



# Bacău Municipality



**Quartely financial report**  
as of September 30<sup>th</sup>, 2018

- General overview

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## **Glossary of terms**

## **Disclaimer**

# General overview



## General information

The city of Bacau, also named the “city of Bacovia”, is the seat of the county with the same name, in Moldavia, Romania. It is situated on the Bistrita River, which also has a hydroelectric plant that covers a part of the local energy consumption. The Municipality of Bacau is located in the North – East region of the country, in the Central – West part of Moldavia, at just 9.6 km upstream from the Siret – Bistrita confluence.

From an administrative point of view, it is adjoining with the Hemeius and Saucesti communes, in North, with the Letea Veche commune, in East and with the Luizi – Calugara, Magura and Margineni communes, in South.

The North – East region is a development region of Romania, created in 1998. As the other development regions, it has no administrative competence, its main functions being the coordination of the regional development projects and the absorption of the funds from the European Union.

The region’s economy is based mainly on agriculture (46% out of the total population has the agriculture as main occupation) and on heavy and light industry.(Source: <https://ro.wikipedia.org/>;)

Territorial administration	North - East Region	Bacau County	Bacau City	Infrastructure
Territorial area (km <sup>2</sup> )-YE2014	36,850	6,621	43	<b>European Corridor</b> The region is crossed by the 9th Pan – European Corridor (its railway network), which ties the North of Europe (Helsinki, Sankt Petersburg) to a series of important capitals in the East of Europe, to Romanian and to the Balkan countries, reaching the shores of the Aegean Sea. In the same time, there are projects for the constructions of a “Moldova” highway, which will follow the route of the Siret Corridor and will tie the 9th Pan – European Corridor to the Targu Mures – Iasi highway, near Targu Neamt.
Green areas - municipalities/cities (ha) - YE2015	3,159	789	385	
Public sewerage system (km) - YE2015	3,736	703	213	
<b>Population (July 1<sup>st</sup>, 2017)</b>	<b>3,944,891</b>	<b>744,838</b>	<b>197,314</b>	
Gender distribution				<b>Railway network</b> In what regards the railway network, the region is crossed by the most important railway thoroughfare of Moldavia, the line 500. The CFR Bacau station is in the same time a railway junction, as a result of the detachment of secondary line 609 on the Bacau – Bususi – Piatra Neamt – Bicz route. The railway thoroughfare 500 is included in the European railway network TEN – T.
female	1,963,159	376,433	103,382	
male	1,981,732	368,405	93,932	
Distribution by age categories				
0-19 years	887,385	160,172	36,744	<b>Roads network</b> Regarding the roads network, the Bacau County is crossed by 8 national roads, the most important ones intersecting with the European road E 574.
20-44 years	1,490,134	278,274	76,075	
45-59 years	770,621	153,282	43,595	
60 years and above	796,751	153,110	40,900	
Distribution by environment				<b>Airline network</b> The “George Enescu” Airport in Bacau serves not only the Bacau County, but all the central and south part of Moldavia. The aerodrome exists in Bacau from the first decades of the 20th century.
urban	1,784,562	351,874	197,314	
rural	2,160,329	392,964	-	
<b>Work force (th, YE 2016)</b>				
Civil employment	1,116	197	-	<b>Source:</b> Development strategy of the Bacau County: period of 2014 - 2020;
Average employee number	532	103	59	
Unemployment rate (January 2018)	5.6%	6.7%	-	
<b>National economy</b>				
GDP - Current prices (YE 2015), mil. RON		181,542		<b>th RON</b>
GDP - Current prices (YE 2014), mil. RON		168,181		
GDP variation - YE 2015/YE 2014 (real terms)		3.8%		

Regional economy	N-E Region	Bacau County	Ratios 2017**	Total North-East Region	Municipalities - district capitals					
					Bacau	Botosani	Iasi	Piatra Neamt	Suceava	Vaslui
<b>Turnover of local businesses (mil. RON), out of which:</b>	<b>84,512</b>	<b>16,694</b>								
Manufacturing industry	28.6%	24.9%								
Constructions	8.7%	9.9%								
Commerce	45.1%	50.9%								
Transports and storage	5.5%	3.8%								
Other services	12.1%	10.5%								
<b>Source:</b> <a href="http://www.insse.ro/cms/">http://www.insse.ro/cms/</a> ;										

Ratios 2017**	Total North-East Region	Municipalities - district capitals					
		Bacau	Botosani	Iasi	Piatra Neamt	Suceava	Vaslui
<b>Total revenues</b>	<b>8,978,814</b>	<b>395,710</b>	<b>229,386</b>	<b>796,933</b>	<b>216,393</b>	<b>272,260</b>	<b>143,901</b>
Own revenues	3,145,293	215,258	111,832	505,243	103,512	143,167	63,688
Own revenues % TR	35.0%	54.4%	48.8%	63.4%	47.8%	52.6%	44.3%
Revenues from VAT+Subsidies from state budget+Donations and sponsorships	5,381,924	182,713	117,511	291,298	112,784	126,797	79,963
Revenues from the State Budget %TR	59.9%	46.2%	51.2%	36.6%	52.1%	46.6%	55.6%
Sums received from EU - payments	313,665	-2,260	0	298	0	2,295	-35
Sums received from EU - payments	3.5%	n/a	0.00%	0.0%	0.00%	0.84%	n/a
<b>Total expenditures</b>	<b>8,670,452</b>	<b>398,108</b>	<b>221,576</b>	<b>833,216</b>	<b>219,206</b>	<b>271,990</b>	<b>145,011</b>
Operational expenditures	7,164,495	351,900	204,930	614,810	182,799	237,547	138,366
Operational expenditures %TE	82.6%	88.4%	92.5%	73.8%	83.4%	87.3%	95.4%
Investment expenditures, out of which:	1,296,098	18,207	5,476	173,468	15,534	21,739	5,292
Capital expenditure	1,143,220	11,954	5,445	164,427	15,534	12,553	5,198
Non - refundable external funds	152,878	6,116	31	9,041	0	8,811	95
Financial expenditures*	209,859	28,001	11,170	44,937	20,874	12,704	1,352
Current result (the result of the period)	308,362	-2,397	7,810	-36,283	-2,814	270	-1,110
<b>Capita, as of 01.07.2017</b>	<b>3,944,891</b>	<b>197,314</b>	<b>121,273</b>	<b>371,889</b>	<b>113,783</b>	<b>119,327</b>	<b>109,763</b>

\*) The Financial expenditures comprise Interests, Loans reimbursements and Commissions for Bacau Municipality; for the other municipalities, the Commissions expenditure is included in Operational expenditures

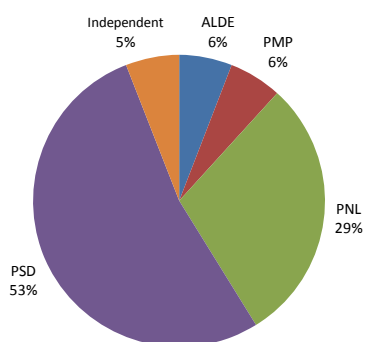
\*\*)data source: <http://www.dpfbl.ndrap.ro>



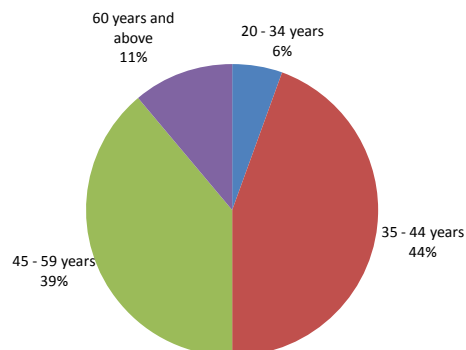
## General overview

The Local Council of the Municipality of Bacau at the September 30<sup>th</sup>, 2018

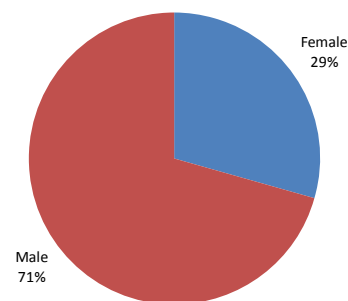
Political structure



Age distribution



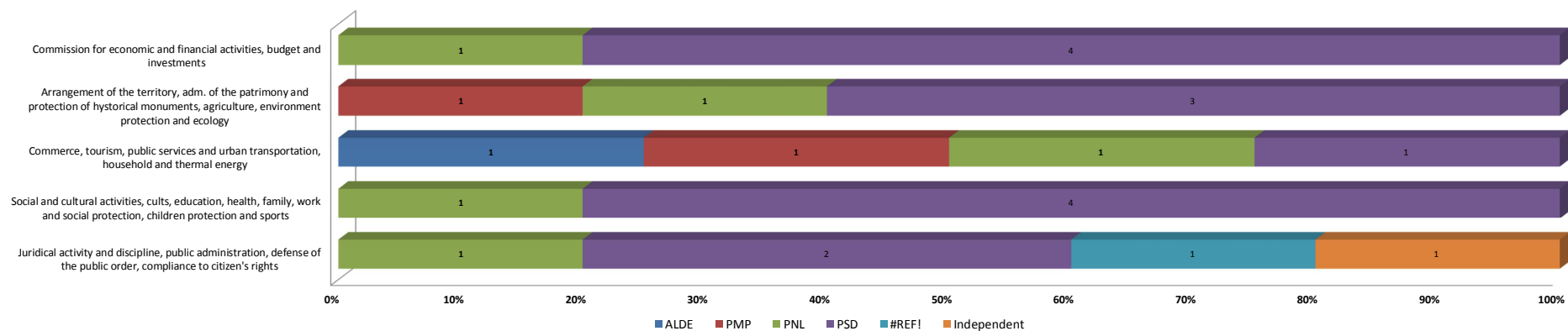
Gender distribution



Structure by political party, profession and age groups

Party	No.	Profession	Age group
PSD	1	Economist	35 - 44 years
PSD	1	Jurist	35 - 44 years
PSD	1	Medic	35 - 44 years
PSD	1	Pharmacist	35 - 44 years
PSD	2	Economist	45 - 59 years
PSD	2	Teacher	45 - 59 years
PSD	1	Jurist	60 years and above
PNL	1	Architect	20 - 34 years
PNL	1	Engineer	35 - 44 years
PNL	1	Lawyer	35 - 44 years
PNL	1	Engineer	45 - 59 years
PNL	1	Medic	45 - 59 years
PSRO	1	Economist	45 - 59 years
PSRO	1	Technician	60 years and above
PSRO	1	Professor	60 years and above
ALDE	1	Economist	45 - 59 years
PMP	1	Pensioner	60 years and above
Independent	1	Student	20 - 34 years

### The Commissions of the Local Council of the Municipality of Bacau and their political structure



- The Mayor of the Municipality of Bacau is Mr. Cosmin Necula, following the result of the local elections from June 2016. Mr. Necula represents the Democratic Social Party, is 39 years old and a jurist by profession.
- The Deputy Mayors functions are held by Mr. Scripat Constantin, respectively by Mr. Stefan Daniel – Dragos. Mr. Scripat is representing the People's Movement Party, is 61 years old and an engineer, whereas Mr. Stefan represents the Alliance of the Liberals and Democrats, is 41 years old and an economist.
- Mr. Popovici Nicolae is the Secretary of the Municipality of Bacau, is 49 years old and a jurist by profession.

## General overview

### Institutions and directions subordinated to the Local Council of the Bacau Municipality

- **Bacau City Local Police** – the current expenditures as well as the investment expenditures are financed from own revenues and subsidies from the Local Budget of Bacau City;
- **Bacau Local Development Agency** – the agency's main objective is the realization of the set of measures, programs, professional activities that contribute to the economic and social development of Bacau City;
- **The Department of Social Work** assures the social assistance in child protection, family, single persons, elderly, people with disabilities, as well as for any person in need;
- **The Public Department for People evidence;**
- **Municipal Sports Club "Stiinta Bacau".**



Source: <https://www.google.ro/maps/>

### Cultural and social environment

#### Education

The education network, approved for the 2018 – 2019 scholar year in the Municipality of Bacau (through LCD no. 2/12.01.2018), covers the entire educational plan, state and private scholar units; thereby a number of 31 kindergartens are functioning, 21 schools (primary and gymnasium), 20 high schools and professional education units and two universities. also, in Bacau operates "Palatul Copiilor", "Clubul Spoetic Sclar" and "Centrul Judetean de Excelenta Bacau". The undergraduate education financing is performed based on the National Education Law No. 1 from 2011, as amended and completed.

#### Social assistance

Within the Public Service of Social Assistance of the Municipality of Bacau are organized and functioning the following units: Day Care Centre "O scoala pentru toti", Day Care Centre for the children in difficulty, Day Care Centre for the children with special needs, Day Care Centre "Clubul pensionarilor", Family Care Centre (maternal assistants) and Temporary Accommodation Centre for the homeless. Likewise, in the subordination of the Local Council of Bacau functions the Home for elderly population situated in the Ghiocilor Alley No. 2, with a capacity of 210 places.

#### Culture and recreation

Out of the cultural landmarks of the Municipality of Bacau, it is to be mentioned: the Assembly of the Royal Court, 15th – 16th centuries, Memorial House George Bacovia, 19th century, Bacovia Municipal Theatre, Animation Theatre, History Museum, Arts Museum, Natural Sciences Museum, Astronomic Observatory, County Library, Internal Cultural Centre "G. Apostu", Philharmonic, and Ceramic Arts Galleries "Anton Ciobanu".

For spending the free time and leisure, there are 374 ha of green areas in Bacau, the most important being Trandafirilor Park, Cancicov Park, Hemeius Arboretum Park and Leisure island (artificial island, created in the middle of a lake formed by the Bistrita River, arranged for recreation).

#### Health Care

The County Emergency Hospital Bacau ensures the preventive medical assistance, curative and recuperative, primary and secondary for the citizens of the Bacau Municipality and of the nearby communes, accounting for 47% out of the total population of the county.

"Spitalul de Pneumoftiziologie Bacau", medical unit subordinated to the Local Council of the Municipality of Bacau.

Bacau Municipal Hospital – the investments related to the construction and endowment with medical equipment are currently undergoing.

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### Section I: Summary of the budgetary dynamics

- Revenue and expenditure balance at Q3 2018 compared to Q3 2017
- Revenue and expenditure structure at 30.09.2018

# Revenue and expenditure balance at Q3 2018 compared to Q3 2017

'000 RON



	Q3 2017	Q3 2018	%
<b>TOTAL REVENUES</b>	<b>301,100.0</b>	<b>201,527.7</b>	<b>▼ -33.1%</b>
<b>TOTAL EXPENDITURES</b>	<b>267,946.4</b>	<b>178,613.7</b>	<b>▼ -33.3%</b>
<b>Operational Revenues</b>	<b>291,910.1</b>	<b>189,358.5</b>	<b>▼ -35.1%</b>
<b>Fiscal revenues</b>	<b>259,259.9</b>	<b>154,704.2</b>	<b>▼ -40.3%</b>
Own fiscal revenues	134,308.9	121,245.2	▼ -9.7%
Sums deducted from the VAT	124,951.0	33,459.0	▼ -73.2%
<b>Non-fiscal revenues, out of which:</b>	<b>32,636.4</b>	<b>34,653.8</b>	<b>▲ 6.2%</b>
Non-fiscal own revenues	15,647.9	16,050.9	▲ 2.6%
Donations and sponsorships	1.0	0.3	▼ -75.3%
<b>Current subsidies</b>	<b>13.8</b>	<b>0.5</b>	<b>▼ -96.6%</b>
<b>Operational Expenditures (OPEX)</b>	<b>235,724.9</b>	<b>149,296.4</b>	<b>▼ -36.7%</b>
Staff Costs (PEREX)	122,182.4	37,994.2	▼ -68.9%
Goods and services*	63,053.9	54,485.5	▼ -13.6%
Internal and current transfers	17,759.4	23,069.9	▲ 29.9%
Social assistance	15,452.0	15,727.7	▲ 1.8%
Subsidies	12,036.3	14,764.3	▲ 22.7%
Other expenditures	5,241.0	3,254.8	▼ -37.9%
<b>Operational result</b>	<b>56,185.2</b>	<b>40,062.1</b>	
Operational Surplus (% from OPEX)	23.8%	26.8%	
Operational Deficit (% from Operational Revenues)	-	-	
<b>Investment revenues</b>	<b>- 2,979.9</b>	<b>426.7</b>	
Capital revenues	464.4	343.5	▼ -26.0%
Capital subsidies	1,184.0	25.9	▼ -97.8%
Sums received from EU for the made payments	2,260.3	109.0	
<b>Investment expenditures (CAPEX)</b>	<b>11,840.3</b>	<b>8,584.5</b>	<b>▼ -27.5%</b>
Capital transfers	303.3	31.3	▼ -89.7%
Projects financed from non-reimbursable external funds	4,860.7	2,826.0	▼ -41.9%
Capital expenditures	6,676.3	5,727.2	▼ -14.2%
<b>The result from the investment activity</b>	<b>-14,820.2</b>	<b>-8,157.8</b>	
<b>Financial revenues</b>	<b>12,169.8</b>	<b>11,742.5</b>	<b>▼ -3.5%</b>
Financial operations	12,169.8	11,742.5	▼ -3.5%
<b>Financial expenditures</b>	<b>20,381.1</b>	<b>20,732.9</b>	<b>▲ 1.7%</b>
Loan related commissions	37.7	11.5	▼ -69.4%
Interest	2,905.0	4,416.6	▲ 52.0%
Loan reimbursement	17,438.4	16,304.7	▼ -6.5%
<b>Financial result</b>	<b>-8,211.3</b>	<b>-8,990.3</b>	
<b>Final result</b>	<b>33,153.7</b>	<b>22,914.0</b>	<b>▼ -30.9%</b>
Surplus (% out of Total expenditures)	12.4%	12.8%	
Deficit (% out of Total revenues)	-	-	
<b>Final result (without previous surplus utilisation)</b>	<b>20,983.9</b>	<b>11,171.4</b>	<b>▼ -46.8%</b>
Own revenues % of Operational revenues	61.5%	88.7%	
OPEX/Own revenues (%)	131.3%	88.9%	
(OPEX-PEREX, from Education&Insurance and social assistance)/(O. Rev.-Quotas deducted from the income tax) (%)	193.7%	10.0%	

\*) **Goods and services**, within the Operational expenditures, does not include the **Commissions and other costs for debts**, the mentioned amounts being reflected within the Financial expenditures.

At the end of September 2018, the **Operation balance** recorded a surplus of RON 40,062.1 th, by RON 16,123.1 th below the Q3 2017 level. The evolution was determined by the decrease of the Operational revenues (by RON 102,551.6 th, -35.1%), mainly Tax revenues, as well as the Operational expenditures (by RON 86,428.5 th, -36.7%), mainly Staff costs.

The **Result from the investment activity**, at Q3 2018, recorded a negative level in amount of 8,157.8 th, as a result of the low level of the Investment revenues (in amount of RON 426.7 th), while the Investment expenditures grew by 27.5% and reached the level of RON 8,584.5 th.

The **Financial result** marked a deficit of RON 8,990.3 th, by RON 779 th above the result of the same period of 2017, to this situation contributing also the utilization of the amounts from the local budget for financing the operating expenditures as of Q3 2018 (in amount of RON 11,742.5 th), as compared to their value at Q3 2017, respectively RON 12,169.8 th. Also, the Financial expenditures increase by 1.7%.

The **Result of the period** was positive in both analysed periods, resulting after the coverage of the deficits, registered by the investment and financial activities, from the operational surplus: RON 22,914 th at Q3 2018, compared with RON 33,153.7 th at Q3 2017, observing a slight increase between the results of 30.9%.



# Revenue and expenditure balance at Q3 2018 compared to Q3 2017

th RON

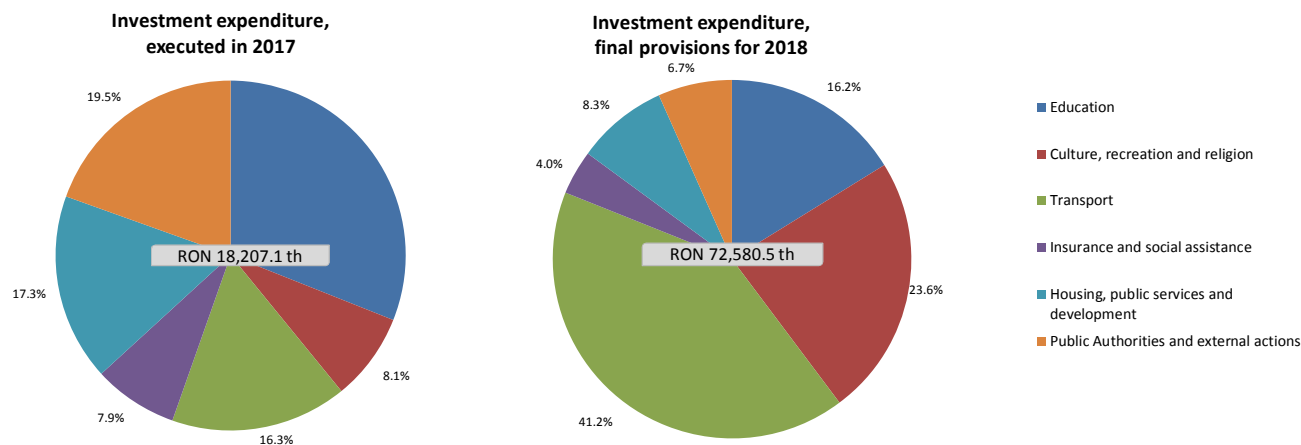


## Payments made at Q3 2018 as compared to Q3 2017 (variations)

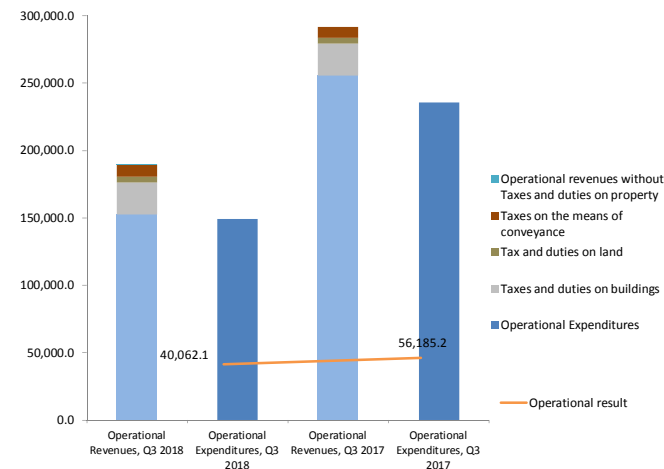
Budgetary chapter	TOTAL EXPENDITURES	Operational expenditures, out of which:					Financial Expenditures	Investment Expenditures	Investment expenditures (Annual) (Rectified at Q3 2018)
		Total Operational Expenditures	Staff costs	Goods and services*	Social assistance				
Public Authorities and external actions	▲ 2,387.3	▲ 2,681.4	1,182.3	1,280.0	-	▲ 40.6	▼ -334.7	3,845.5	
Other general public services	▲ 767.0	▲ 631.9	341.2	263.1	-	0.0	▲ 135.1	366.0	
Transactions regarding the public debt and loans	▲ 1,485.5	-	-	-	-	▲ 1,485.5	-	-	
General Transfers between different levels of administration	0.0	-	-	-	-	0.0	-	-	
Defense	0.0	0.0	-	0.0	-	0.0	-	-	
Public order and national security	▲ 1,764.0	▲ 1,897.0	32.0	18.1	-	0.0	▼ -132.9	95.0	
Education	▼ -90,564.0	▼ -89,871.9	90,464.4	141.2	130.1	0.0	▼ 692.1	3,987.3	
Health	▲ 1,633.2	▲ 1,524.8	-	-	-	0.0	▲ 108.4	11,271.2	
Culture, recreation and religion	▲ 1,770.0	▲ 762.0	383.5	1,017.9	-	0.0	▲ 1,008.0	7,856.4	
Insurance and social assistance	▲ 2,186.4	▲ 2,632.8	3,123.7	-881.7	145.6	0.0	▼ -446.4	822.3	
Housing, public services and	▼ -176.8	▲ 759.8	151.3	604.3	-	0.0	▼ -936.6	2,430.3	
Environment protection	▲ 2,100.9	▲ 2,696.2	963.9	1,597.7	-	▲ 56.5	▼ -651.8	30,230.2	
General economic, commercial and working actions	0.0	-	-	-	-	0.0	-	-	
Fuel and power	▼ -13,782.6	▼ -10,268.7	-	12,622.1	-	▼ -1,230.8	▼ -2,283.2	6,030.5	
Agriculture, Forestry, Fish breeding	0.0	-	-	-	-	0.0	-	-	
Transport	▲ 1,096.5	▲ 126.2	98.3	13.1	-	0.0	▲ 970.3	10,602.0	
Other economic actions	0.0	-	-	-	-	0.0	-	-	
TOTAL	▼ -89,332.6	▼ -86,428.5	84,188.2	-8,568.4	275.7	▲ 351.8	▼ -3,255.9	77,536.6	

\*) **Goods and services** title, highlighted within the Operational Expenditures, does not include the expenditures on **Commissions and other costs related to loans**, being reflected at the level of the Financial Expenditures;

## Distribution of the Investment expenditures in 2018 (last rectification in the period), as compared to the distribution of the execution in 2017



## Operational Result Structure (Q3 2018 vs. Q3 2017)





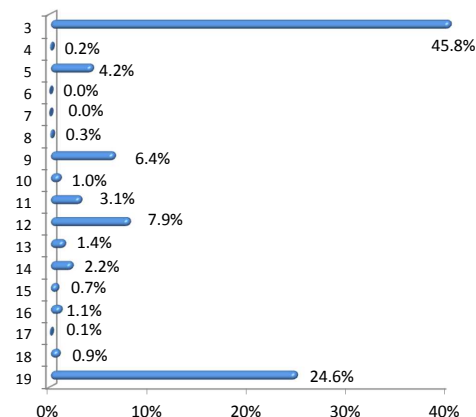
# Revenues and expenditure structure

as of September 30<sup>th</sup>, 2018

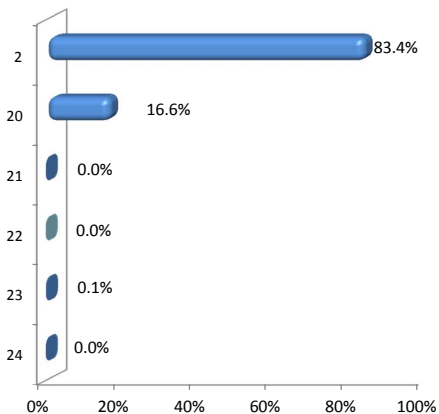
'000 RON



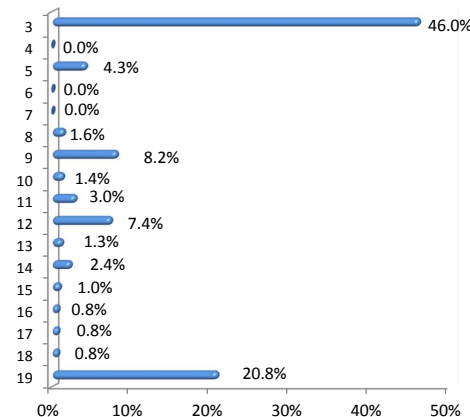
**The structure of performed own revenues**  
167,984.8



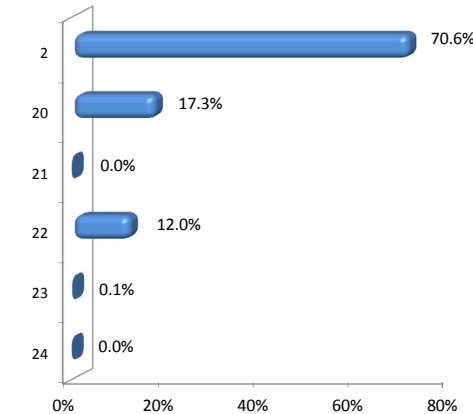
**The structure of performed total revenues**  
201,527.7



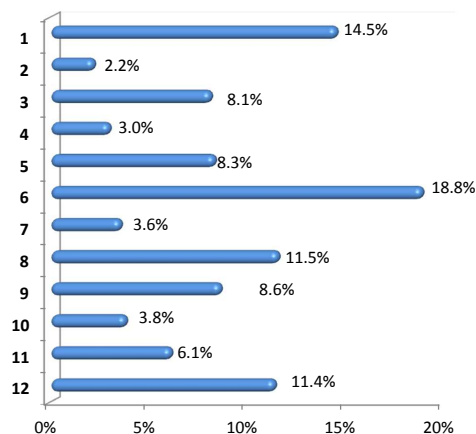
**The structure of provisioned own revenues**  
167,071.5



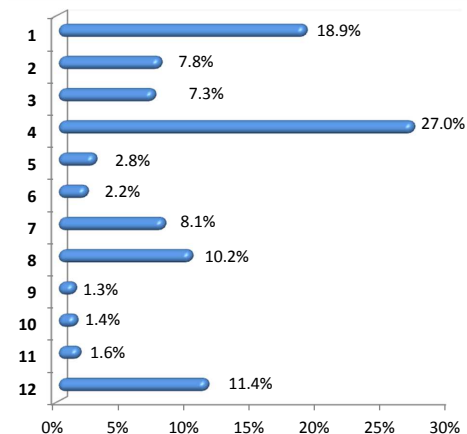
**The structure of provisioned total revenues**  
236,592.4



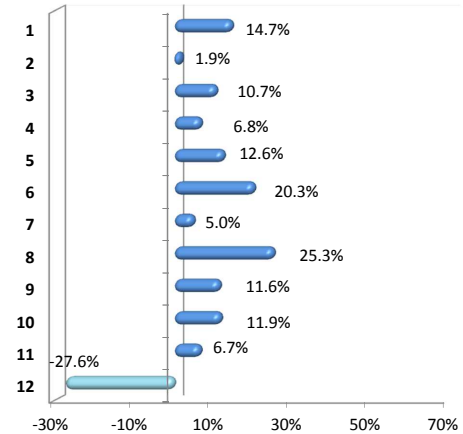
**The structure of performed functional expenditure**  
201,527.7



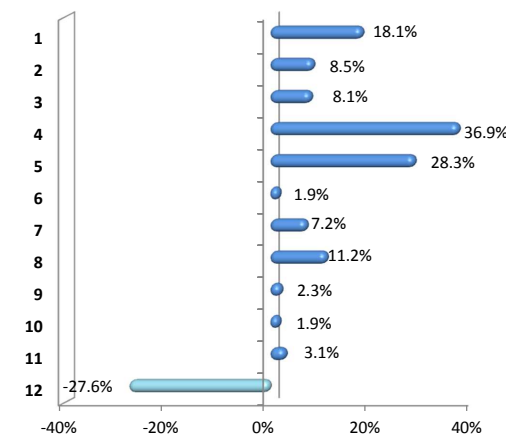
**The structure of performed economic expenditure**  
201,527.7



**The structure of provisioned functional expenditure**  
236,592.4



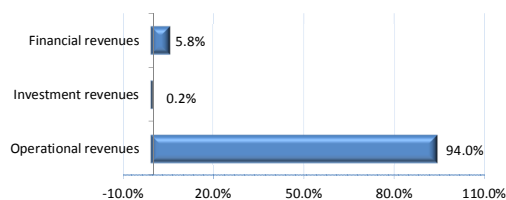
**The structure of provisioned economic expenditure**  
236,592.4



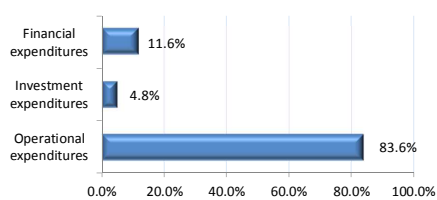
Note: The vertical axis reflects the components of the income/expenses detailed in the revenues/expenses statement;

Provisioned level: final budgetary provisions approved at the end of the reporting period

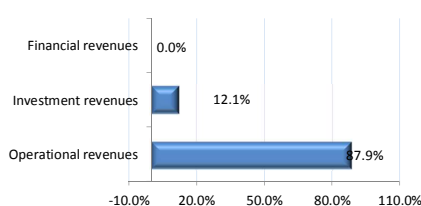
**Revenues collected at Q3 2018**



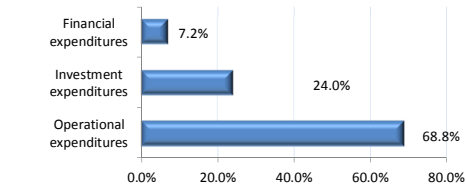
**Expenditures incurred at Q3 2018**



**Provisioned revenues at Q3 2018**



**Provisioned expenditure at Q3 2018**





### Section II: Budgetary revenues

- The situation of the revenues collected at 30.09.2018
- The variation of the performed revenues at Q3 2018 compared to Q3 2017
- Budgetary provisions at Q3 2018
- Revenues ratios

# The situation of the revenues collected

as of September 30<sup>th</sup>, 2018

'000 RON



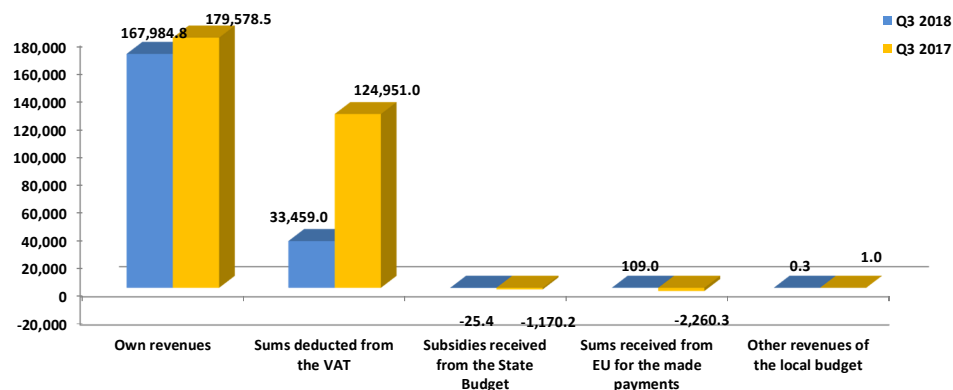
Line	Revenues summary	2018				2017			
		Planned	% /TCR	Planned at Q3	% /TCR	Revised at Q3	% /TCR	Performed at Q3	% /TCR
1	<b>Total revenues (TR)</b>	<b>256,798.8</b>		<b>206,222.8</b>		<b>236,592.4</b>		<b>201,527.7</b>	
2	<b>Own revenues, of which:</b>	<b>191,504.0</b>	74.6	<b>149,021.0</b>	72.3	<b>167,071.5</b>	70.6	<b>167,984.8</b>	82.3
3	Quotas deducted from the income tax	91,787.0	35.7	68,890.0	33.4	76,906.0	32.5	76,906.4	40.5
4	Capital revenues	-	-	-	-	-	-	343.5	0.2
5	Revenues from concessions and rents	9,900.0	3.9	7,200.0	3.5	7,200.0	3.0	7,105.9	3.7
6	Payments from net profit of self-governing administration, national societies and companies	-	-	-	-	32.0	0.0	12.1	-
7	Revenues from dividends	-	-	-	-	-	-	-	-
8	Tax on revenues from the transfer of real estate from the private patrimony	2,840.0	1.1	2,630.0	1.3	2,630.0	1.1	424.9	-
9	Tax on buildings from the population	14,940.0	5.8	12,500.0	6.1	13,668.9	5.8	10,788.2	5.7
10	Tax on land from the population	3,420.0	1.3	2,360.0	1.1	2,399.6	1.0	1,693.6	0.9
11	Tax on the means of conveyance owned by the population	5,000.0	1.9	4,000.0	1.9	5,000.0	2.1	5,147.8	2.7
12	Tax on buildings from the legal entities	12,000.0	4.7	10,000.0	4.8	12,444.1	5.3	13,312.3	7.0
13	Tax on land from the legal entities	2,000.0	0.8	2,000.0	1.0	2,200.0	0.9	2,414.9	1.3
14	Tax on the means of conveyance owned by the legal entities	5,022.0	2.0	4,000.0	1.9	4,000.0	1.7	3,687.2	1.9
15	Fees and charges for the issuance of licences and functioning authorisations	1,478.0	0.6	1,250.0	0.6	1,750.0	0.7	1,254.4	0.7
16	Stamp duties, for notary work and other stamp duties	1,300.0	0.5	1,100.0	0.5	1,400.0	0.6	1,841.4	1.0
17	Extrajudicial stamp duties	1,812.0	0.7	1,400.0	0.7	1,400.0	0.6	173.8	0.1
18	Revenues from fines and other legal sanctions	1,350.0	0.5	1,350.0	0.7	1,350.0	0.6	1,519.7	0.8
19	Other own revenues	38,655.0	15.1	30,341.0	14.7	34,690.9	14.7	41,358.7	15.6
20	Sums deducted from the VAT	39,366.0	15.3	31,273.0	15.2	40,854.0	17.3	33,459.0	17.6
21	Donations and sponsorships	-	-	-	-	-	-	0.3	-
22	Subsidies received from the State Budget	25,928.8	10.1	25,928.8	12.6	28,374.5	12.0	- 25.4	0.0
23	Sums received from EU for the made payments	-	-	-	-	292.4	0.1	109.0	0.1
24	Other revenues	-	-	-	-	-	-	-	0.0
			%/TR		%/TR		%/TR		%/TR
	<b>Operational revenues</b>	<b>230,870.0</b>	89.9	<b>180,294.0</b>	87.4	<b>207,926.0</b>	87.9	<b>189,358.5</b>	94.0
	<b>Investment revenues</b>	<b>25,928.8</b>	10.1	<b>25,928.8</b>	12.6	<b>28,666.4</b>	12.1	<b>426.7</b>	0.2
	<b>Financial revenues</b>	<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	<b>11,742.5</b>	5.8
	<b>Total revenues - operating section</b>	<b>230,125.3</b>	89.6	<b>179,549.3</b>	87.1	<b>207,177.0</b>	87.6	<b>192,691.5</b>	95.6
	<b>Total revenues - development section</b>	<b>26,673.5</b>	10.4	<b>26,673.5</b>	12.9	<b>29,415.4</b>	12.4	<b>8,836.3</b>	4.4
	<b>Previous surplus</b>	<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	<b>11,742.5</b>	5.8
	<b>Total collected revenues in the period (TCR = TR - Previous surplus)</b>	<b>256,798.8</b>	100%	<b>206,222.8</b>	100%	<b>236,592.4</b>		<b>189,785.2</b>	94.2%
								<b>387,928.2</b>	100%
								<b>323,499.2</b>	100%
								<b>301,100.0</b>	
								<b>179,578.5</b>	57.9
								<b>90,400.9</b>	31.3
								<b>464.4</b>	0.2
								<b>6,499.3</b>	2.2
								<b>-</b>	-
								<b>-</b>	-
								<b>773.3</b>	-
								<b>10,889.0</b>	3.8
								<b>2,056.2</b>	0.7
								<b>4,504.0</b>	1.6
								<b>13,000.3</b>	4.5
								<b>2,288.5</b>	0.8
								<b>3,520.6</b>	1.2
								<b>1,162.0</b>	0.4
								<b>1,437.6</b>	0.5
								<b>266.5</b>	0.1
								<b>1,364.3</b>	0.5
								<b>40,951.4</b>	10.0
								<b>124,951.0</b>	43.2
								<b>1.0</b>	-
								<b>- 1,170.2</b>	-0.4
								<b>- 2,260.3</b>	-0.8
								<b>-</b>	0.0

## Revenues variation collected at Q3 2018 as compared to the level attained at Q3 2017

'000 RON



### Total revenues



The **total revenues** collected at Q3 2018 amounted to RON 201,527.7 th, by RON 99,572.3 th under the Q3 2017 level (-33.1%), without taking into consideration the Sums from the local budget surplus used in 2018 (of RON 11,742.5 th, respectively of RON 3,333 th for operating section and of RON 8,409.6 th for development section, when in 2017 amounting to RON 12,169.8 th for development section), the total revenues attained at Q3 2018 were by RON 99,145.1 th below the level attained in the similar period of 2017 (-34.3%).

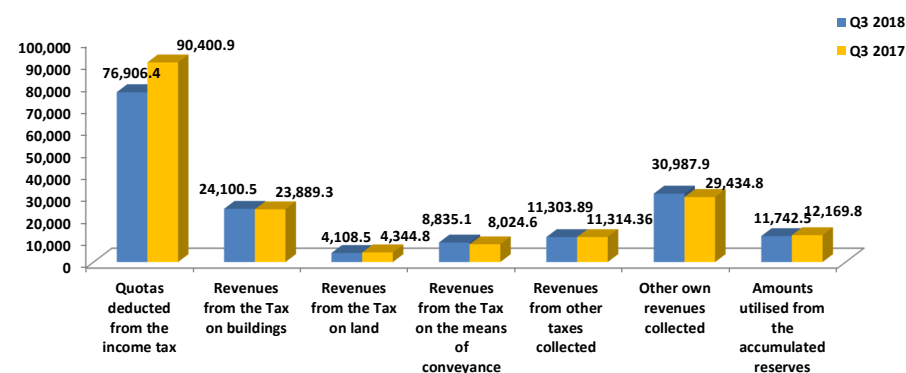
- The **Own revenues** went up by RON 11,593.7 th (-6.5%) over the level attained at Q3 2017.

- The revenues collected from the **Sums deducted from VAT** recorded a level by RON 91,492 th under the similar period analysed in 2017 (-73.2%), mainly by the lower collections from the *Sums deducted from VAT for financing the expenditures of municipality*.

- The **Subsidies received from the State Budget** recorded negative values in both analysed periods, having in view the lower collections from the Capital subsidies, especially from the negative level of the Subventions from the state budget to the local budget for supporting the projects financed from post-accession NEF (of -RON 27.8 th), and Current subsidies were in amount of RON 0.5 th at Q3 2018, compared to the level of RON 13.8 th at Q3 2017.

+ **Sums received from the EU for the made payments** recorded a positive level at Q3 2018, they were increased until they reached the amount of RON 109 th (due to the restitution of the amounts) over the level attained at Q3 2017. The positive level was recorded at the level of the European Social Fund (in total amount of RON 127.5 th), coupled with a negative level within the European Fund for Regional Development (in amount of -RON 18.5 th).

### Own revenues



- The **Own revenues** went up by RON 11,593.7 th (-6.5%) over the level attained at Q3 2017, mainly from:

+ The revenues collected from the **Tax on property** increased by RON 785.4 th (+2.1%), mainly by the higher collections from the Taxes on the means of conveyance (by RON 810.5 th, +10.1%), followed by the Taxes on buildings (by RON 721.3 th, +6.3%) (by RON 440.3 th, +4.8%), ccounterbalanced by the lower revenues from the Tax on land (RON 236.2 th, -5.4%). The dynamics was recorded largely at the level of the collections from the legal entities (+RON 605 th, +3.2%).

+ The revenues from the **Other taxes collected** increased by RON 729.6 th (+3.8%) at Q3 2018, mainly on the account of higher collections from the Stamp duties, for notary work and other stamp duties (in amount of RON 1,335.2 th, +28.1%), from the Other taxes and duties (+5.8%, in amount of RON 1,932.9 th), coupled with lower collections from the Extrajudicial stamp duties (-34.8%, in amount of RON 173.8 th).

+ The **Other own revenues** collected increased by RON 813.1 th over the level attained at Q3 2017 (+3.8%), mainly by higher collections from the Revenues from services (+RON 1,224.1 th, +33.5%), respectively from the Revenues from concessions and rents (+RON 606.5 th, +9.3%), coupled with lower revenues from the *Fines, penalties and confiscations* (-RON 409.7 th, -6.8%).

- Lower collections at Q3 from the **Sums from the local budget surplus used for financing the development expenditures** in amount of RON 8,409.6 th (amounting to RON 12,169.8 th at Q3 2017) and for the operating expenditures in amount of RON 3,333 th (no such amounts at Q3 2017).

- The **Quotas deducted from the income tax** increased by 13,494.5 th (-14.9%);

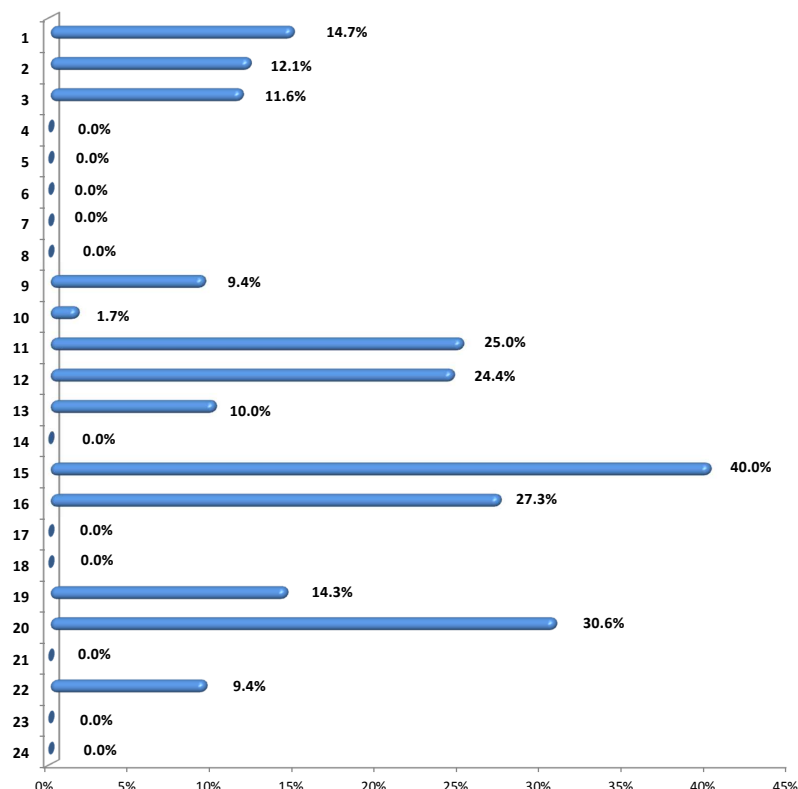
# Budgetary provisions

## the achievement degree of the revenues at Q3 2018

'000 RON



### Rectification of revenues, as compared to the initial budget



Within the final budget, approved through the LCD No. 366 from 28.09.2018, the total revenues provisions were in amount of RON 236,592.4 th, by RON 30,369.6 th (+14.7%) over the initial provisions. At the same time, the revenues provisions to be collected in 2018 are of RON 278,449.8 th (+RON 21,651 th, +8.4%).

From the 2018 final provisions standpoint, at Q3 2018 were provisioned higher collections at the following levels:

The **Operating revenues** were increased within the last quarter rectification in amount of RON 207,926 th, respectively by RON 27,632 th (+15,3%) over the initial provisions, and for the end of 2018 is expected a level of RON 249,783.4 th (+8.2%). The influences that contributed to this increase can be found at the following revenues chapters:

+ *Sums deducted from the VAT for the local budgets* by RON 9,581 th (+30.6%) due to the inclusion in the final provisions of the amount of RON 7,268 th related to the Sums deducted from VAT for balancing the local budget and also the increase related to the Sums deducted from VAT for financing expenditures of the municipality by RON 2,313 th (+7.7%);

+ *Quotas deducted from the income tax* by RON 8,016 th (+11,6%), end of the year expectations are in the amount of RON 89,219 th;

+ *Tax on property* by RON 4,852.9 th, both at the level of the legal entities and population;

+ *Other own revenues* were increased by RON 4,349.9 th (+14.3%), due to the larger provisions amounts from Special taxes (by RON 4,129.9 th (+34.4%).

Within the rectified budget, the **Investment revenues** were increased by 10,6%, reaching the level of RON 28,666.4 th compared to the initial provisions and for the end of the year is expected the same level. Influences for this positive rectification were recorded at:

+ including the value of RON 292.4 th for the amounts received from the *Sums received from the EU for the made payments*, as follows: for the European Regional Development Fund (ERDF) the value of RON 181.4 th was foreseen, while for the European Social Fund (ESF) was provisioned the amount of RON 111 th.

+ *Subsidies from the state budget* by RON 2,445.7 th (+ 9.4%), exclusively at the level of the Capital Subsidies, respectively Reengineering of thermal and electrical station for heating of RON 2,400 th (not included in the initial forecasts);

## Budgetary provisions

### the achievement degree of the revenues at Q3 2018

'000 RON



#### The achievement degree, as compared to the final provisions of the period

The collection degree of the revenues collected at Q3 2018 being of 85.2%, the revenues collected were by RON 35,064.7 th under the budgetary provisions. Without taking into consideration the Sums from the local budget surplus used in 2018, the total revenues attained at Q3 2018 amounted to RON 189,785.2 th and were by RON 46,807.2 th below the final budget (execution degree of 80.2%).

-> The **operational revenues** were by RON 18,567.5 th below the final budgetary provisions (execution degree of 91.1%), as follow:

+ *Own Revenues* recorded a level of RON 167,984.8 th, respectively were increased by RON 913.4 th over the final budgetary provisions (level of achievement of 100.5%) Without considering the Sums used from the local budget surplus, the achievement degree reached 94% out of the final provisions. Within the Own revenues chapter are recorded the following evolutions:

+ *Other own revenues* collected were increased by RON 6,667.9 th over the final budgetary provisions, mainly due to increased collections from Sums from the local budget surplus used for financing the development expenditures in amount of RON 8,409.6 th and for the operating expenditures in amount of RON 3,333 th (no such revenues were provisioned in the final budget), and also from Other revenues (+RON 445.4 th, execution degree of 119.2%), coupled with lower revenues from the Special taxes (-3,023.1 th, execution degree of 83.1%) and from the Revenues from services (-RON 2,096.9 th, level of achievement of 69.9%).

- *Tax on property*, increased by RON 2,668.5 th under the budgetary provisions. Lower collections from the Tax on buildings from population (by RON 2,880.7 th, -21.1%), followed by the Taxes on land from population (by RON 706 th, -29.4%), coupled with higher revenues from the Tax on buildings from the legal entities (by RON 868.2 th, +7%);

- Tax on revenues from the transfer of real estate from the private patrimony, were by RON 2,205.1 th under the final budget (level of achievement of 16.2%);

-> The **Investment revenues** posted a low level compared to the final provisions, the realisation degree being of 2.6% (lower revenues by RON 27,808.3 th), as follow:

- The *Capital subsidies* recorded a negative level at Q3 2018, respectively in amount of -RON 25.9 th (compared to the total amount of RON 28,374 th in the final budgetary provisions);

- The *Sums received from the EU for the made payments* recorded a positive level at Q3 2018, respectively of RON 109 th, from European Regional Development Fund (ERDF) (in amount of -RON 18.5 th) and from the European Social Fund (ESF) (in amount of RON 127.5 th), were recorded in amount of RON 292.4 th in the final budgetary provisions;

+ The *Capital revenues* were in amount of RON 343.5 th at Q3 2018, no such revenues being recorded within the initial budget. The major influence was from higher collections from Banks for housing build-up which amounted to RON 341.8 th at Q3 2018, no such collections being provisioned in the final budget.

-> Although no **Financial revenues** were provided in the final budget, they were in the amount of RON 11,742.5 th at Q3 2018, represented by Sums from the local budget surplus used for financing the operating expenditures (of RON 3,333 th), respectively Sums from the local budget surplus used for financing the development expenditures (of RON 8,409.6 th).

# Revenues' ratios

at Q3 2018, as compared to Q3 2017

'000 RON



Ratios	Q3 2018	Q3 2017
<b>Revenues from the tax on property</b>	<b>37,048.3</b>	<b>36,264.8</b>
Revenues per Capita	187.8 RON	184.1 RON
The revenue weight in the total revenues	18.4%	12.0%
<b>Own tax revenues</b>	<b>121,245.2</b>	<b>134,308.9</b>
Revenues per Capita	614.6 RON	681.8 RON
The revenue weight in the total revenues	60.2%	44.6%
<b>Total current revenues (autonomous)</b>	<b>189,358.0</b>	<b>291,896.3</b>
Revenues per Capita	959.8 RON	1,481.7 RON
The revenue weight in the total revenues	94.0%	96.9%
<b>Operational revenues</b>	<b>189,358.5</b>	<b>291,910.1</b>
Revenues per Capita	959.8 RON	1,481.8 RON
The revenue weight in the total revenues	94.0%	96.9%
<b>Investment revenues</b>	<b>426.7</b>	<b>-2,979.9</b>
Revenues per Capita	n/a	n/a
The revenue weight in the total revenues	n/a	n/a
<b>Total revenues per Capita</b>	<b>1,021.5 RON</b>	<b>1,528.4 RON</b>
<b>Own revenues per Capita</b>	<b>851.5 RON</b>	<b>911.6 RON</b>
<b>The level of financing from the own revenues</b>	<b>83.4%</b>	<b>59.6%</b>
<b>The degree of self-financing</b>	<b>45.2%</b>	<b>29.6%</b>
<b>The degree of dependency of the local budget to the state budget</b>	<b>16.6%</b>	<b>41.4%</b>
<b>The degree of decisional autonomy</b>	<b>83.4%</b>	<b>59.9%</b>
<b>The degree of achievement of the revenues from the initial budget</b>	<b>97.7%</b>	<b>93.1%</b>
<b>The degree of achievement of the revenues from the final budget</b>	<b>85.2%</b>	<b>88.6%</b>
<b>The degree of achievement of the own revenues from the initial budget</b>	<b>112.7%</b>	<b>109.2%</b>
<b>The degree of achievement of the own revenues from the final budget</b>	<b>100.5%</b>	<b>104.2%</b>
<b>The degree of achievement of the property taxes from the initial budget</b>	<b>106.2%</b>	<b>103.8%</b>
<b>The degree of achievement of the property taxes from the final budget</b>	<b>93.2%</b>	<b>102.7%</b>
<b>The annual estimate from the local tax revenues (maximum probability)</b>	<b>50,385.0</b>	<b>48,509.3</b>
<b>The annual estimate from the local tax revenues (rectified budget)</b>	<b>62,849.0</b>	<b>48,298.5</b>
<b>The degree of achievement of the annual revenues estimated from the local tax revenues</b>	<b>124.7%</b>	<b>99.6%</b>
<b>The collection degree from the initial budget of the revenues from:</b>		
Quotas deducted from the income tax	111.6%	101.3%
Tax on buildings from the population	86.3%	87.1%
Tax on land from the population	71.8%	86.2%
Tax on the means of conveyance from the population	128.7%	112.6%
Tax on buildings from legal entities	133.1%	130.0%
Tax on land from legal entities	120.7%	114.4%
Tax on the means of conveyance from legal entities	92.2%	88.0%
Capita,	<b>197,285</b>	<b>197,003</b>
as of:	01/01/2018	01/01/2017

+ The revenues collected from the **Tax on property** were by RON 785.4 th (including the Tax on land outside the built-area) over the level attained at Q3 2017 (+2.2%). The increase is supported by the higher collections from the legal entities (+RON 605 th, +3.2%), respectively from the population (+RON 180,4 th, +1%).

- The **Own tax revenues** increased by RON 13,063.7 th (-9,7%), due to the evolution of the revenues from:

- The *Quotas deducted from the income tax*, by RON 13,494.2 th (-14.9%);

- The *Tax on revenues from the transfer of real estate from the private patrimony* (-RON 348.4 th, -45,1%);

+ The *Stamp duties, for notary work and other stamp duties*, by RON 403.8 th (+28.1%);

+ The *Tax on property*.

- The **Total current revenues** decreased by RON 102,538.3 th compared with the level recorded at Q3 2017 (-35.1%), mainly due to:

- The *Tax revenues* (-40.3%, by RON 104,555.7 th), due to:

- decreased collections from *Sums deducted from VAT* by RON 91,492 th (-73.2%),

- decreased collections from *Own tax revenues* by 9.7%.

+ The *Non-fiscal revenues* (+6.2%, by RON 2,017.4 th), mainly due to:

+ increased collections from *Revenues from services* (by RON 1,224.1 th, +33.5%), from *Diverse revenues* (by RON 495.8 th, +3.2%), from *Revenues from concessions and rents* (by RON 606.5 th, +9.3%), coupled with lower collections from Other fines, penalties and confiscations (-RON 565 th, -12%).

- The **Operational revenues** decreased by RON 102,551.6 th (-35.1%), mainly on the account of lower *Current revenues* recorded.

+ The **Investment revenues** recorded a level of RON 426.7 th at Q3 2018 compared to Q3 2017 level, respectively the negative amount of RON -2,979.9 th, the major impact coming from the *Sums received from the EU for the made payments*, respectively at the level of the European Social Fund (ESF) (in amount of RON 127.5 th), ccounterbalanced by the negative values from the Capital subsidies (amounting to -RON 18.5 th). At the same time the Investment revenues decreased by RON 120.9 th.



### Section III: Budgetary expenditures (functional classification)

- The situation of the expenditures performed at 30.09.2018
- The variation of the performed expenditures at Q3 2018 vs. Q3 2017
- Budgetary provisions: the achievement degree of the expenditures at Q3 2018



# The situation of the expenditures performed at September 30<sup>th</sup>, 2018

'000 RON



		2018								2017							
Line	Expenditures	Planned 2018	% /TP	Planned at Q3	% /TP	Rectified at Q3	% /TP	Execution at Q3	% /TP	Planned 2017	% /TP	Planned at Q3	% /TP	Execution at Q3	% /TP		
	Functional classification	256,798.8		206,222.8		236,592.4		201,527.7		387,928.2		323,499.2		301,100.0			
1	Public authorities and external actions	44,224.1	14.3	35,428.1	12.9	34,752.3	11.5	29,204.6	16.4	39,346.1	8.9	32,158.8	8.3	26,817.3	10.0		
2	Transactions regarding the public debt (interest and fees)	6,022.0	1.9	4,492.0	1.6	4,542.0	1.5	4,428.2	2.5	4,700.0	1.1	3,650.0	0.9	2,942.7	1.1		
3	Education	24,673.9	8.0	19,360.0	7.1	25,332.7	8.4	16,379.1	9.2	136,566.7	30.8	114,363.7	29.4	106,943.1	39.9		
4	Health	15,972.7	5.2	15,909.7	5.8	16,139.7	5.3	6,024.6	3.4	17,267.8	3.9	15,842.4	4.1	4,391.5	1.6		
5	Culture, recreation and religion	29,108.0	9.4	27,136.0	9.9	29,845.9	9.9	16,773.8	9.4	31,680.5	7.1	28,302.2	7.3	15,003.7	5.6		
6	Insurance and social assistance	54,281.0	17.5	47,450.5	17.3	48,075.0	15.9	37,967.8	21.3	57,649.8	13.0	46,834.9	12.0	35,781.4	13.4		
7	Housing, public service and development	11,627.3	3.8	11,021.1	4.0	11,793.0	3.9	7,169.7	4.0	14,221.5	3.2	13,426.6	3.5	7,346.5	2.7		
8	Environment protection	62,737.5	20.3	56,122.7	20.4	59,813.6	19.8	23,271.6	13.0	35,788.7	8.1	32,697.6	8.4	21,170.8	7.9		
9	Fuel and power	19,430.4	6.3	19,430.4	7.1	27,497.2	9.1	17,370.1	9.7	67,526.5	15.2	67,126.5	17.3	31,152.7	11.6		
10	Transport	24,472.7	7.9	24,072.7	8.8	28,163.2	9.3	7,701.3	4.3	20,265.8	4.6	20,039.8	5.2	6,604.9	2.5		
11	Other expenditures	17,200.0	5.6	14,040.8	5.1	15,858.8	5.3	12,322.9	6.9	18,262.8	4.1	14,555.8	3.7	9,791.8	3.7		
12	Reserves, Surplus / Deficit	- 52,950.6		- 68,241.1		- 65,221.0		22,914.0		- 55,348.0		- 65,499.1		33,153.7			
	Economic classification	256,798.8		206,222.8		236,592.4		201,527.7		387,928.2		323,499.2		301,100.0			
1	Staff costs, of which:	56,023.1	18.1	43,771.3	15.9	42,873.3	14.2	37,994.2	21.3	153,052.0	34.5	126,046.7	32.4	122,182.4	45.6		
	without those for Insurance and social assistance	30,712.0	9.9	23,871.0	8.7	23,931.0	7.9	21,326.8	11.9	20,769.0	4.7	17,177.7	4.4	18,174.3	6.8		
2	Social assistance	19,112.0	6.2	18,961.0	6.9	20,188.7	6.7	15,727.7	8.8	24,894.2	5.6	19,319.2	5.0	15,452.0	5.8		
3	Subsidies	14,764.3	4.8	14,764.3	5.4	19,149.4	6.3	14,764.3	8.3	12,400.0	2.8	12,000.0	3.1	12,036.3	4.5		
4	Goods and services	76,711.1	24.8	67,574.2	24.6	87,399.4	29.0	54,497.1	30.5	85,834.0	19.4	78,267.6	20.1	63,091.6	23.5		
5	Capital expenditures	71,583.9	23.1	71,583.9	26.1	67,022.6	22.2	5,727.2	3.2	56,047.1	12.6	56,047.1	14.4	6,676.3	2.5		
6	Interest	5,912.0	1.9	4,412.0	1.6	4,462.0	1.5	4,416.6	2.5	4,500.0	1.0	3,450.0	0.9	2,905.0	1.1		
7	Loan reimbursements	23,916.0	7.7	17,142.0	6.2	17,142.0	5.7	16,304.7	9.1	23,904.4	5.4	17,623.0	4.5	17,438.4	6.5		
8	Current transfers	23,320.5	7.5	19,578.2	7.1	26,381.2	8.7	20,459.7	11.5	25,724.9	5.8	19,807.1	5.1	15,044.2	5.6		
9	Internal transfers	5,018.5	1.6	4,625.5	1.7	5,374.8	1.8	2,610.2	1.5	7,397.9	1.7	7,115.9	1.8	2,715.3	1.0		
10	Projects financed from non-reimbursable external funds	3,669.7	1.2	3,669.7	1.3	4,461.9	1.5	2,826.0	1.6	37,359.2	8.4	37,359.2	9.6	4,860.7	1.8		
11	Other expenditures	9,718.3	3.1	8,381.8	3.1	7,358.1	2.4	3,286.1	1.8	12,162.4	2.7	11,962.4	3.1	5,544.3	2.1		
12	Reserves, Surplus / Deficit	- 52,950.6		- 68,241.1		- 65,221.0		22,914.0		- 55,348.0		- 65,499.1		33,153.7			
Total payments (TP) (total expenditures performed without considering the periods' result)		309,749.4		274,463.8		301,813.3		178,613.7		443,276.2		388,998.2		267,946.4			
Operational expenditures		204,052.8	65.9	177,071.2	64.5	207,548.9	68.8	149,296.4	83.6	320,657.5	72.3	273,710.9	70.4	235,724.9	88.0		
Investment expenditures		75,758.6	24.5	75,758.6	27.6	72,580.5	24.0	8,584.5	4.8	94,014.3	21.2	94,014.3	24.2	11,840.3	4.4		
Financial expenditures		29,938.0	9.7	21,634.0	7.9	21,684.0	7.2	20,732.9	11.6	28,604.4	6.5	21,273.0	5.5	20,381.1	7.6		
Total of the Operating Section		232,625.3	75.1	197,339.7	71.9	227,167.4	75.3	169,995.9	95.2	344,928.2	77.8	290,650.2	74.7	255,313.3	95.3		
Reserves, surplus/deficit for the operating section		- 2,500.0		- 17,790.4		- 19,990.4		22,695.6		-		- 10,151.1		32,496.8			
Total of the Development Section		77,124.1	24.9	77,124.1	28.1	74,646.0	24.7	8,617.8	4.8	98,348.0	22.2	98,348.0	25.3	12,633.1	4.7		
Reserves, surplus/deficit for the development section		- 50,450.6		- 50,450.6		- 45,230.6		218.4		- 55,348.0		- 55,348.0		656.8			



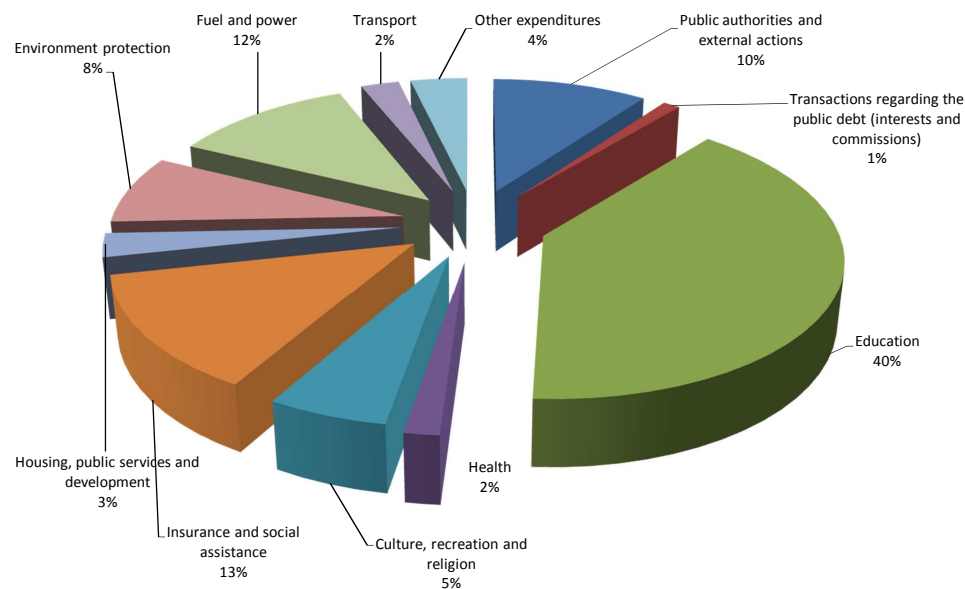
# The variation of the performed expenditures at Q3 2018 vs. Q3 2017

## Functional classification

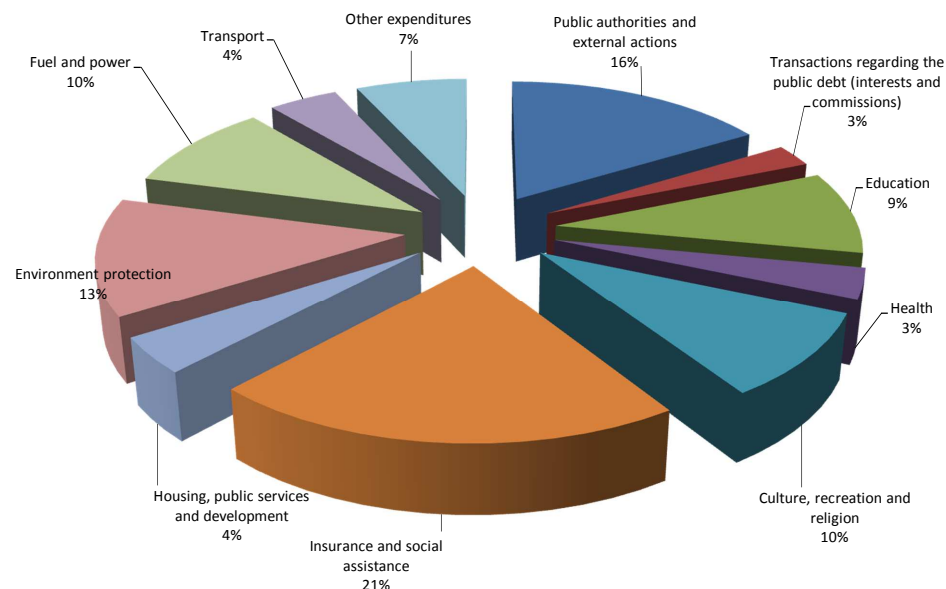
'000 RON



The structure of the payments performed at Q3 2017



The structure of the payments performed at Q3 2018



The total payments made from the local budget at Q3 2018 amounted to RON 178,613.7 th, by 33.3% below the level recorded in the first nine months within the previous year (-RON 89,332.6 th). The evolution of the expenditures recorded at Q3 targets the following chapters:

Within the **Education** chapter, the expenses were decreased by RON 90,564 th compared to the level recorded at Q3 2017, mainly at the level of the *Upper secondary education* (by RON 38,908.9 th, -82.4%), of the *Lower secondary education* (by RON 18,703.9 th, -90.1%) and of the *'Pre-school education* (by RON 18,703.8 th, -90.1%). From the economic point of view, the evolution was determined mainly by the lack of Staff costs taking into consideration that, since January 2018, teachers' salaries are paid by the Ministry of Education (which is worth of RON 90,464.4 th at Q3 2017). Within the Goods and services title were recorded payments in total amount of RON 12,399 th, decreased by 1.2% compared to the attained level at Q3 2017. At the same time, the Capital expenditures recorded the value of RON 651.3 th at Q3 2018 compared to the Q3 2017 level, respectively of RON 1,344 th. For Financing of private or confessional accredited education were recorded payments of RON 1,343.6 th, increased by RON 383.6 th (+40%) compared to Q3 2017.

**Fuel and power**, by RON 13,782.6 th (-44.2%). The payments for Other expenditures for fuel and power were decreased by 16,510.7 th compared to the level registered in the same period of the previous year, given that there were no expenditures on Goods and services (amounting to RON 12,622.1 th at Q3 2017), also at the level of the Loans reimbursements (in total amount of RON 1,230.8 th at Q3 2017), and the payments for the Programs from the Cohesion Fund (CF) were diminished by RON 2,351.7 th (-49%). Increased expenses were recorded for Heating energy by RON 2,728.1 th, reflected from the economic standpoint at the level of the Subsidies (amounting to RON 14,764.3 th).

**Culture, recreation and religion**, higher expenses by RON 1,770 th (+11.8%) over the level attained at Q3 2017, mainly due to the higher payments by RON 2,488.6 th (+43.3%) for Maintenance of public gardens, parks, green areas, sports and leisure centers and by RON 1,008.4 th (+38.9%) for Public institutions for shows and concerts, counterbalanced by the diminish of the payments made for Sport by RON 1,061.9 th (-21.3%), respectively at the level of the Other services in the field of culture, recreation and religion by RON 633.1 th (-85.9%). From the economic standpoint, Goods and services expenses were by RON 1,017.9 th (+28%) over the Q3 2017 level, higher payments were recorded especially for the Other expenses with materials and services changes (by RON 900.7 th, +86.4%) and for the Heating, lighting and driving force (by RON 132.2 th, +15.4%), while the Capital expenditures went up by RON 699.8 th, exclusively for the Fixed assets, as well as for the Transfers to public institutions by 43.2% (+RON 2,083.1 th). In the same time, the payments made for Associations and foundations decrease by RON 2,736.4 th (-68.9%).

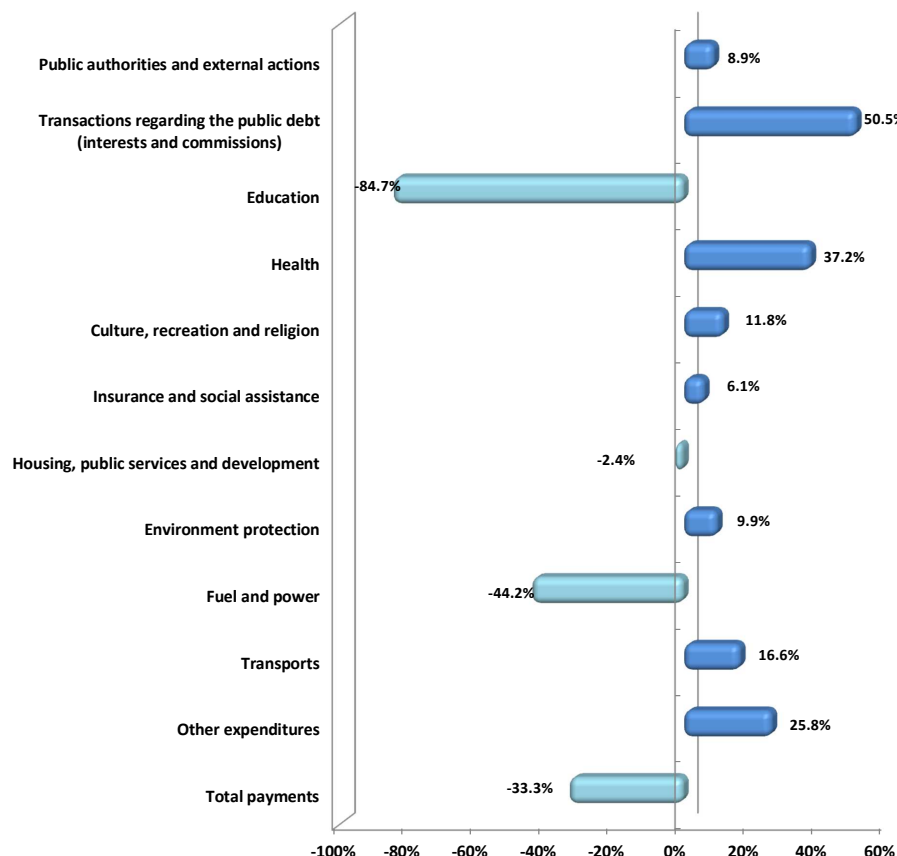
# The variation of the performed expenditures at Q3 2018 vs. Q3 2017

Functional classification

'000 RON



## Functional expenditures variation



**Environment protection**, by RON 2,100.9 th (+9.9%) over the level attained at Q3 2017, due to the higher payments at the Sanitation line (by RON 1,754 th, +24.1%), but also for Collection, treatment and destruction of waste (+ RON 1,459.4 th, +13.9%) coupled with lower expenses for Canalization and treatment of wastewater (by RON 1,112.5 th, -32.5%). From the economic point of view, the Goods and services were increased by RON 1,597.7 th (+11.3%), especially for Other materials and services for maintenance and functioning (+729.1 th, +6.4%), followed by the Staff costs (+ RON 963.9 th, +29%) and Other current internal transfers (+RON 300 th, +100%). The Capital expenditures at Q3 2018 amounted to RON 1,082.5 th, being by 37.6% under the Q3 2017 level (-RON 651.8 th).

The payments made for **Other expenditures** group were increased by RON 2,531 th compared to Q3 2017 level (+25.8%). The payments made for Local police at Q3 2018 amounted to RON 8,320.8 th and were increased by 27% (+RON 1,771.5 th), the increasing was reflected from the economic standpoint at the level of the Transfers to public institutions. The payments made at Q3 2018 for Community public services for persons evidence were by RON 415.2 th over the level attained at Q3 2017 (+27.7%), for Other general public services were increased by RON 351.9 th (+25.2%), especially regarding the ones for Goods and services (+263.1 th, +34.1%), also remarking the increased payments made for Staff costs (+RON 341.2 th, +22%) and for Goods and services (+RON 263.1 th, +34.1%).

**Public authorities and external actions**, higher payments by RON 2,387.3 th (+8.9%) over the Q3 2017 level. The growth reflected mainly for the Goods and services (by RON 1,280 th, +43.3%) and for the Staff costs (+RON 1,182.3 th, +14%), while the Capital expenditures were diminished by RON 384.5 th (-46.6%).

**Insurance and social assistance**, chapter for witch the made payments in the first three quarters of the current year were by RON 2,186.4 th (+6.1%) above the level attained in the similar period of the prior year, up to RON 37,967.8 th. Increased expenditures are reflected for the paragraph Social assistance for the disabled (+RON 1,993.1 th, +12.4%) and Nurseries (+ RON 820.7 th, +31.9%), while the amounts recorded for Other expenditures in the insurance and social assistance field went down by RON 551.6 th. From the economic perspective thye dynamics was reflected through the increased Staff costs (+ RON 3,123.7 th, +23.1%), counterbalanced by lower payments for Goods and services (- RON 881.7 th, -13.4%) and Capital expenditures (- RON 446.4 th, -80.6%).

**Transports**, larger payments by RON 1,096.5 th (+16.6%). Higher expenditures were recorded for Streets, respectively by RON 888.3 th (+17.9%) and for Other expenditures for transport (+RON 208.2 th, +12.7%) over the level attained in the same period of previous year. From the economic standpoint, at Q3 2018, the Capital expenditures went up by RON 1,011.4 th, mainly at the level of Other fixed assets (including capital repairs), coupled with lower expenses for Current repairs (by RON 315.8 th, -6.8%).

The payments recorded within the **Health** chapter amounted to RON 6,024.6 th, being by RON 1,633.2 th (+37.2%) over the level attained at Q3 2017, the increase being reflected exclusively at the level of the General hospitals. From the economic point of view, for Health actions were made payments by RON 1,512.5 th over the Q3 2017 level (+40.6%), while the level of Transfers for financing the investments on hospitals was diminished by RON 198.7 th (-86.4%). The payments for

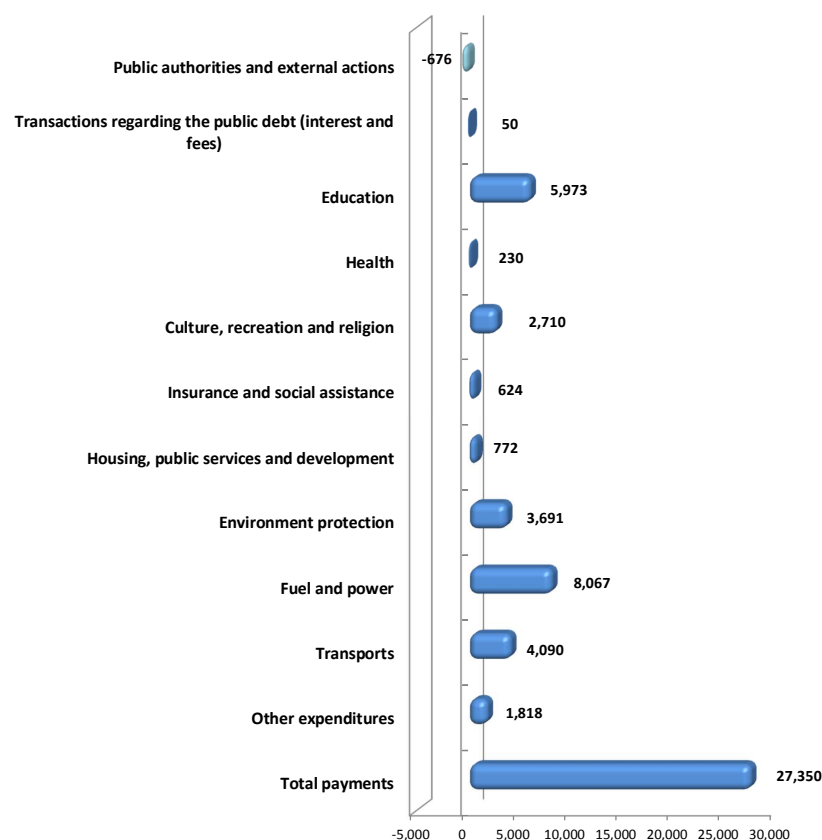
# Budgetary provisions at Q3 2018

## Functional classification

'000 RON



### Functional expenditures rectification, as compared to the initial budget



At Q3 2018, the budgetary revision, approved through LCD No. 366/28.09.2018, provided payments in total amount of RON 301,813.3 th, which were by 10% above the initial budget (+RON 27,349.5 th). Thus, the provisioned level of these payments by the end of 2018 is of RON 331,400.4 th, by RON 21,651 th (+7%). The expenditure chapters for which the initial provisions were amended are:

**Fuel and energy**, for which payments were increased by RON 8,066.8 th (+41.5%) compared to the initial provisions, the estimation of payments at the end of 2018 remaining constant with the projected value at Q3 2018. The dynamics was reflected at the level of the sub-chapters Thermal energy (+RON 4,385.1 th, +29.7%) and Other expenditures on fuels and energy (+3,681.8 thousand RON, +78.9%). From the economic point of view, higher allocations were provided at the level of the Subsidies (+RON 4,385.1 th, + 29.7%) and the Capital expenditures (+RON 2.500 th).

The investment expenditures included in the investment list are: RON 6,580.3 th from the local budget and RON 25.7 th from Non-reimbursable Programs. The main investment objectives are:

- \* Continuation of works (RON 6,163.5 th): The rehabilitation of the secondary thermal networks in Bacau (RON 2,428.5 th from the local budget and RON 5.9 th of Non-reimbursable financing programs), the modernization of the SACET Bacau heating network (RON 3,500 th from the local budget);

- \* New Objectives (RON 25 th);

- \* Other investment expenses (RON 391.8 th): Studies and expertise.

**Education**; higher allocations by RON 5,972.7 th (+30.9%), respectively an estimated level of the payment for the end of 2018 in amount of RON 28,341.8 th (+RON 3,668 th, +14.9%) distributed as follows: Secondary education (RON 3,426.1 th, +29.3%), Pre-school and elementary education (+RON 2,549.5 th, +33.8%). From the economic perspective, within this chapter, higher allocations were provided especially for Goods and Services (+5,590.7 th, +48.2%).

The Investment expenditures included in the final budget were in amount of: RON 3,959.9 th from the local budget and RON 138 th from Non-reimbursable Programs. The main investment objectives are:

- \* Ongoing projects (RON 1,850.6 th): Establishment and modernization of nurseries within the Kindergarten no. 27 (RON 900 th);

- \* New Objectives (RON 408 th): Construction of a kindergarten and nursery - Technical College of Communications "N.V. Karpen " (RON 150 th); Construction of the kindergarten and nursery - "Nicu Enea" School (RON 150 th).

- \* Other investment expenses (RON 1,701.2 th from the local budget, respectively RON 138 th from Non-reimbursable Programs): various acquisitions (RON 360 th), studies and expertise (RON 1,479.2 th)

**Transports**; the final allocations for this chapter amounted, at Q3 2018, up to RON 28,163.2 th, by RON 4,090.4 th over the allocations included in the initial budget (+17%), respectively an estimate of the payments at the end of 2018 amounting to RON 28,563.2 th (+RON 4,090.5 th, +16.7%). The final allocations are mostly for the Streets (+RON 4,030.4 th, +18.4%). From the economic perspective, the allocations for Goods and Services increased by RON 4,249.6 th (+33.9%), mainly at the level of the Current repairs (+RON 4,182 th, +38.4%), while the payments for Fixed Assets decreased by RON 151.6 th (-1.5%).

# Budgetary provisions at Q3 2018

## Functional classification

'000 RON



Through the investment list, for this chapter, expenditures amounting to RON 10,100.5 th and having as source the local budget, respectively RON 350 th from Non-reimbursable Programs. The main objectives are:

- \* Continuation of works (RON 5,831.3 th): Rehabilitation of the Airport street (RON 907 th), construction of the "poet Carlova" street (RON 845 th), construction of Corbului street (RON 946 th), intersection of Calea Romanului with Unirii Blvd. (RON 1,300 th);

- \* New Objectives (RON 1,283.1 th): Construction of a car parking and modernization of the Cathedral Park (RON 1,022 th);

- \* Other investment expenses: RON 2,986 th from the local budget, respectively RON 350 th from non-reimbursable programs, as follows: various acquisitions (RON 321.3 th), studies and expertise (RON 3,187.1 th).

**Environment protection;** for this chapter, the final provisions were by RON 3,691 th below the initial budget (+6.6%), respectively an forecast of payments at the end of 2018 amounting to RON 63,339.3 th (+RON 601.8 th, +1%), given the increase in allocations for the Sanitation (+RON 1,895 th, +18.1%), Collection, treatment and destruction of waste (RON 1,544 th, +10%). Analyzing from the economic standpoint, the dynamics was reflected especially for the provisions for Goods and services (+RON 3,545 th, +19.1%, mainly Other materials and services for maintenance and functioning and Current Repairs) and Capital expenditures were increased by RON 218.5 th (exclusively for the Fixed assets).

For this chapter, through the rectified budget, were allocated sums for investment expenditures amounting to RON 30,449.7 th, entirely from the local budget. The provisions are distributed as follows:

- \* Ongoing projects (RON 28,052.3 th): Bacau City Water Reserve (RON 26,518.8 th);

- \* New Objectives (RON 528 th), exclusively for the Modernization of the sewage equipment within the Bacau Waste Depositary;

- \* Other investment expenses (RON 1,869.4 th): various acquisitions (RON 1,398.4 th); Studies and expertise (RON 471 th).

**Culture, recreation and religion;** the final allocations under this chapter amounted to RON 29,845.9 th, which was by RON 2,710 th over the initial budget allocations (+10%), respectively an estimate of payments at the end of 2018 amounting to RON 31,655.3 th (-RON 2,547.3 th, +8.8%). Thus, for the subchapter Sports' services, the final provisions were increased by RON 1,036 th, Cultural services by RON 884 th (+20.5%) and for Other services in the field of culture, recreation and religion by RON 620 th. From the economic perspective, the allocations for Transfers to public institutions increased by RON 3,253 th (+49.7%) and for Other materials and services for maintenance and functioning by RON 1,325.1 th, while the payments for Fixed Assets decreased by RON 2,164.7 th (-29.3%) and the ones for Associations and foundations went down by RON 1.555 th (-38.4%).

For this chapter, the Investment list includes objectives that have as source: internal bank credits (RON 14,072.5 th), local budget (RON 5,221.7 th), non-reimbursable programs (RON 770 th). Allotted amounts are distributed as follows:

- \* Ongoing projects: (total value from domestic bank loans, respectively RON 800 th from the local budget): Rehabilitation and modernization of the "Insula de Agrement" (RON 14,072.5 th); Modernization of Sports Complex "C. Anghelache "(RON 400 th);

- \* New objectives (1,507.3 th RON - local budget): Rehabilitation of playground in Bacau (RON 359 th); building sports grounds in neighborhoods (RON 400 th);

- \* Other investment expenses (RON 770 th - ineligible expenses and RON 2,914.4 th from the local budget): various acquisitions (RON 2,156 th - playground facilities, including installation - RON 1,000 th); Studies and Expenses (RON 1,528.5 th).

**Housing, public services and development,** chapter for which, through the rectified budget, were provided expenditures in amount of RON 11,793 th, which were by 7% above the level included in the planned budget (+771.9 th RON), respectively an estimate of the payments at the end of 2018 in amount of RON 12,399.2 th (+RON 771.9 th, +6.6%), largely Other services for housing, public services and rural development (+RON 707.9 th, + 19.3%). The dynamics was generated by the increase by RON 1,145.6 th of the final provisions for Goods and services (+ 18.6%), while the expenditures for Capital expenditures decreased by RON 337 th (-13.9 %) compared to the initial provisions.

The rectified budget, within this chapter, provided investment expenses in total amount of RON 2,093.3 th, having as source the local budget. Through the investment list, related to the rectified budget, allocations are provided for:

- \* Continuation of works (RON 427.3 th): Real estate consolidation (RON 311.7 th);

- \* New Objectives (RON 302 th): LTE Habitat for Humanity - RON 175 th;

- \* Other investment expenses (RON 1,363.9 th from the local budget): Various acquisitions (RON 94 th); Studies and Expertise (RON 1,269.9 th for the Modernization of the street public lighting system - RON 600 th).



# Budgetary provisions at Q3 2018

## Functional classification

'000 RON



For **Health** chapter, the list of investments includes targets that have as source: internal bank credits (RON 13,531.1 th), local budget (RON 9,397.2 th), non-reimbursable financing programs (RON 55 th). Allotted amounts are distributed as follows:

\* Continuation of works (the value of internal bank credits is RON 11,531.1 th, respectively RON 9,096.2 th from the local budget): Construction of Bacau Municipal Hospital (RON 20,247.3 th);

\* Other investment expenditures (RON 301 th from the local budget and RON 2,000 th of the bank loans, respectively RON 55 th out of the non-reimbursable financing programs): Studies and expertise (RON 2,000 th - Equipment - Bacau Municipal Hospital).

## The achievement degree, as compared to the final provisions of the period

On September 30<sup>th</sup>, 2018 the execution degree of the expenditures was 59.2% in the rectified budget provisions, these payments (in amount of RON 178,613.7 th) were at a level of RON 123,199.6 th below the budgetary provisions.

Payments made in the first nine months of this year, within the **Public Authorities and external actions** chapter, recording the execution degree of 84% and the value of RON 29,204.6 th and were by RON 5,547.7 th below the final provisions. Capital expenditures amounted to RON 440.9 th and accounted for 29.8% of the final allocations and the payments for Goods and services, amounting to RON 4,238.1 th and were by RON 2,214.9 th below the provisions included in the rectified budget (-34.3%). Also, the Staff costs were executed in proportion of 88.5% of the final budget, being in the amount of RON 9,604.9 th.

Within the **Insurance and social assistance** chapter, the execution degree, compared to the final budget, was of 79%, respectively the payments were decreased by RON 10,107.2 th below the final budget. The expenses recorded for the Other expenditures in the insurance and social assistance field were by RON 4,981 th below the final provisions (execution degree of 68.3%), followed by Social support by RON 2,896.1 th (execution degree of 47.8%), Social assistance for the disabled by RON 1,286.1 th under the final budget (execution degree of 93.3%). From the economic standpoint, the level of the expenses made for the Social assistance were by RON 4,069.3 th under the budgetary provisions (execution degree of 78.9%), the expenses made for the Goods and services title were in amount of RON 5,708.1 th, by 24.8% under the final budget (lower expenses recorded mainly for Other materials and services for maintenance and functioning and for Contributions of local public administrations to the achievement of some public local services, based on partnership and association agreements), and the Staff costs were by RON 2,274.9 th under the final provisions (execution degree of 88%).

The execution degree, within the **Education** chapter, was of 64.7%, the expenses recorded were by RON 8,953.5 th under the budgetary provisions. The expenses made for the Upper secondary education were by RON 3,079.1 th under the final provisions (execution degree of 73%), for the 'Pre-school education were by RON 2,339.6 th (-46.6%) under the budgetary provisions, for the 'Elementary education by RON 2,333.4 th (-47.1%) under the final provisions. The Capital expenditures were in amount of RON 651.3 th, the execution degree was of 16.4%; for the Goods and services the payments were by RON 4,801.4 th below the final provisions (by 27.9%, lower expenses were recorded for Heating, lighting and driving force and Current repairs).

The expenses made within the **Fuel and energy** chapter recorded an execution degree of 63.2%, considering that the payments for the Other expenditures for fuel and power were by 68.8% below the final provisions (by RON 5,742.1 th). From the economic point of view, were provisioned expenses in amount of RON 2,990.5 th for the Programs from Cohesion Fund (executed in amount of RON 2,449.5 th, respectively an execution degree of 81.9%), while the Capital expenditures recorded in amount of RON 76.4 th, but provisioned in amount of RON 3,589.9 th.

Within the **Housing, public service and development** chapter were recorded expenses by RON 4,623.3 th below the budgetary provisions (degree of achievement of 60.8%). The non-realisation of the budgetary provisions reflected mainly at the level of the Other services for housing, public services and rural development by RON 1,741.5 th under the final provisions (-39.8%), Public lighting and rural electrification, amounting to RON 3,592.1 th, by 29.1% below the budgetary provisions (execution level of 70.9%), Other expenditures in the housing system, being below the rectified budget by RON 1,407.2 th (degree of achievement 40.2%). From the economic point of view, was recorded a low level of Capital expenditures (budgetary provisions being of RON 2,093.3 th and the payments totaling of RON 81.5 th), the payments made for Goods and services (by RON 2,156.9 th, -29.6%) and lower payments made for Staff costs (-17.4%, by RON 416.6 th).

Within the **Culture, recreation and religion** were recorded expenses by RON 13,072.2 th under the budgetary provisions (execution degree of 56.2%). The non-realisation of the budgetary provisions was reflected mainly at the level of Maintenance of public gardens, parks, green areas, sports and leisure centers expenses in amount of RON 8,235.5 th, by 51.6% under the budgetary provisions, of Sport expenses were by RON 2,410.4 th below the final provisions (execution degree of 62%). From the economic point of view, a low execution degree was reflected at the level of the Capital expenditures (17.1%), mainly for the Constructions (by RON 2,027.5 th, by 87.9% under the budget) and Other fixed assets (including capital repairs, - RON 2,295.2 th, -79%), for the Goods and services (by RON 3,464.6 th, -42.7%), Transfers between units of public administrations (-29.5%, -RON 2,890.8 th) and for Other expenditures (-RON 1,689.8 th, -53.2%), larger expenses for Associations and foundations.

## Budgetary provisions at Q3 2018

### Functional classification

'000 RON



The execution degree, within the **Environment protection** chapter, was of 38.9%, respectively the expenses made were by RON 36,542 th below the budgetary provisions. The expenditures made within the Canalization and treatment of wastewater title were by RON 28,104.1 th under the final provisions (execution degree of 7.6%), within the Collection, treatment and destruction of waste tile were by RON 5,084.7 th, by 29.9% under the final provisions, Sanitation by RON 3,353.2 th, by 27.1% under the final provisions. The level of the Capital expenditures was low with an achievement degree of 3.6%, lower payments mainly at the level of Constructions, the payments for Goods and services were of RON 6,323.6 th, by 28.6% below the budget (lower expenditures being recorded for Other materials and services for maintenance and functioning and Current repairs).

The payments made within the **Health** chapter were by RON 10,115.1 th below the budget (achievement degree of 37.3%, the dynamics was reflected at the level of the General hospitals), taking into consideration the low level of the Capital expenditures (execution degree of 8.8%), mainly related to Constructions. Also, the Current transfers (Health actions) were below the budget by RON 1,453.4 th (-21.7%).

The payments performed for the **Transports** chapter had an achievement degree of 27.3% out of the final provisions (being by RON 20,461.8 th below the budget). The non-realisation of the budgetary provisions was reflected mainly at the level of Streets expenses (by RON 20,030.8 th, -77.4%). From the economic point of view, a low execution degree was recorded for the Capital expenditures (execution degree of 14.3%) and for the Current repairs (amounting to RON 4,342.1 th, provisioned at the value of RON 15,084.7 th in the final budget).



### Section III: Budgetary expenditures (economic classification)

- The variation of the performed expenditures at Q3 2018 vs. Q3 2017
- Budgetary provisions: the achievement degree of the expenditures at Q3 2018
- Expenditures' ratios



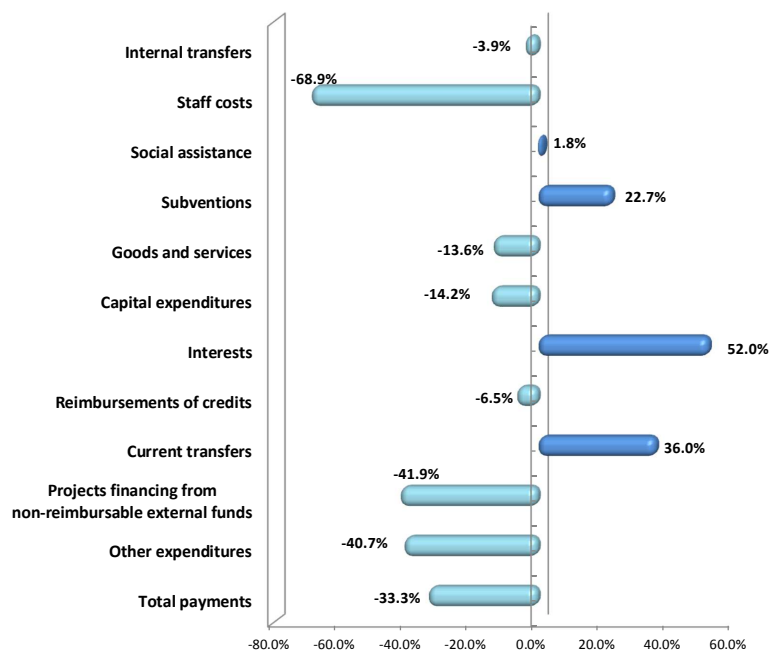
# The variation of the performed expenditures at Q3 2018 vs. Q3 2017

Economic classification

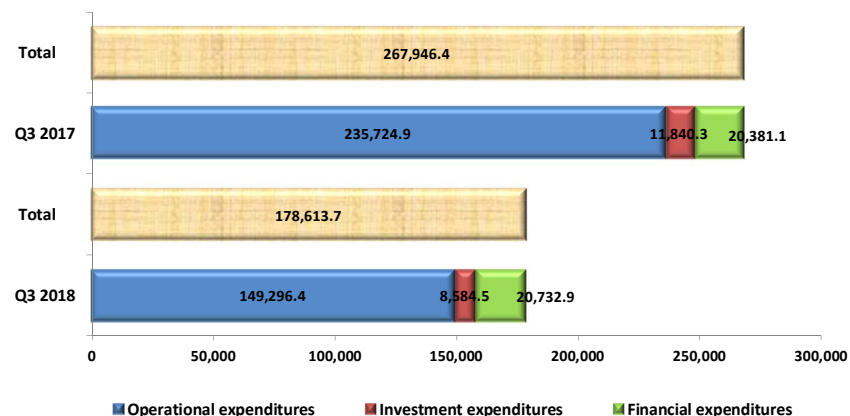
'000 RON



## Economic expenditures variation



## Structure of payments



-> The **Operational expenditures** incurred in the first three quarters of 2018 went down by RON 86,428.5 th, as compared to the level attained at Q3 2017 (-36.7%), taking into consideration:

- The decrease of the **Staff costs**, -68.9% (by RON 84,188.2 th), mainly at the level of the Base salaries (-RON 57,296.3 th, -61.8%), taking into consideration that, at the level of the Education chapter, the payments made for the Staff costs, since January 2018, are not made through the local budget, but through the Ministry of Education, according to GEO no. 90/2017.

- Lower payments made for **Goods and services**, by RON 8,594.5 th (-13.6% under the Q3 2017 level). Thereby, decrease of the expenditures were recorded, mainly, for Other expenditures on goods and services (by RON 10,296.5 th, mainly within the Fuel and power chapter), coupled with higher payments for Other materials and services for maintenance and functioning (+RON 1,034.5 th, +7.1% within the Environment protection and Public authorities and external actions chapters), Water, sewerage and sanitation (by RON 596.2 th, +19.5%, mainly within the Education and Environment protection chapters).

+ the payments for the **Social assistance** were decreased by 1.8% (+RON 275.7 th), largely at the level of the Social support in cash (+RON 1,092.9 th, +8.5%), coupled with lower expenses made for Gift tickets granted for social expenditures by RON 842.2 th (-31.6%), within the Insurance and social assistance and Education chapters.

- At Q3 2018 payments in amount of RON 14,764.3 th were recorded as **Subsidies** (respectively Other subsidies in amount of RON 7,484.1 th within the Fuel and power chapter, no such expenses were recorded at Q3 2017), coupled with a decreased level of the Subsidies for covering the differences of price and tariff by RON 4,756 th over the Q3 2017 level (-39.5%).

+ In the first nine months of 2018, the **Current transfers** went up by 36% compared with the level recorded at Q3 2017, especially at the level of the Transfers to public institutions (+3,903 th, +34.5%), within the Public order and national security and Culture, recreation and religion chapters and at the level of the Health actions (+RON 1,512.5 th, +40.6%) within the Health chapter.

- The decrease of the **Internal transfers** level, by RON 105.1 th (-3.9%). Thereby, were made higher payments for Financing of private or confessional accredited education by RON 383.6 th (+40%) and for Other current internal transfers (+RON 279.7 th, +31%), coupled with lower expenses for the transfers for Investments of the economic agents with state capital which went down by RON 768.3 th (-90%).

-> The **Investment expenditures** went down by RON 3,255.9 th (-27.5%) compared to the level attained at Q3 2017. The dynamics was reflected by the decrease within the **Capital expenditures** (by RON 949.1 th, -14.2%, exclusively at the level of the Fixed assets within Transport chapter). Likewise, the payments for the **Projects financing from non-refundable external funds (NEF) post adhesion** were in amount of RON 2,776.2 th, followed by lower payments for the Programs from Cohesion Fund (by RON 2,351.7 th, exclusively within the Fuel and energy chapter, compared to Q3 2017), coupled with higher payments at the level of the Programs from European Fund for Regional Development by RON 267.1 th (largely within the Culture, recreation and religion chapter).

-> The **Financial expenditures** went up by RON 351.8 th (+1.7%), mainly due to the payments made for **Interests** (by RON 1,511.6 th, +52%), coupled with lower payments for **Loans reimbursements** (by RON 1,133.7 th, -6.5%), mainly within the Fuel and power chapter.



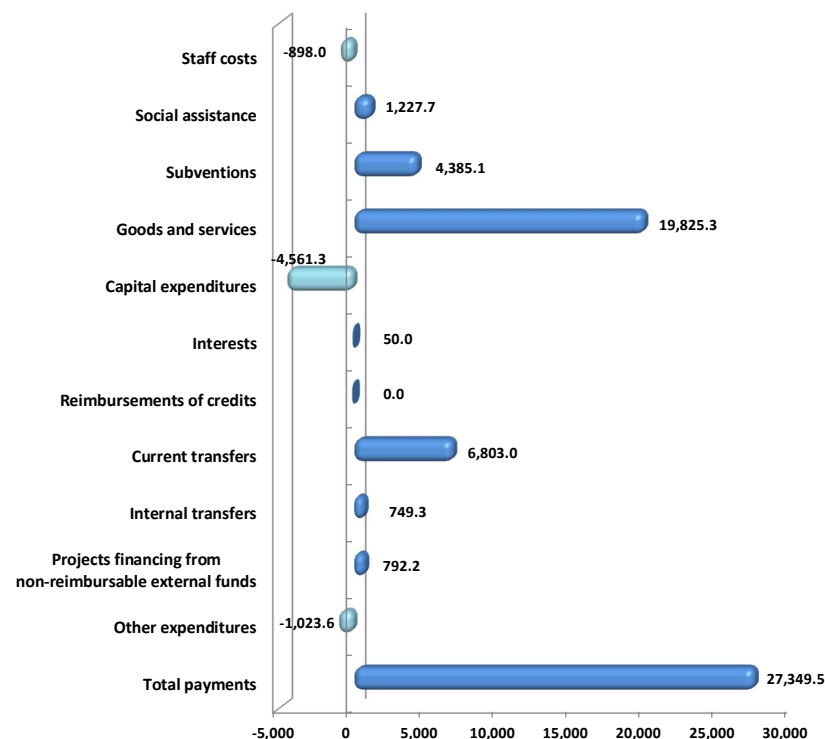
# Budgetary provisions

## Economic classification

'000 RON



### Economic expenditures rectification at Q3 2018, as compared to the initial budget



From the economic standpoint, the budgetary rectification has led to variations compared to the initial budget, with total expenditures amounted to RON 301,813.3 th. Variations are found at the level of the:

-> **Operational expenditures** were provisioned in the final budget in amount of RON 207,548.9 th, respectively by 17.2% (+RON 30,477.6 th) over the provisions within the initial budget, respectively an estimated level of RON 228,832 th in 2018 (+RON 24,779.2 th, +12.1%), as follows:

+ the payments for **Goods and services** were rectified through a higher value by RON 19,825.3 th (+29.3%), reaching the amount of RON 87,399.4 th compared to the initial budget, (respectively an estimated level in 2018 of RON 91,340.7 th, by RON 14,629.6 th, +19.1%), largely at the following levels: Current repairs (+RON 6,196 th, +44.5%), Heating, lighting and driving force (+RON 3,811.7 th, +31.2%), Other materials and services for maintenance and functioning (+RON 3,725.8 th, +19.7%), Other expenses with materials and services changes (+RON 1,851.8 th, +36.1%), Water, sewerage and sanitation (+RON 1,197.4 th, +31.1%), Other registered materials (+RON 1,268.6 th. From the functional standpoint, the rectification was reflected mainly for chapters as: Education (+RON 5,590.7 th, +48.2%), Transports (+RON 4,249.6 th, +33.9%), Environment protection (+RON 3,545 th, +19.1%).

+ **Current transfers** by RON 6,803 th (+34.7%), largely within the following chapters: Culture, recreation and religion (+RON 3,253 th, +49.7%), Health (+RON 2,199 th, +49%), Public order and national security (+RON 1,351 th, +15.8%).

+ **Social assistance**, increase of the provisions by RON 1,227.7 th (+ 6.5%), especially at the level of Social support in cash (RON 1,646.6 th, + 11.8%), counterbalanced with the reduction of the provisions related to Gift tickets granted for social expenditures (-RON 400 th, -8%), the dynamics reflected in the chapters Insurance and Social Assistance (+RON 1,100.7 th, + 6.1%) and Education (+127 th RON, + 15.5 %);

+ **Internal transfers**, provisions increased by RON 749.3 th (+16.2%) compared to the initial budget, especially at the level of Investments of the economic agents with state capital (+RON 700 th, + 51.3%), increases, entirely found at the level of the Fuel and power chapter.

-> The **Investment expenditures** the rectified budget provides for a decrease by RON 3,178.1 th (-4.2%) from the initial level. The dynamics was mainly related to:

- The **Capital expenditures** (-RON 4,561.3 th, -6.4%), which are included in the provisions for Constructions, which were decreased by RON 2,739.3 th (-4.8%, important dynamics being reflected within the chapters: Fuel and power, Health and Public authorities and external actions) and for Other fixed assets (including capital repairs) were decreased by RON 1,879 th (-14%, largely within the Culture, recreation and religion and Transport chapters).

+ **Capital transfers**, allocations increased by rectification by RON 591 th (+ 117%) and functionally reflected at the chapters Public order and national security and Health;

+ **Projects financing from non-refundable external funds, related to the 2014-2020 financial framework**, provisions increased by RON 342.4 th, exclusively within the Programs from the European Social Fund (ESF), reflected in the chapters of Public authorities and external actions and Education. In the same time, regarding the Projects financing from non-refundable external funds (NEF) post-adhesion, it can be noticed the increase of the payments made for Programs from Cohesion Fund by RON 449.8 th (+17.7%, entirely within the Fuel and power chapter).

-> The **Financial expenditures** that were provided through the initial budget in amount of RON 21,634 th, have been modified by the rectified budget to the value of RON 50 th (+0.2%), exclusively at the level of **Interests**. At the level of these expenditures, for the end of 2018, is estimated a level of RON 29,988 th.

# Budgetary provisions at Q3 2018

Economic classification

'000 RON



## The achievement degree, as compared to the final provisions of the period

-> The **Investment expenditures** recorded a low execution degree (11.8%) in the rectified budget provisions.

- The **Capital expenditures** recorded a level by RON 61,295.4 th below the final budget, respectively an execution degree of 8.5%. The main decrease was reflected at the level of the Constructions (-52,186.1 th, -96.8%, payments under the budget provisions within the Environment protection, Transports, Health chapters), followed by lower payments for Other fixed assets (including capital repairs) by RON 8,792.8 th (-76.1%, especially within the Culture, recreation and religion, Housing, public services and development Transports, Public Authorities and external actions, and Education chapters).

- **Capital transfers**, executed by RON 1,064.7 ths below the final provisions (-97.1%), recording the level of RON 31.3 th, entirely destined to Transfers for capital repairs in hospitals. At the same time, there were not executed any Other capital transfers to the public institutions, although were included in the final budget in amount of RON 361 th.

- at Q3 2018 the payments for the **Projects financing from non-refundable external funds (NEF) post adhesion** were by RON 1,334.3 th below the final budget (achievement degree of 67.5%). At the level of the Programs from Cohesion Fund, the payments recorded a level by RON 541 th under the final budgetary provisions (exclusively in the Fuel and energy chapter), here with lower payments by RON 793.3 th for Programs from European Fund for Regional Development. Also, regarding the **Projects financing from non-refundable external funds, related to the 2014-2020 financial framework**, it can be observed payments made for the Social European Fund by RON 301.6 th below the final provisions (achievement degree of 14.2%).

-> The **Operational expenditures**, in amount of RON 149,296.4 th, were by RON 58,252.4 th below the budgetary provisions (achievement degree of 71.9%).

- The **Goods and services** expenses went down by RON 32,902.4 th under the budgetary level (-37.6%). Lower expenses were recorded mainly for the Current repairs (by RON 13,754.5 th, -68.3%, mainly within the Transports and Environment protection chapters), Other materials and services for maintenance and functioning (by RON 7,125.9 th, -31.5% mainly in the Culture, recreation and religion and Environment protection chapters), for Heating, lighting and driving force (by RON 3,115.3 th, -19.5%, mainly in the Education, Housing, public services and development chapters), Other expenses with materials and services changes (-RON 1,569.9 th, -22.5%), Other registered materials (-RON 1,476.6 th, -69.3%) and for Water, sewerage and sanitation (by RON 1,397.2 th, -27.7%, mainly in the Environment protection chapter).

- The **Staff costs** recorded an execution degree of 88.6% in the final budget, the payments attained were by RON 4,879.1 th under the final provisions. Lower expenses were recorded at the level of the Base salary (by RON 3,826.5 th, -9.8%). The evolution was reflected mainly at the level of the Insurance and social assistance, Public authorities and external actions.

- The expenditures recorded for the **Social assistance** were by RON 4,461 th below the final budget (execution degree of 77.9%), mainly within the Insurance and social assistance chapter. The payments made for the Gift tickets granted for social expenditures went down by 39.6% in the final budget (-RON 2,777.8 th), and the Social support in cash were by RON 1,663.1 th, by 10.7% under the final provisions.

- The **Internal transfers** were by RON 2,764.6 th under the final provisions (execution degree of 48.6%), taking into consideration the lower payments made for the transfers for Investments of the economic agents with state capital (-RON 1,980 th), within the Fuel and energy, and for Other current internal transfers (by RON 784.1 th, -39.9%), mainly in the Other general public services and Health chapters.

- The level of the **Current transfers** were by RON 5,921.5 th under the final budget (execution degree of 77.6%), lower allocations mainly for Transfers to public institutions (-RON 4,468.1 th, -22.7%), within the Public order and national security chapter (Local police) and Culture, recreation and religion and for Health actions (-21.7% under the budgetary provisions, exclusively at the level of the Health chapter).

- for **Other Expenditures**, the payments made marked an execution degree of 55.9% as compared to the final provisions, the dynamics being reflected, especially, for the expenditures for Associations and foundations (- RON 2,078.3 th), within the Culture, recreation and religion and Insurance and social assistance chapters.

-> The **Financial expenditures** went down by RON 951.1 th (execution degree of 95.6%), mainly lower payments within the **Loans reimbursements** chapter (by RON 837.3 th, -4.9%, mainly within the Public authorities and external actions chapter), **Interests** (-RON 45.4 th, -1%).

# Expenditures' ratios

at Q3 2018, as compared to Q3 2017

'000 RON



Ratios	Q3 2018	Q3 2017
<b>Total staff costs</b>	<b>37,994.2</b>	<b>122,182.4</b>
Expenditures per Capita	192.6 RON	620.2 RON
The expenditure weight in the operational expenditures	25.4%	51.8%
<b>Staff costs for Education</b>	<b>16,667.3</b>	<b>90,464.4</b>
Expenditures per Capita	84.5 RON	459.2 RON
The expenditure weight in the operational expenditures	11.2%	38.4%
<b>Current compulsory expenditures</b>	<b>61,002.1</b>	<b>149,670.6</b>
Expenditures per Capita	309.2 RON	759.7 RON
The expenditure weight in the operational expenditures	40.9%	63.5%
<b>Operational expenditures</b>	<b>149,296.4</b>	<b>235,724.9</b>
Expenditures per Capita	756.8 RON	1,196.6 RON
The expenditure weight in the total expenditures	83.6%	88.0%
<b>Expenditures on debt service financing</b>	<b>20,732.9</b>	<b>20,381.1</b>
Expenditures per Capita	105.1 RON	103.5 RON
The expenditure weight in the total expenditures	11.6%	7.6%
<b>Total investment expenditures</b>	<b>8,584.5</b>	<b>11,840.3</b>
Expenditures per Capita	43.5 RON	60.1 RON
The expenditure weight in the total expenditures	4.8%	4.4%
<b>The expenditures' rigidity</b>	<b>21.3%</b>	<b>45.6%</b>
<b>The weight of the payments from the operating section in the total payments</b>	<b>95.2%</b>	<b>95.3%</b>
<b>The weight of the payments from the development section in the total payments</b>	<b>4.8%</b>	<b>4.7%</b>
<b>The deficit/surplus of the operating section</b>	<b>22,695.6</b>	<b>32,496.8</b>
<b>The deficit/surplus of the development section</b>	<b>218.4</b>	<b>656.8</b>
<b>The weight of the local public debt service in the total made payments</b>	<b>11.6%</b>	<b>7.6%</b>
<b>Maximum annual debt</b>	<b>58,745.8</b>	<b>54,783.2</b>
Net direct debt	<b>29,493.1</b>	<b>26,736.2</b>
Direct indebtedness level	14.9%	15.4%
Net public debt	<b>23,420.0</b>	<b>22,526.2</b>
Public indebtedness level	18.0%	17.7%
<b>The total expenditures achievement degree from the initial budget</b>	<b>65.1%</b>	<b>68.9%</b>
The achievement degree from the initial budget of the:		
Operational expenditures	84.3%	86.1%
Staff costs	86.8%	96.9%
Current compulsory expenditures	85.0%	95.1%
Expenditures on debt service financing	95.8%	95.8%
Investment expenditures	11.3%	12.6%
<b>The funds absorption level of the total expenditures</b>	<b>88.6%</b>	<b>89.0%</b>
Investment expenditures / Operational revenues	3.8%	4.1%
Numar de locuitori, la data:	<b>197,285</b> 01/01/2018	<b>197,003</b> 01/01/2017

**Total staff costs** recorded at Q3 2018 were by RON 84,188.2 th below the level attained at Q3 2017 (-68.9%), the dynamics being influenced by the lack of expenses for the Staff costs within the Education chapter, due to the legal changes, starting from January 2018 (the payments reaching a level of RON 90,464.4 th at Q3 2017), coupled with higher expenses for Insurance and social assistance (by RON 3,123.7 th, +23.1%) and Public authorities and external actions (by RON 1,182.3 th, +14%).

-> The **Current compulsory expenditures** were by RON 88,668.5 th under the Q3 2017 level (-59.2%), mainly due to:

- lower *Staff costs*,

- the diminished at Q3 2018 of expenses on *Subsidies for covering the differences of price and tariff* within the Fuel and power chapter (-RON 4,756 th, -39.5%),

+ higher payments made for *Social assistance* by RON 275.7 th (+1.8%).

-> The **Operational expenditures** went down by RON 86,428.5 th (-36.7%), as compared to Q3 2017, the evolution being determined by the decrease of the:

- Current compulsory expenditures and of the

- payments for *Goods and services* (by RON 8,594.5 th, -13.6%, the dynamics being reflected as follows: Fuel and power – RON 12,622.1 th; Environment protection +RON 1,597.7 th; Public authorities and external actions + RON 1,280 th), counterbalanced by the

+ recorded payments for *Other subsidies* in amount to RON 7,484.1 th, exclusively in the Fuel and energy chapter (no such expenses being recorded at Q3 2017).

-> The **Expenditures on debt service financing** went up by RON 351.8 th, versus the Q3 2017 level (+1.7%), mainly due to higher payments for *Interests* by RON 1,511.6 th (+52%), coupled with lower payments made for the *Reimbursement of loans* (by RON 1,133.7 th, -6.5%).

-> The **Investment expenditures** were by RON 3,255.9 th over the level attained at Q3 2017, the payments performed being related to Projects financed from non-reimbursable external funds (-RON 2,034.7 th, -41.9%), coupled with higher payments made for Capital expenditures (by RON 949.2 th, -14.2%).

## Table of contents Part IV



### Section IV

- Balance sheet at 30.09.2018
- Local Public Debt Service as of 30.09.2018

# Balance sheet

at September 30<sup>th</sup>, 2018

'000 RON



Balance sheet	30/09/2018	31/12/2017	30/09/2017	Overdue payments (code 40*)	30/09/2018	31/12/2017	30/06/2017
<b>Current assets</b>	<b>265,740.2</b>	<b>546,959.6</b>	<b>423,791.3</b>	<b>Total overdue payments recorded at the end of the reporting period, of which:</b>	<b>84.8</b>	<b>6.7</b>	<b>123.6</b>
Cash and cash equivalent	- 39,639.5	61,383.8	82,163.1	up to 30 days	83.3	6.7	23.9
Inventories	103,449.5	103,425.3	103,127.0	over 30 days	1.4	-	99.7
Receivables	201,818.9	382,099.7	238,465.9	over 90 days	-	-	-
Short term investments	-	-	-	over 120 days	-	-	-
Other current assets	111.3	50.8	35.3	to suppliers, creditors of commercial operations	<b>84.8</b>	<b>6.7</b>	<b>123.6</b>
<b>Fixed assets</b>	<b>2,835,445.5</b>	<b>2,834,322.1</b>	<b>2,983,099.8</b>	towards consolidated general budget	-	-	-
Intangible assets	2,948.2	2,265.1	2,749.7	towards employees	-	-	-
Tangible assets	2,746,183.6	2,745,742.5	2,894,035.5	loans non-paid at maturity	-	-	-
Other fixed assets	86,313.7	86,314.5	86,314.5	overdue interest	-	-	-
<b>Total assets</b>	<b>3,101,185.8</b>	<b>3,381,281.7</b>	<b>3,406,891.1</b>	<b>Overdue payments - The operating section</b>	<b>84.8</b>	<b>6.7</b>	<b>123.6</b>
<b>Current liabilities</b>	<b>50,485.4</b>	<b>241,208.7</b>	<b>46,410.7</b>	<b>Overdue payments - The development section</b>	-	-	-
ST borrowings and CP of LT debt	12,432.3	-	12,611.4				
Accounts payable	6,679.6	210,826.6	6,137.4				
Short term provisions	2,793.1	2,784.9	3,793.3				
Other short term debts	28,580.4	27,597.2	23,868.7				
<b>Long term debts</b>	<b>174,709.1</b>	<b>191,035.1</b>	<b>201,070.5</b>				
Long term loans	168,160.3	184,448.3	190,733.6				
Other long term debts	4.8	51.6	10.6				
Provisions	6,544.1	6,535.2	10,326.3				
<b>Equity and reserves</b>	<b>2,875,991.2</b>	<b>2,949,037.9</b>	<b>3,159,409.9</b>				
<b>Total liabilities</b>	<b>3,101,185.8</b>	<b>3,381,281.7</b>	<b>3,406,891.1</b>				
<b>Current liquidity ratio</b> <b>(Current assets / Current liabilities)</b>	5.3	2.3	9.1				
<b>Indebtedness level</b> <b>(Borrowed capital / Total liabilities)</b>	5.4	5.5	5.6				

\* code 40 = total overdue payments

At the end of September 2018, the Total assets went down by RON 280,095.9 th (-8.3%) as compared to the level attained at the end of 2017, due to the decrease of the *Current assets* (by RON 281,219.3 th, -51.4%) and the increase of the balance of *Fixed assets* by RON 1,123.4 th.

The decrease in the balance of the Current assets was determined by a smaller amount of the *Accounts receivables* by RON 180,280.9 th (-47.2%), cumulated with the decrease of the *Cash and cash equivalents* by RON 101,023.3 th (-164.6%).

At Q3 2018, the balance of the Commercial debts went down by RON 204.147 th (-96.8%), as compared to the value recorded at the end of 2017.

The Long-term liabilities to banks went down by RON 16,288 th (-8.8%), taking into consideration the reimbursements performed in the analysed period related to the on-going credit facilities.

The Equity recorded a slightly decrease by 2.5% (-73,046.7 th).

The Current liquidity ratio was of 5.3 at the end of September 2018, as compared to 2.3 at the end of 2017, following the decrease of the Current assets by 51.4%, offset by a decline more pronounced of the Short-term liabilities by 79.1%.



# Local Public Debt Service

at September 30<sup>th</sup>, 2018

'000 RON



Debt and liquidity	30/09/2018
New credit drawdowns in the period	-
Direct debt service	20,730.7
Direct indebtedness rate	10.6%
Public debt service	26,803.9
Public indebtedness rate	13.7%
Public Debt Service as % of Operational Revenues	14.2%
Public Debt Service as % of Operational Expenditures	18.0%
Long term debt % Own Funds	5.8%
Long term debt / Own Revenues (1.x)	100.1%

Payout	30/09/2018
Payout 2Y - 2 years	72,608
Payout 5Y - 5 years	174,104
Payout 10Y - 10 years	273,138
Total revenues per Capita	1,021.5 RON
Own revenues per Capita	851.5 RON
Public debt service per Capita	135.9 RON
Long term debt per Capita	852.4 RON

	2017 <sup>1)</sup>	2018 <sup>2)</sup>	2019 <sup>2)</sup>	2020 <sup>2)</sup>
Total revenues	395,710.5	399,667.6	403,664.2	407,700.9
Own revenues <sup>3)</sup>	215,258.0	217,410.6	219,584.7	221,780.6
Indebtedness capacity	54,783.2	58,745.8	58,745.8	58,745.8
Public debt service <sup>4)</sup>	32,232.2	35,309.8	35,601.2	35,351.2

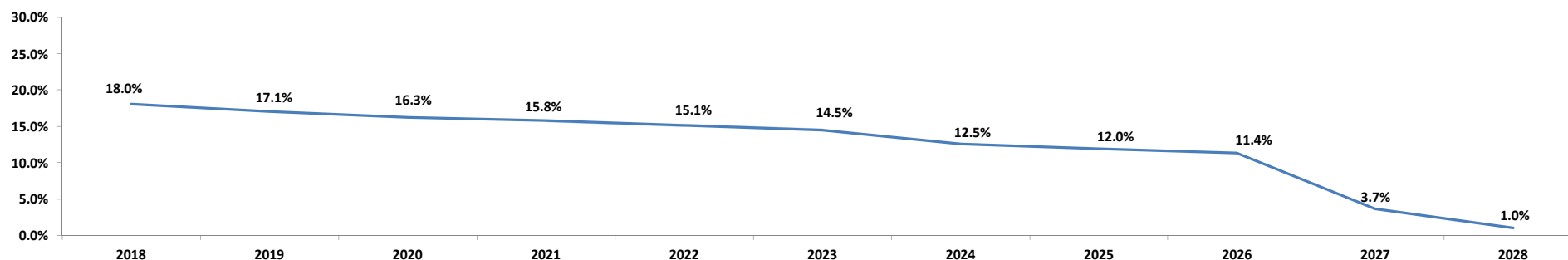
1) Revenues collected as of 31.12.2017

2) Forecasts, revenues growth rate of 1% computed annually

3) As per maximum indebtedness level formula, namely: Own revenues - (Other voluntary transfers + revenues from the sale of goods from the private domain + cash in of loan reimbursements)

4) TUD estimated values for the period of 2017 - 2020, based on the ongoing credit contracts provisions, money market conditions and legal regulations as of September 30<sup>th</sup>, 2018

## Indebtedness level forecasted for the period of 2018 - 2028<sup>4)</sup>



- The indebtedness level was forecasted considering the provisions of the ongoing credit contracts, the money market conditions as of September 30<sup>th</sup>, 2018 and the growth rate of own revenues of 1% ;
- According to the UGO nr. 46 on 05/23/2007, to complete art. 63 of the Law no. 273/2006 regarding the local public finances, "the loans contracted and/or guaranteed by the territorial-administrative units for providing the pre-financing and/or co-financing of the projects that benefit of the external non-reimbursable funds of pre and post-accession, from the European Union, are excepted from the paragraph (4) provisions" - respectively the framing in the maximum indebtedness limit
- The maximum indebtedness limit represents 30% of the arithmetic mean of the own revenues for the last three years prior to current period (computed as per maximum indebtedness level formula).

# Glossary of terms



<b>The operating section</b>	The basic compulsory local budget section, which includes revenues needed to finance current spending in order to achieve competencies established by law, and the related running costs;
<b>The development section</b>	The complementary section of the local budget, including income and capital expenditures related to implementation of the local development policies;
<b>Own revenues*</b>	The average of the Own revenues collected in the last 3 years (Own revenues as stipulated in the art. 5, indent (1) a) Law no. 273/2006 regarding the local public finance, including The difference between Total revenues, Investment revenues and Financial Revenues OR The Sum of Current Revenues (00.02) and Current Subsidies (00.20); Sum of Staff Cost (10), Goods and services (20), excluding Commissions and other costs related to debts (20.24), Subsidies (40), Reserve funds (50), Transfers (51+55, without investments), The difference between Total Expenditures, Investment Expenditures and Financial Expenditures, excluding Surplus / Deficit;
<b>Operational revenues</b>	Sum between Capital revenues (00.15), Capital Subsidies received from the State Budget (00.19), Sums received from the EU for the payments performed 2007 - 2013 (45.02) and 2014 -
<b>Operational Expenditures</b>	Sum of the Capital expenditures (70), of the Projects financed from post-accession non-reimbursable external funds 2007 - 2013 (56), of the Projects financed from post-accession non-
<b>Investment revenues</b>	Total expenditures incurred without considering the result of the period;
<b>Investment expenditures</b>	City taxes collected as follows: 01.02.01+03.02.18+04.02.01+05.02.50+06.02.02+07.02+12.02+15.02+16.02+18.02+33.02.24+34.02+35.02;
<b>Total payments made</b>	The sum between the Interests (30), Reimbursement of loans (81) and Commissions and other costs related to loans;
<b>Taxes supporting the debt</b>	In accordance to the Ministry of Finance order no. 231646/06.09.2009 previous years payments returned during the current year are reported negatively for 85.01 and are not used for
<b>Financial Expenditures</b>	These are invalidated by increasing the budgetary loans for each economic expenditure;
<b>Returned funds from previous years</b>	The ratios are presented on the budgetary execution, stipulated in the Emergency Ordinance no. 63 dated 30.06.2010, whose method of calculation is covered in the Methodology of
<b>Revenues and expenditures ratios</b>	Collected revenues % of the initial/revised budgetary provisions;
<b>The revenues/expenditures achievement</b>	Own revenues % in Total revenues;
<b>The level of financing from the own</b>	(Own revenues-Quotas deducted from the income tax (04.02.01)) % Total collected revenues;
<b>The degree of self-financing</b>	The total amounts received from the State Budget (Sums allocated from the quotas deducted from income tax to balance the local budgets 04.02.04 + Sums deducted from VAT 11.02 +
<b>The degree of dependency of the local</b>	(Own revenues + Sums deducted from VAT for balancing the local budget 11.02.06) % in Total revenues;
<b>The degree of decisional autonomy</b>	Staff costs % in Total incurred expenditures;
<b>The expenditures' rigidity</b>	The maximum legal amount allowed for municipal indebtedness, equal to 30% of the average of the own revenues executed in the last 3 years. Represents the maximum of Public Debt
<b>Maximum annual debt</b>	Total of amounts representing interests, provisions and installments, according to contracted to be paid by the end of The year, by the municipality;
<b>Net direct debt</b>	Total of amounts representing interests, provisions and installments, according to contracted and guaranteed to be paid by the end of The year, by the municipality;
<b>Net public debt</b>	Direct/Public Debt Service as % of Own revenues*;
<b>Direct/Public indebtedness level</b>	Net public/direct debt as % of Own revenues*;
<b>Net Direct/ Public indebtedness level</b>	Pondereea Datoriei Publice Nete in Venituri proprii*;
<b>Gradul de Indatorare Publica Neta</b>	Total amounts to be paid by the city hall as capital repayments, interests and fees for ongoing credit contracts;
<b>Direct debt service</b>	Current debt service+amounts related to the granted guarantees (interests, commissions and principal);
<b>Public debt service</b>	Public debt service for the next "n" years, according to the contractual conditions for the credit facilities and the evolution of ROBD, ROBOR, EURIBOR at September 30 <sup>th</sup> , 2018;
<b>Payout n Y - n years</b>	Total drawdowns related to the credit facilities for the analysed period;
<b>Current financial debt</b>	For a person that is resident of the municipality; Resident inhabitants as of 1 <sup>st</sup> of January 2018/1 <sup>st</sup> of January 2017;
<b>Per Capita</b>	



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TUD's work on this report could not have been completed without the cooperation of the City Hall employees.

The financial documents which were used in preparing this report are: the execution accounts for 30.09.2018 and for 30.09.2017, the Initial budget for 2018 approved by LCD No. 62 from 19.02.2018, the Rectified budget approved by LCD No. 366 from 28.09.2018 and the Initial budget for 2017 approved by LCD No. 74 from 31.03.2017, the Rectified budget approved by LCD No. 327 from 28.09.2017, together with the related investment lists.

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