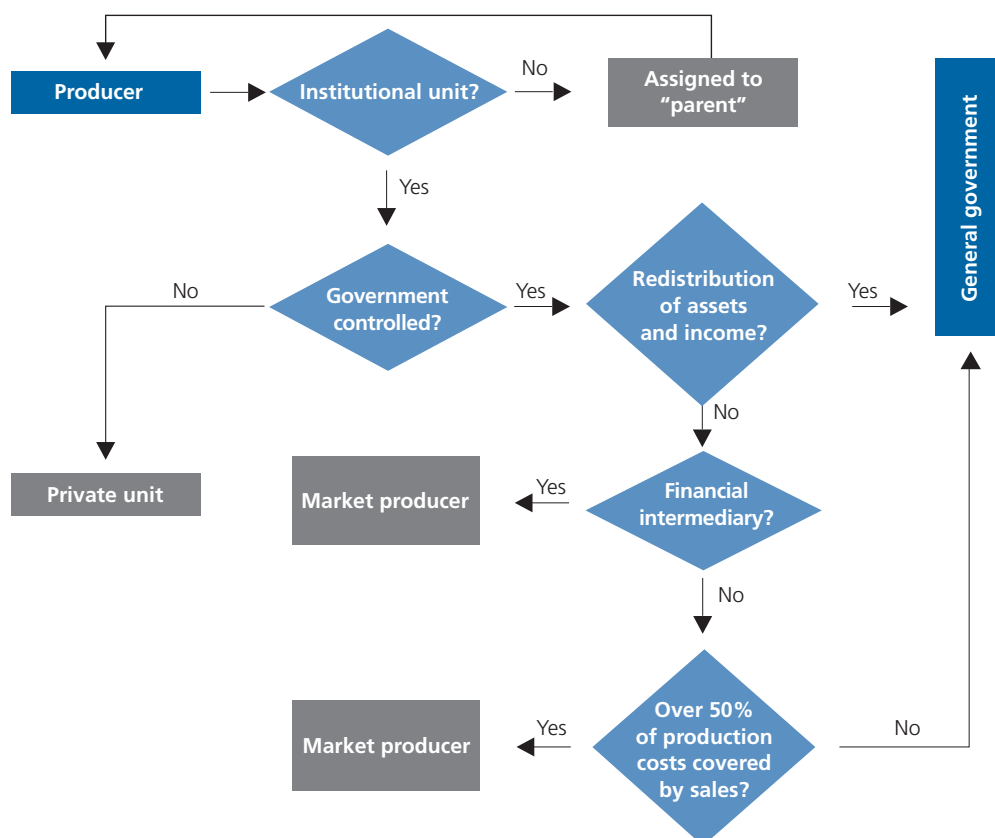
Figure 24: General government sub-sectors



The general government institutional sector is divided into four sub-sectors: the first three follow the federal structure of the state itself; the fourth sub-sector covers social security funds.

Allocation to a particular sector generally depends on the type of activity and on who controls the unit. In principle, sectoring is undertaken in line with the “Decision tree for allocation to the general government sector” figure.

Figure 25: Decision tree for allocation to the general government sector



An economic unit is allocated to the general government if:

- (I) it is an institutional unit and also
 - (II) is government-controlled and either
 - (III) its main function is the redistribution of income and assets
- or
- (IV) its main function is not as a financial intermediary and
 - (V) it does not deliver its goods and services at economically significant prices.

The first step is to decide whether the transactions to be recorded are economic activities of a separate institutional unit. In practice, the existence of a separate set of accounts in particular is of vital importance in financial statistics. A unit will be withdrawn from or included in the parent only if it has or can compile at least a balance sheet and operating account, and preferably also a statement of investments. Furthermore, the issue of business independence is significant. Business independence can be said to exist if the activities in question are performed not within the administration but in the context of a separate operational organization and a separate management board.

The second criterion concerns government control. This can refer to the ability to determine the general strategy and business policy of that unit, for example. This is the case if the government owns more than 50% of the voting rights in the company, or exercises de facto control by virtue of a law, ordinance or special status to define the corporate policy and/or appoint company management. In the last case, one of the deciding factors in practice is whether the unit's corporate policy is so heavily influenced by the government that its financial performance can be largely controlled by the government.

Basically, all public units have a redistribution function in accordance with the third criterion if services are provided free of charge and/or are financed by compulsory payments for which the amount and basis of assessment bear no relation to the cost

of the individual services used. These are typically services financed by direct or indirect taxes or other deductions, including for example income-dependent social security contributions for old-age and survivors' insurance, disability insurance, compensation for loss of earnings and unemployment insurance. The relevant state benefits should be distinguished from benefits that are partially or fully financed by fees, where the amount of the individual fees paid depends on the individually used state benefits, i.e. there is no redistribution involved.

Government-controlled institutional units whose main function involves financial intermediation (criterion IV) are classified as public market producers and as such do not belong to the general government. These units are commercial banks, savings banks and other asset management institutions, insurance corporations, including health insurers, or pension funds.

The last criterion (V) basically seeks to determine whether or not a unit's output is produced for the market. According to the ESA 2010, a producer is a market producer if it sells its goods and/or services at economically significant prices. A price is said to be economically significant if it has a significant influence on supply and demand. However, this theoretical and relatively abstract rule is difficult to implement in practice. A market producer is therefore a unit that covers at least 50% of its production costs with the proceeds of its sales or fees and charges over a sustained multi-year period.

55 Consolidation

Consolidation is the combination of the financial statements of individual government units to form consolidated financial statements.

In the consolidated results, transfers between the units to be consolidated are eliminated. For instance, if the municipalities of a canton are posted as one unit, all transfers between these municipalities are deducted. This ensures that the consolidated expense and revenue, or consolidated expenditure and receipts, are not overstated by the value of these “internal” transfers (i.e. double entries).

As the accounts of the individual sub-sectors and government units are not uniform and standardized, transactions are often booked differently. The transfers of the individual government

units are thus processed when preparing the financial statistics in order to ensure the greatest possible consistency between transfers payable and transfers receivable. Consolidation rules have been defined for this purpose (cf. figure entitled “Consolidation rules for financial statistics”). However, this principle need not be observed in certain cases where this makes sense in the interests of obtaining good quality statistics. Unadjusted transfers result in what are known as statistical differences. Such cases occur particularly with the data imported from the legacy financial statistics from 1990 to 2007.

Figure 26: Consolidation rules for financial statistics

Transfers	Consolidation rule
Municipalities – municipalities	Basis for consolidation: Receipts Correction and equalization: Expenditure
Cantons – municipalities / Municipalities – cantons	Basis for consolidation: Data from the canton Correction and equalization: Municipalities
Cantons – cantons	Basis for consolidation: Receipts Correction and equalization: Expenditure Exception: In the cantons’ horizontal fiscal equalization, the cantonal data is adapted to the accrual-based values in accordance with the ordinance per accounting year
Social security funds – social security funds	Basis for consolidation: Receipts Correction and equalization: Expenditure
Confederation – cantons / Confederation – municipalities	Basis for consolidation: Confederation Correction and equalization: Cantons and municipalities
Confederation – social security funds	Basis for consolidation: Confederation Correction and equalization: Social security funds
Cantons – social security funds	Basis for consolidation: Social security funds Correction and equalization: Cantons
Municipalities – social security funds	Basis for consolidation: Social security funds Correction and equalization: Municipalities

Term	Definition
Administrative assets	Administrative assets in the FS Model are those assets that are directly used in the performance of public tasks and which cannot be sold without having an impact on such tasks.
Assets	Assets form part of the balance sheet/statement of financial position and indicate how resources have been used. The order of the individual items on the assets side mostly corresponds to their liquidity. In the FS Model, assets are broken down into non-administrative and administrative assets. The GFS Model distinguishes between non-financial and financial assets.
Balance sheet (GFS Model)	The balance sheet informs about the use of funds (assets) and the source of funds (liabilities) at a specific point in time. Corresponds to the statement of financial position in the FS Model.
Consolidation	Consolidation is the combination and adjustment of individual financial statements of several entities to form what are known as consolidated financial statements. For consolidated results, transfers between entities to be consolidated are eliminated. This ensures that the consolidated expenditure and receipts are not overstated by the value of these "internal" transfers (double entries).
Consumption of fixed capital	Planned depreciation in the GFS Model is the consumption of fixed capital over a specific period as a result of wear and tear, i.e. at the end of the fixed asset's service life. However, there is no consumption of fixed capital in the case of inventories, valuables and nonproduced assets. The FS Model also includes unplanned (and any additional) forms of depreciation.
Debt	In general, debt comprises payment obligations that are a legal requirement.
Debt ratio	The debt ratio shows the relationship between the gross debt of the government units and nominal GDP. It is calculated with reference to the EU's Maastricht criteria.
Deficit/surplus ratio	The deficit/surplus ratio for the general government corresponds to net lending/borrowing in the GFS Model as a percentage of GDP.
Expenditure	Expenditure is defined as the use of non-administrative assets (FS Model) or financial assets (GFS Model) to fulfill a public task. It requires a legal framework and a credit.
Expense	Expense is a monetary valuation of the goods and services used or consumed during a given accounting period. The GFS Model includes the consumption of fixed capital (planned economic depreciation) in addition to expenditure with financing effect. The FS Model also includes unplanned depreciation and value adjustments as well as other processes with no financing effect, such as net expense for special financing.
Financial result	The financial result in the FS Model comprises financial revenue less financial expense.
Financial statistics	Financial statistics are summary statistics that place on a comparable basis the statements of the income, financing and asset situation of government units (the Confederation, cantons, municipalities and social security funds) as well as the structure of their tasks, classified by task area. They serve as a basis for deriving macroeconomic indicators such as the general government expenditure ratio, deficit/surplus ratio, tax-to-GDP ratio and debt ratio.
Financing statement	The financing statement is used to calculate the entire financing requirements, which result from the difference between expenditure and receipts. It thus discloses all payment transactions for an accounting year resulting from the performance of tasks.
General government expenditure ratio	In the GFS Model, the general government expenditure ratio denotes total government expenditure as a percentage of GDP.
Government expenditure	Government expenditure in the GFS Model results from the sum of expense and net acquisition of non-financial assets of the general government.
Gross debt	Based on the Harmonized Accounting Model for the Cantons and Municipalities (HAM2), gross debt is defined as the sum of current liabilities, short-term and long-term financial liabilities and liabilities toward government units less derivative financial instruments and less investment contributions posted as liabilities.
Gross debt ratio	The gross debt ratio equals the gross debt in the GFS Model (excluding financial derivatives) as a percentage of GDP. It corresponds to the ratio of gross debt with reference to the definition of the International Monetary Fund (IMF).
Interest burden ratio	The interest burden ratio in the FS Model indicates what proportion of current revenue is linked to the payment of interest.
Liabilities and equity	Liabilities are on the right-hand side of the balance sheet/statement of financial position. They indicate how funds are procured and are divided into debt and net assets/equity.
Net acquisition of non-financial assets	The net acquisition of non-financial assets in the GFS Model corresponds to the acquisition less disposal of non-financial assets, less the consumption of fixed capital.

Term	Definition
Net assets/equity	Net assets/equity in the FS Model is the difference between assets and liabilities.
Net debt I	Net debt I is calculated in the FS Model as liabilities minus investment contributions posted as liabilities minus non-administrative assets. This variable is used to determine the debt or assets of a public body. It shows, among other things, how sensitive a public body is to interest rate fluctuations.
Net indebtedness ratio	The net indebtedness ratio in the FS Model shows which proportion or how many annual installments of tax revenue are needed to pay off the net debt.
Net lending/net borrowing	Net lending/borrowing in the GFS Model corresponds to the net operating balance less the net acquisition of non-financial assets. Net lending/borrowing is also equal to the net result of transactions in financial assets and liabilities. In the Swiss GFS Model, however, these can only be determined indirectly via the changes in the corresponding balance sheet items. In macroeconomic terms, this is the difference between government receipts and government expenditure.
Non-administrative assets	Non-administrative assets in the FS Model encompass those assets that can be sold without any effect on the performance of public tasks.
Operating result	The operating result corresponds in the FS Model to the net operating balance.
Ordinary result	The ordinary result in the FS Model is the difference between ordinary revenue and ordinary expense. This equals the sum of the operating activity result and the overall fiscal balance.
Receipts	Receipts are third-party payments that add to non-financial or financial assets.
Revenue	Revenue is the entire increase in value during a given period. In the GFS Model, this is the same as receipts.
Revenue from exchange transactions	Revenue from goods and services furnished by a government unit to a third party; also includes exemption taxes, revenue from fines and reimbursements from private individuals.
Sectoring	The system of national accounts and financial statistics subdivide economic decision-makers into "institutional sectors". This delimitation is known as sectoring.
Self-financing	Self-financing is an indicator used in the FS Model. It is defined as the surplus/deficit plus the depreciation of administrative assets and investment contributions, additional depreciation, net expense for funds and special financing in net assets/equity minus the increase in value of administrative assets and withdrawals from funds and special financing in net assets/equity. The self-financing ratio indicates what proportion of its net investments a government unit can finance with funds generated by itself.
Statement of financial performance	The statement of financial performance shows the value erosion (expenses) and value increase (revenue) during a given accounting period. The statement of financial performance result, or surplus/deficit, known in the GFS Model as the net operating balance, shows the change in net assets/equity (FS Model) or net worth (GFS Model).
Statement of financial position (FS Model)	The statement of financial position informs about the use of funds (assets) and the source of funds (liabilities) at a specific point in time. Corresponds to the balance sheet in the GFS Model.
Tax revenue	Tax revenue is comprised of various taxes and other duties, in particular social security contributions, that are levied by the government units.
Tax-to-GDP ratio	The tax-to-GDP ratio equals the tax revenue of the general government as a percentage of nominal GDP in accordance with the GFS Model and is also in line with the guidelines of the Organisation for Economic Co-operation and Development (OECD) for revenue statistics.
Transactions in non-financial assets	Transactions in non-financial assets (GFS Model) show the acquisition and disposal of non-financial assets from operating activities. This covers the acquisition and disposal of non-financial assets as well as the consumption of fixed capital (buildings, structures, equipment as well as substantial investments in land and natural resources).
Transfers	Transfers between the government units of the general government are made in the FS Model in the form of contributions and compensation.

FSO Publications

The Federal Statistical Office (FSO) is the central and official purveyor of statistical information to the Swiss government. It is officially mandated to supply this information to a wide range of users.

This statistical data is organised and disseminated on the basis of a subject matter classification (see inside coverpage).

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Switzerland's financial statistics for 2014

The Federal Finance Administration (FFA) prepares statistics on the government units and social security funds (financial statistics). The FFA is thus one of Switzerland's main public producers of statistics, together with the Federal Statistical Office (main supplier of Swiss statistics), the Swiss National Bank (bank, financial market and balance of payments statistics) as well as other federal agencies (special statistics) and the statistics offices of the cantons and various cities and towns. The aim of financial statistics is to present a transparent picture of the revenue, financial and asset situation of Switzerland's general government sector.

Financial statistics provide the following services:

1. Consolidated and harmonised financial reporting of the Confederation, cantons, municipalities and social security funds on the basis of the accounting models of the Confederation and of the cantons (NAM, HAM2, etc.) with the objective of national comparability.
2. Production and reporting of internationally comparable statistics on Switzerland's public finances in accordance with the International Monetary Fund standards (GFSM 2014).
3. Preparation of data on public finances as a basis for drawing up Switzerland's system of national accounts by the Federal Statistical Office.
4. Specific evaluations and analyses of public finances and the national economy for the attention of the FFA and the Federal Department of Finance.

The Financial Statistics Section of the FFA published data and indicators in accordance with the new financial statistics guidelines of the International Monetary Fund (GFSM 2014) for the first time at the end of September 2015. This also led to adjustments to the data series for the basic statistics.

The accounts of the government units (Confederation, cantons and municipalities) as well as public social security funds are consistently ascertained in accordance with the sectoring criteria of the European System of Integrated Economic Accounts. In addition, two models (FS and GFS) are used for entering, processing and assessing financial statistics.

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