

**DEVELOPMENT OF A MEASURE TO EVALUATE THE DISTRIBUTIVE CAPACITY OF THE
GOVERNMENT: FREE CASH FLOW OF THE SOCIETY (FCFS)**

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ABSTRACT

The concept of Free Cash Flow's Shareholder initially developed to meet the needs of shareholders to monitor the tradeoff between resource allocation and capacity for reinvestment, can be adapted to address the society's need to monitor the relationship between income distribution policies and investment in infrastructure. In this context, the objective of this study is to describe how the information from the Brazilian Governmental Accounting (revenue, government spending) can be arranged in the formation of a measure of how much can be returned to citizens by the Government without compromising the ability of investment in infrastructure: Free Cash Flow of the Society (FCFS). The study was prepared by a method embodied in a literature search, in the light of the comparative method of procedure in the manner described. In general, the organization of the information provided by the National Treasury Secretary (FINBRA) allows measurement of FCFS for Brazilian States and Cities. The measurement and, consequently, analysis of the behavior of this measure over time have the potential to assess the impacts of public policies and uses of funds, especially the effect of income distribution in the wealth of society, from the perspective of the Governmental Accounting.

Keywords: *Governmental Accounting; Free Cash Flow of The Society; Costing Expenses*